

**BANCO BPI 2021 CONSOLIDATED RESULTS**

Porto, 02 February 2022

**CONSOLIDATED NET PROFIT OF 307 M.€,  
CUSTOMER RESOURCES GROW BY 9% AND CUSTOMER  
LOANS BY 7.1%**

- **Consolidated net profit of 307 M.€ (vs 105 M.€ in 2020); recurring net profit in Portugal of 200 M.€ (vs 84 M.€ in 2020)**

**STRONG COMMERCIAL GROWTH**

- Total customer resources increase by 3.3 Bn.€ yoy (+9%).
- Loan portfolio grows by 1.8 Bn.€ YoY (+7.1%).

**REVENUES GROW, EFFICIENCY AND PROFITABILITY IMPROVE:**

- Gross income rises 7.6% yoy.
- Profitability increases to 6.8%.

**STRONG ECONOMIC AND FINANCIAL POSITION:**

- NPE ratio (EBA definition) of 1.6% (-0.1 p.p. yoy). NPE coverage by impairments and collaterals of 149%.
- Capital ratios: CET1 ratio of 14.2% and total capital ratio of 17.4%.

**DIGITAL BANKING - MORE USERS, MORE SALES, BETTER EXPERIENCE:**

- 772 thousand clients are regular digital banking users, and of these 537 thousand use the BPI App (75 thousand new users in 2021).
- 71% of sales of saving solutions, personal loans and non-financial products are initiated through the digital channels.

**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).

**COMMITMENT TO PEOPLE, SOCIETY AND THE ENVIRONMENT**

- 30 M.€ in support to Society with the "la Caixa" Foundation.
  - BPI was considered the Best Reputed Bank in the latest survey of the independent consulting firm OnStrategy.

## **RESULTS AND COMMERCIAL ACTIVITY**

**In 2021 BPI recorded a consolidated net profit of 307 M.€ (vs. 105 M.€ in 2020).**

**In the activity in Portugal, BPI's recurring net profit reached 200 M.€, which compares with 84 M.€ in 2020.** Net profit as reported in Portugal, which includes non-recurring expenses with early retirements and voluntary terminations, reached 179 M.€ in 2021 (66 M.€ in the previous year).

The contribution of the holding in BFA to the consolidated net profit was 106 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 23 M.€ in 2021.

**João Pedro Oliveira e Costa, BPI's CEO**, stresses: *"The 2021 results show that BPI is in a strong position to continue supporting families and businesses on the path to economic recovery. The Bank continues to invest in the quality of services, the expansion of digital banking and the improvement of the Customer experience, which explains the confidence that Customers have in BPI, as shown by the growth in market shares. We are now embarking on a new financial year with the confidence of having a high capitalisation and strong liquidity position, a close-knit team and a strategic vision for growth and sustainability, for which we also have the support of our shareholder CaixaBank".*

### **Total customer resources increase by 9.0%**

Total customer resources grew by 9%, reaching €40 305 million at the end of 2021. The market share in customer resources stood at 11.3% in November 2021 (+20 bps yoy). Customer deposits were up by 11%, to 28 872 M.€. Customer deposits, which account for 71% of assets, are the main source of on-balance sheet funding.

Assets under management increased by 12.6%, to 10 861 M.€, with mutual funds showing an expressive growth of 18.2% yoy.

### **Total loan book expanded by 7.1% yoy**

The total customer loans portfolio (gross) expanded by 7.1%, or 1 834 M.€ yoy, to 27 529 M.€. The market share in loans advanced by 40 bps yoy, to 11.1% in November 2021.

The portfolio of corporate loans grew by 4.5%, to 10 523 M.€.

The mortgage loans portfolio increased by 9% yoy, or 1 080 M.€, to 13 089 M.€. Mortgage loans production increased by 40% yoy, reaching 2 443 M.€. BPI's market share in cumulative production up to November was 15.8%, while its market share of mortgage loans in portfolio reached 13.1% in the same month, which represents an increase of 80 bps in the last 12 months.

