

BANCO BPI 2022 CONSOLIDATED RESULTS

Porto, 03 February 2023

CONSOLIDATED NET PROFIT OF €365 MILLION LOANS GREW 6% AND DEPOSITS 5%

- **BPI obtained a consolidated net profit of 365 M.€ in 2022, a yoy increase of 19%. The activity in Portugal contributed with 235 M.€, which corresponds to a yoy increase of 31%.**

SUPPORT TO FAMILIES AND COMPANIES:

- Loan portfolio grew by 1.6 Bn.€ yoy (+6%).
- Market shares increased to 13.8% in mortgage loans and to 11.0% in corporate loans.
- Customer deposits expanded by 1.5 Bn.€ yoy (+5%), keeping market share flat.

GROWTH IN COMMERCIAL ACTIVITY INCOME DRIVES UP PROFITABILITY:

- Commercial banking gross income grew 14% yoy to 873 million euros.
- Recurrent Return on Tangible Equity (ROTE) of 8% (+1.2 p.p.).

FINANCIAL STRENGTH AND LOW RISK:

- NPE ratio of 1.6%. NPE coverage by impairments and collaterals of 155%.
- Capital ratios: CET1 ratio of 14.8% and total capital ratio of 18.9%.

BPI SUSTAINABILITY MASTER PLAN IN 2022:

- 2 Bn.€ in sustainable business volume
- 43% of women in management positions
- 97 thousand people supported under the social commitment
- 40 M.€ BPI | "la Caixa" Foundation investment

ACKNOWLEDGMENTS AND REPUTATION:

- "Best Bank in Portugal 2022" for Euromoney Magazine
- "Bank of the Year 2022" for The Banker magazine (Financial Times Group)

RESULTS AND COMMERCIAL ACTIVITY

BPI obtained a consolidated net profit of 365 M.€ in 2022, which represents an increase of 19% compared to 2021 (307 M.€). The **activity in Portugal contributed with 235 M.€**, which is 31% more than in 2021 (179 M.€).

The equity holdings in BFA and BCI contributed 96 M.€ and 34 M.€, respectively, to the year's consolidated results.

BPI posted yoy growth of 6% in loans and 5% in customer deposits. Commercial banking gross income grew by 14%, which, together with a 4% increase in costs and a cost of risk of 20 bps in 2022, improved return on recurrent tangible equity in Portugal to 8% (+1.2 p.p. in the last 12 months).

In the words of **João Pedro Oliveira e Costa, BPI's CEO**: "The year 2022 was marked by strong commercial dynamism, which allowed us to improve profitability and maintain a comfortable financial position. It was also a year of investment, namely in the modernisation of infrastructures, which among others involved moving around 1,000 employees to the Monumental Building in Lisbon, and in technological transformation, with the launch of BPI VR, in what was the Bank's first step into the Metaverse. We presented our 2022-2024 Sustainability Master Plan, with the ambition to support sustainable transition and lead in best governance practices and social impact. Regarding this last objective, a 50 million euro allocation has been set aside for all the joint projects of BPI and the "la Caixa" Foundation in 2023. We have a very challenging year ahead of us, which we must tackle with prudence given the current context, but also with confidence in the path we have been pursuing. We are prepared, we have investment capacity and we have a focused team to continue supporting families, companies and society".

SUPPORT TO FAMILIES AND COMPANIES

Loan portfolio grew by 6%. Mortgage loans production expanded by 11%

The total customer loans portfolio (gross) grew by 6% yoy, or 1.6 Bn.€, to 29.2 Bn.€. The market share in loans advanced by 40 bps yoy, to 11.5% in December 2022.

The mortgage loans portfolio grew by 8% yoy, to 14.2 Bn.€. Mortgage loans production grew by 11% yoy, reaching 2.7 Bn.€ at the end of 2022.

BPI's market share in cumulative production up to November 2022 was 15.8%, while its market share of mortgage loans in portfolio reached 13.8% in December, which represents a yoy increase of 60 bps.

The portfolio of corporate loans grew by 4% yoy, to 10.9 Bn.€. The market share of corporate loans rose by 40 bps yoy, to 11.0% in December 2022.

Deposits increased 5%

Customer deposits were up by 5% yoy, to 30.3 Bn.€. Customer deposits, which account for 79% of assets, are the main source of on-balance sheet funding.

Off-balance sheet resources (mutual funds, capitalisation insurance and other) totalled 9.7 Bn.€ (-15% yoy), reflecting the adverse performance of the capital markets.

Total customer resources were down by 0.6% yoy (-0.3 Bn.€), totalling 40.0 Bn.€ at the end of 2022. Excluding the impact of the devaluation of mutual funds and capitalisation insurance portfolios, total customer resources increased by 1.5% yoy. In addition, structured products placed with Customers rose by 0.4 Bn.€ in 2022.

The market share in customer resources was 11.2% in November 2022.

GROWTH IN COMMERCIAL ACTIVITY INCOME DRIVES UP PROFITABILITY

Commercial banking gross income increased by 14%

Commercial banking gross income grew by 14% yoy, to 873 M.€. Net interest income expanded by 20%, to 548 M.€, underpinned by loan volume growth and the rise in market rates.

Net fee and commission income increased by 3% yoy, to 296 M.€, driven by growth of fees and commissions on loans, accounts, and insurance intermediation.

