

BANCO BPI 9 MONTHS 2021 CONSOLIDATED RESULTS

Porto, 02 November 2021

CONSOLIDATED NET PROFIT OF 242 M.€, CUSTOMER RESOURCES GROW BY 9.2% AND LOAN BOOK BY 7.5%

- **Consolidated net profit of 242 M.€ (vs 86 M.€ in 9M2020); recurring net profit in Portugal of 137 M.€ (vs 47 M.€ in 9M2020)**

STRONG COMMERCIAL DYNAMICS:

- Total customer resources increase by 3.3 Bn.€ yoy (9.2%).
- Loan portfolio grows by 1.9 Bn.€ YoY (+7.5%). Market share rises to 10.9%.

REVENUES GROW, EFFICIENCY AND PROFITABILITY IMPROVE:

- Gross income rises 10.2% yoy.
- Profitability increases to 6% in the last 12 months.

ECONOMIC AND FINANCIAL STRENGTH:

- NPE ratio (EBA definition) drops to 1.5%. Coverage of NPEs by impairments and collaterals increases to 153%.
- Capital ratios: CET1 of 14.5%, Tier 1 of 16%, and total capital ratio of 17.6%.

FOCUS ON DIGITAL TRANSFORMATION AND THE CUSTOMER EXPERIENCE:

- 757 thousand clients are regular users of digital banking. 93% of individual digital users (1st account holders) use the BPI App.
- 71% of sales of financial products are digitally initiated (+7 p.p. yoy). 97% of the transactions are executed through digital channels (including ATM).

BPI RATING AT INVESTMENT GRADE BY THE THREE INTERNATIONAL AGENCIES:

- Senior debt rated investment grade with Stable outlook by the three main agencies: Moody's (Baa2); Fitch (BBB+); S&P (BBB).

COMMITTED TO PEOPLE, SOCIETY AND THE ENVIRONMENT:

- Volunteering Programme with +100 initiatives with social impact on +3700 people.
- 30 M.€ in support to Society together with the "la Caixa" Foundation.
- Sustainable finance operations: subscription/placement of over 300 M.€.

RESULTS AND COMMERCIAL ACTIVITY

In the first nine months of 2021 BPI recorded a consolidated net profit of 242 M.€ (vs. 86 M.€ in the same period of 2020).

In the activity in Portugal, BPI's recurring net profit reached 137 M.€, which compares with 47 M.€ in the same period of last year, when significant impairment charges were booked to provide for potential impacts of the pandemic.

The contribution of the holding in BFA to the consolidated net profit was 100 M.€ (which includes 40 M.€ from the 2020 dividend and 50 M.€ from the distribution of reserves taken to the income statement). The contribution of the holding in BCI was 14 M.€ in the nine months of 2021.

João Pedro Oliveira e Costa, BPI's CEO, highlights: *"The results of the first nine months of 2021 show that BPI maintains its growth trajectory in commercial activity and market shares, driven by a strong increase in customer resources, mortgage loans and the sale of saving and investment products. At the same time, the Bank has high asset quality and comfortable capitalisation. The Bank celebrated its 40th anniversary in October in a strengthened position, with a commitment to support the economy and people, inside and outside the Bank. I would also highlight the role of BPI, with the support of CaixaBank, in financing some of the largest sustainable finance operations in Portugal. Green and social finance is a trend that will become more pronounced in the coming years and to which the Group has a strong commitment."*

Total customer resources increase by 9.2%

Total customer resources grew by 9.2%, to 39 263 M.€ at the end of September 2021. In particular, customer deposits registered an expressive increase of 10.9% yoy, reaching 28 038 M.€. Customer deposits, which account for 71% of assets, are the main source of on-balance sheet funding. The market share in deposits stood at 10.7% in August 2021.

Assets under management reached 10 366 M.€ (+11.9% yoy), with mutual funds growing by 22.4% yoy.

Total loan book expanded by 7.5% yoy

The total customer loans portfolio (gross) expanded by 7.5% yoy, or 1 895 M.€, to 27 137 M.€. The market share stood at 10.9% in August 2021 (+30 bps relative to the same month in 2020).

The portfolio of corporate loans grew by 5.4%, to 10 461 M.€.

The mortgage loans portfolio increased by 8% yoy, to 12 741 M.€ in September 2021. Mortgage loans production swelled by 38% yoy, reaching 1 728 M.€ in the first 9 months of 2021. BPI's market share in cumulative production up to August was 15.3%, while its market share of mortgage loans in portfolio reached 12.8% in August.

The portfolio of other loans to individuals rose by 5.3% yoy, to 1 791 M.€. Car and personal loans production, at 467 M.€ in the 9M21, expanded by 14% yoy.

REVENUES AND MARGIN GROW

Gross income grows by 10.2%

Gross income registered a significant increase of 10.2% yoy, driven by the strong performance of core income (+7.4% yoy) and the increase in gains on financial assets and liabilities.