The portfolio of other loans to individuals rose by 3.8% yoy, to 1 803 M.€. Car and personal loans production, at 656 M.€ in 2021, expanded by 15% yoy.

## **REVENUES AND MARGIN GROW**

### **Gross income grows by 7.6%**

Gross income registered a significant increase of 7.6% yoy, driven by the strong performance of core income (+7.4% yoy).

Net interest income remained resilient, rising by 1.2% yoy, to 456 M.€, supported by loan volume growth and the contribution of Asset/Liability Management (ALCO).

Net fee and commission income increased by 18% yoy, to €288 million. This growth was underpinned by dynamic sales of mutual funds and capitalisation insurance, as well as the increase in bank fees and commissions on loans and accounts, as well as fees and commissions on insurance intermediation.

## **STRONG ECONOMIC AND FINANCIAL POSITION**

### **BPI maintains low risk profile and increases coverage**

The Non-Performing Exposures (NPE, EBA criteria) ratio stood at 1.6% in 2021 (-0.1 p.p. yoy). BPI maintains the best NPE ratio within the Portuguese financial sector, reflecting the high quality of the Bank's assets. NPE coverage by impairments and collaterals stands at 149% (+9 p. yoy).

The Non-Performing Loan ratio (NPL, EBA criteria) decreased by 0.1 p.p., to 2%. NPL coverage by impairment and collateral was 150% at the end of 2021.

Loan impairment net of recoveries decreased from 151 M.€ (including non-allocated impairments set up as a precautionary measure in the context of COVID) in 2020, to 47 M.€ in 2021. The following contributed to the 2021 figure:

- 79 M.€ in impairments;
- and, on the positive side, loan recoveries in the amount of 32 M.€, which include a gain of 23 M.€ (pre-tax)<sup>1</sup> 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 was 0.17% in 2021 (versus 0.57% 2020).

At the end of 2021, BPI had a cumulative total of 72 M.€ in non-allocated impairments set up in the context of COVID.

### **BPI maintains high capitalisation**

BPI met by a significant margin the European Central Bank (ECB)'s minimum requirements for 2021, with the following ratios: CET1 of 14.2%, Tier 1 of 15.7%, and total capital ratio

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<sup>1</sup> 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.€.

of 17.4%. The leverage ratio stands at 6.8%. The MDA Buffer - Capital buffer without limitations on results distribution - was 4.5% at the end of 2021.

BPI meets the MREL requirements<sup>2</sup> established for 1 January 2022 by a comfortable margin and is close to meeting the requirements for 1 January 2024:

- MREL to RWAs ratio of 23.7%, versus the intermediate requirement of 19.05%<sup>3</sup> set for 1 January 2022. The final MREL requirement to be met from 1 January 2024 is 23.95%<sup>3</sup> of RWA.
- MREL to LRE (Leverage Risk Exposure) ratio of 10.3%, versus the final requirement of 5.91% set for 1 January 2022.

### **Recurring operating expenses practically unchanged**

Recurring operating expenses remained practically unchanged (+0.4%), reflecting: a 2.9% reduction in staff expenses and Other administrative expenses; and a 25.8% increase in depreciation and amortisation, essentially explained by investment in software and works in buildings.

The core efficiency ratio (cost-to-core income) improved to 54.2% in December 2021, which represents a 3.8 p.p. decrease relative to 2020.

At the end of 2021 Banco BPI had a workforce of 4 478 employees (a net reduction of 144 since December 2020). On the same date the Bank's distribution network comprised 349 commercial units, including 297 branches, 19 premier centres, 3 private banking centres, 1 mobile branch, and 29 corporate and institutional centres.

### **Recurring ROTE in Portugal increases to 6.8%**

Recurring return on tangible equity (ROTE) from the activity in Portugal stood at 6.8% (vs 2.7% in December 2020).

### **Investment Grade rating with Stable Outlook by 3 rating agencies**

BPI holds investment grade ratings with Stable outlook by the three main international rating agencies: Moody's (Baa2), Fitch (BBB) and S&P Global Ratings (BBB).