Net interest income continued to prove resilient, rising by 2.8% yoy, to 340 M.€, underpinned by credit volume growth and the contribution of Asset/Liability Management (ALCO), notwithstanding the narrowing of the intermediation margin and the challenges arising from the persisting context of negative market interest rates.

Net fee and commission income increased by 15.7% yoy, to 204 M.€, fuelled by commercial dynamism in mutual funds and capitalisation insurance, and the increase in insurance intermediation and banking fees and commissions on loans and accounts, which made up for the decrease in fees and commissions on payment means.

ECONOMIC AND FINANCIAL STRENGTH

BPI maintains low risk profile and increases coverage

The Non performing Exposures ratio (NPE ratio, EBA criteria) stood at 1.5% (-0.2 p.p. ytd) in September 2021, remaining unchanged relative to the previous quarter, despite the end of the APB moratoria in June. BPI maintains the best NPE ratio within the Portuguese financial sector, reflecting the high quality of the Bank's assets. The coverage of NPEs by impairments and collaterals increased to 153% (+13 p.p. ytd).

From January to September, the Non Performing Loans ratio (NPL ratio, EBA criteria) dropped by 0.3 p.p., to 1.8%. The coverage of NPLs by impairments and collaterals was 155% at the end of the period.

By September 2021 BPI had recognised loan impairments net of recoveries of 31.4 M.€. This amount was reached through:

- 61.5 M.€ in impairments;
- and, on the positive side, loan recoveries in the amount of 30.1 M.€, which include a gain of 23 M.€ (pre-tax)¹ on the sale in January 2021 of 30 M.€ in non-performing loans and 266 M.€ in loans written off from assets;

The cost of credit risk remained close to zero (0.11%) in the first nine months of 2021 (non-annualised).

¹ In addition, a gain of 2.3 M.€ (reversals of impairments) was booked in December, therefore the total gain on the sale of loans came up to 25.7 M.€.

At the end of September 2021, BPI had a cumulative total of 69.5 M€ in unallocated impairments in the balance sheet, set up in 2020 as a precautionary measure in the context of COVID.

BPI maintains high capitalisation

BPI meets by a significant margin the European Central Bank (ECB)'s minimum requirements for 2021, with the following ratios: CET1 of 14.5%, Tier 1 of 16%, and total capital ratio of 17.6%. The leverage ratio stands at 7.2%. The MDA Buffer - capital buffer without limitations on results distribution - was 4.7% at the end of September 2021.

BPI meets the MREL requirements established for 1 January 2022 by a comfortable margin and is close to meeting the requirements for 1 January 2024:

- Considering the 700 M.€ senior non-preferred debt issued on 6 October, fully subscribed by the shareholder CaixaBank, the MREL to RWA ratio stood at 23.9% in September 2021 (proforma), versus the intermediate requirement of 19.05%² set for 1 January 2022. The final MREL requirement to be met from 1 January 2024 is 23.95%² of RWA.
- MREL to LRE (Leverage Risk Exposure) ratio of 10.8% (proforma), versus the final requirement of 5.91% set for 1 January 2022.

Recurring operating expenses drop by 1%

Recurring operating expenses fell back by 1%, reflecting: a 6.3% reduction in recurring staff expenses, which benefited from the departures for early retirement and voluntary terminations; a 1.2% contraction in Other administrative expenses; and a 27.2% increase in depreciation and amortisation, essentially explained by investment in software and works in buildings.

The cost-to-core income improved to 54.7% in the 12 months to September 2021, which represents a 3.3 p.p. decrease compared to 2020.

At the end of September 2021 Banco BPI had a workforce of 4 538 employees (a net reduction of 84 since December 2020). On the same date the Bank's distribution network comprised 375 commercial units, including 316 branches, 24 premier centres, 1 mobile branch, and 34 corporate centres.

Recurring ROTE in Portugal at 6%

Recurring return on tangible equity (ROTE) in the activity in Portugal stood at 6.0% in the last 12 months (vs 4.3% in September 2020).

2) Including combined capital buffer requirement (CBR).

Investment Grade rating with Stable Outlook by 3 rating agencies

BPI holds investment grade ratings, with Stable outlook, for its Senior debt by the three main international rating agencies.

In September Moodys upgraded BPI's deposit rating to A3 and Fitch reaffirmed its BBB+ rating of deposits. BPI's senior debt is rated Baa2 by Moody's, BBB+ by Fitch and BBB by S&P Global Ratings.

These ratings attest to the Bank's adequate capitalisation, low risk profile, and comfortable liquidity position that shore up its capacity to provide support to the Portuguese economy. Moreover, the Bank counts with the support of its sole shareholder, CaixaBank, the largest financial institution in Spain.

MOBILE CHANNEL GAINS FURTHER WEIGHT

93% of the digital individual clients (1st account holders) are regular users of the BPI App (mobile); Digital channels account for 97% of transactions.

In September 2021, BPI reached 757 thousand digital banking regular users, with a noteworthy increase in mobile channels takeup: 93% of the individual digital clients (1st account holders) are regular users of the BPI App (mobile), which posted an increase of 71 thousand active users in the last 12 months.

71% of sales of saving solutions, personal loans and other financial products were initiated in the net and mobile digital channels (+7 p.p. yoy). At present, 97% of the transactions carried out by BPI's clients are made through digital channels (Net, Mobile or ATM). Every month there are 16 million logins on BPI's digital channels (+14% yoy), 71% of which are mobile.

BPI ranks #2 in the digital channels satisfaction index for individual clients and #2 in internet and mobile banking penetration for both individual³ and corporate clients⁴.

SUPPORT TO FAMILIES AND BUSINESSES

At 30 September 2021, 97.5% of the Loan Moratoria attributed by BPI were in a regular situation (loans classified in stage 1 and stage 2). At the end of September, moratoria on a total of 3.6 Bn.€ in loans (of which 1.4 Bn.€ in mortgage loans) came to an end. Given these loans' performance so far, no deterioration in the quality of BPI's credit portfolio is expected.

There remain outstanding moratoria on 117 M.€ of loans covered by the additional extension of the suspension of principal repayments until 31 December 2021.

³BASEF Banks – August 2021 (main banks).

⁴ Inmark 2021.

Credit lines

BPI received approximately 12.2 thousand applications to the COVID-19 State-guaranteed credit lines, corresponding to 1.1 Bn.€ under loans contracted by BPI.

COMMITMENT TO THE PEOPLE, SOCIETY AND THE ENVIRONMENT

Supporting People, inside and outside the Bank, is a commitment embraced by BPI since its foundation 40 years ago. Internally, BPI has launched a set of initiatives to simplify the Bank and the daily life of its Employees.

Notably, these included initiatives such as Conect@r to promote a better balance between professional, personal and family life. Along the same vein, BPI signed the "Commitment to Reconciliation" promoted by the MásFamilia association (efr). It also improved the programme for the health and wellbeing of the Employees. To boost Diversity and Inclusion, the Bank promoted online training on "Unconscious Bias" and a guide on "Gender Diversity".

BPI was considered the banking sector brand with the best reputation as an employer and the 15th best in the global ranking of a survey carried out among university students, the "Employer Brand Reputation" conducted by OnStrategy, a consultancy.

This concern with People also extends to Society.

BPI launched in March of this year an internal platform that offers volunteering opportunities, in several regions of the country and in various areas of activity, to Employees, retirees and their families, where by end of September around 800 had registered. In just six months the platform supported more than 3,700 people in areas such as financial literacy, entrepreneurship, capacity building of institutions, maths tutoring, support for the elderly, and support for the homeless, among other initiatives. The 1st Volunteering Week took place from 18 to 24 October, consisting of more than 100 initiatives from the north to the south of the country and the islands, and counting with more than 1,300 volunteers among employees, their family members and friends, clients and partners.

Likewise, the "la Caixa" Foundation maintains its commitment to Portugal, with a budget allocation of 30 M.€ in 2021, distributed across four areas: social programmes; culture and science; research and health; education and scholarships.

Among other programmes, there stand out the BPI Foundation "la Caixa" Awards, for which the total allocation was increased to 4 M.€ in 2021, to support projects of social solidarity institutions. This programme was distinguished in the "Equality and Diversity" category of the National Sustainability Awards, an initiative of the Cofina Group, attributed this year for the first time.

Furthermore, BPI and the "la Caixa" Foundation launched the 2nd edition of the Decentralised Social Initiative 2021 (ISD 2021) which is designed to support local social projects of non-profit solidarity institutions, through the Bank's Commercial Networks - Individuals, Companies and Institutionals -, in all the districts of Portugal and in the autonomous regions of the Azores and Madeira. In this 2nd edition, with an annual allocation that was increased to 1.4 M.€, ISD 2021 supported 116 projects up to September, with a direct impact on more than 42 thousand beneficiaries.



Grupo  CaixaBank

At the environmental level, BPI and the CaixaBank Group are seriously committed to sustainable finance, supporting, through their activity, initiatives and projects that contribute to prevent, mitigate and respond to climate change and ease the transition to a low carbon economy.

The Group stands out for its implementation of responsible investment principles and its commitment to sustainable investment as a strategy for managing global risks and generating long-term sustainable returns.

In 2021, BPI and CaixaBank participated as advisors in some of the most important sustainable finance operations in Portugal, with BPI having underwritten/placed more than 300 M.€.

At internal level, BPI is currently adopting the ISO 14001 standard in the implementation of an Environmental Management System in its Central Buildings, to promote the continuous improvement of its environmental performance.

BPI makes available to all Employees the Environmental Information Map, a dynamic platform for the management, disclosure, monitoring and follow-up of environmental indicators, which covers the Central Buildings and Commercial Spaces and aims to contribute to the reduction of BPI's direct environmental footprint.

BANCO BPI, S.A.

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