Moody's rated BPI's deposits A3 and Fitch BBB+.

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.

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2) MREL requirements as disclosed to the market on 5 Feb. 2021.

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

## **DIGITAL BANKING – MORE CLIENTS, MORE SALES, BETTER EXPERIENCE**

**80% of the individual digital clients are regular users of the BPI App (mobile). 71% of sales of saving solutions, personal loans and non-financial products are initiated through the digital channels.**

At the end of 2021, BPI had a total of 772 thousand digital banking regular users, with increasing adhesion to the mobile channel: 80% of the individual digital clients are regular users of the BPI App (mobile), which posted an increase of 75 thousand active users in 2021.

71% of sales of saving solutions, personal loans and non-financial products were initiated in the net and mobile digital channels (+7 p.p. yoy).

BPI ranks #2 in the digital channels satisfaction index for individual clients and #2 in internet and mobile banking penetration for both individual<sup>4</sup> and corporate clients<sup>5</sup>.

### **BPI leads Banks' Reputation ranking in 2021**

BPI was considered as the Bank with the best reputation in Portugal, according to the RepScore survey released by OnStrategy, an independent consultant. BPI obtained the highest score of the last five years in the Banking emotional reputation index (64.5/100).

RepScore is developed continuously throughout the year with more than 40,000 citizens online and more than 10,000 in person or by telephone, who classify attributes associated to awareness, admiration, relevance, trust, preference and recommendation.

In 2021, OnStrategy also considered BPI as the brand with the best reputation as an employer in the banking sector in its survey "Employer Brand Reputation".

## **COMMITMENT TO PEOPLE, SOCIETY AND THE ENVIRONMENT**

Social Responsibility has always been a cornerstone of the identity of BPI and the CaixaBank Group, which has been reinforced in Portugal together with the "la Caixa" Foundation, which maintains its commitment to Portugal, with a budget of 30 M.€ in 2021, distributed over four areas: social programmes; culture and science; research and health; education and scholarships.

In March 2021 BPI launched an internal platform that offers volunteering opportunities throughout the country to Employees, retirees and their families, which so far has 2 100 registered members. The platform has permitted to support more than 13,000 people in areas such as financial literacy, entrepreneurship, capacity building of institutions, maths tutoring, support for the elderly, support for the homeless, among others. The Bank also organised its 1st Volunteering Week, consisting of more than 120 initiatives from the north

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<sup>4</sup>BASEF Banks - November 2021 (main banks).

<sup>5</sup> Inmark 2021

to the south of the country and the islands, and involving more than 1,300 volunteers, among Employees, their family members and Friends, as well as Clients and Partners.

Among other programmes of support to society, there stand out the following:

- **BPI "la Caixa" Foundation Awards**, with a total allocation of 4 M.€ in 2021, to support projects of social solidarity institutions. Since 2010, there have been 33 editions of the five awards, which permitted to distribute around 23 million euros to 781 projects that contributed to improve the quality of life of more than 175,000 people in situations of social vulnerability.
- **Decentralised Social Initiative 2021 (ISD 2021)**, which supported 188 local social projects that will benefit more than 42,000 people in vulnerable situations. The programme, developed by BPI and the "la Caixa" Foundation, is designed to support projects of private or public non-profit institutions that are BPI Clients, through the Bank's Commercial Networks - Individuals, Companies and Institutional. ISD 2021 was financed by 1.2 million euros from the "la Caixa" Foundation and has the collaboration of all BPI commercial units.

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. 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.€.

BPI's commitment to the continuous improvement of its environmental performance was rewarded with the certification of the Environmental Management System (EMS) attributed by the international consultancy Bureau Veritas to the banking and support activities at the Casal Ribeiro building in Lisbon. The certification proves the EMS effective implementation and compliance with ISO 14001:2015 International Standard.

BPI intends to extend the EMS and its certification to other facilities as soon as next year and aspires to be a reference in the banking sector in terms of reporting, differentiation of products and services and innovation in environmental and sustainable practices.

BANCO BPI, S.A.

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