Cost-to-core income improved to 50%

Total recurrent operating expenses increased by 4% yoy. Staff expenses were up by 3% yoy, general administrative expenses by 3% yoy and depreciation and amortisation by 10% yoy, the latter essentially reflecting the investment made in digital transformation and works on buildings. It should be noted that BPI went ahead with the concentration of its Central Services in just two buildings in Lisbon (Monumental and Casal Ribeiro) and another two in Porto (Boavista, the Bank's head office, and Saudade).

The cost-to-core income continued to improve, reaching 50.2% in 2022, which represents a 4 p.p. drop compared to 2021 (54.2%).

At the end of 2022, Banco BPI had 4 404 employees. On the same date the Bank's distribution network comprised 325 commercial units, including 278 branches, 14 premier centres, 3 private banking centres, 1 mobile branch, and 29 corporate and institutional centres.

FINANCIAL STRENGTH AND LOW RISK

BPI's financial strength is underscored by a low risk profile, a comfortable liquidity position and high capitalisation levels.

BPI maintains low risk profile and high coverage

BPI's non-performing exposures (NPE, EBA criteria) ratio of 1.6% is the best in the Portuguese financial sector and its coverage ratio by impairments and collaterals is 155%. The Non-performing loans (NPL, according to the EBA criteria) ratio stands at 2%. At the end of 2022 the coverage of NPLs by impairments and collaterals was 157%.

Loan impairments net of recoveries totalled 61 M.€ in 2022 (+13.5 M.€ yoy), underpinned by:

- Net loan impairment charges of 87 M.€ (versus 71 M.€ in 2021);
- 27 M.€ (pre-tax) gains on the sale of a 141 M.€ non-performing loans portfolio. In 2021 the sale of non-performing loans had also yielded gains of 23 M.€.

The cost of credit risk was 0.20% in 2022.

In December 2022, BPI carried a cumulative total of 50 M.€ unallocated impairments on the balance sheet.

Strong capitalisation

BPI meets by a significant margin the European Central Bank (ECB)'s minimum requirements, with the following ratios (net of dividend distribution): CET1 of 14.8%, Tier 1 of 16.4%, and total capital ratio of 18.9%. The leverage ratio stands at 7.1%. The MDA Buffer - capital buffer without limitations on results distribution - was 5.9% at the end of 2022.

At the end of 2022, BPI adopted the IRB method to calculate capital requirements for mortgage loans, already reflected in the ratios above. The impact on the CET1 ratio was +1.5 pp.

BPI meets by a large margin the current MREL requirements as well as those for 1 January 2024:

- The MREL ratio as a percentage of RWA is 25.6%, versus the final MREL requirement for 1 January 2024, of 22.4%.
- MREL to LRE (Leverage Risk Exposure) ratio of 11.1%, versus the final requirement of 5.91% in force from 1 January 2022.

Investment Grade rating with Stable Outlook by 3 rating agencies

The investment grade ratings (stable outlook) assigned to BPI by the three main international rating agencies stand as recognition for the Bank's strong financial position: Moody's (Baa2), Fitch (BBB) and S&P Global Ratings (BBB+).

On 16 September, S&P Global Ratings upgraded BPI's rating by 1 notch and the rating on its long-term senior debt to BBB+, with Stable Outlook. On 8 July Fitch reaffirmed BPI's ratings and the stable outlook.

BPI's deposits are rated A3 by Moodys and BBB+ by Fitch. BPI's senior debt is rated Baa2 by Moody' and BBB+ by Fitch and S&P Global Ratings.

DIGITAL BANKING - SUSTAINED GROWTH AND PIONEERING STANCE

Digital Banking at BPI maintains a growth trajectory, with a strong increase in subscriber Customers and online sales, and in investment to improve customer experience and to launch pioneering projects in Portugal.

The number of digital channel users reached 856 thousand at the end of 2022 (+11% yoy), with a significant take-up rate in the mobile channel, where regular users of the BPI App reached 630 thousand (+93 thousand yoy).

Around 32% of sales of focus products (funds and Retirement Saving Plans, prestige products, personal loans, credit cards and stand-alone insurance) to individuals were initiated in the net and mobile digital channels (+5 p.p. yoy).

BPI ranks #2 in internet and mobile banking penetration and satisfaction among individual customers¹.

In October, BPI presented the first Virtual Reality (VR) Branch in Portugal: BPI VR. BPI is the first Bank to offer an immersive experience of presentation of banking services and contact with the Customer in the virtual world, marking its first step into the Metaverse. BPI VR is a 100% virtual immersive Branch, built in 3D, which features several business areas and segments (retail, private, corporate, AGE and sustainability) and allows access to contents about the bank's services, using VR glasses from Meta (Facebook). BPI VR will be showcased at the Oculus Quest Store and in some BPI branches, where virtual reality equipment will be available.

In this first phase, the VR Branch only works for information purposes, but may evolve in the future into an actual banking transactional channel.

BPI 2022-2024 SUSTAINABILITY MASTER PLAN

BPI presented the 2022-2024 Sustainability Master Plan with three ambitions: to support the sustainable transition of businesses and society; to lead in social impact and promote social inclusion; and to lead in best governance practices.

Results 2022:

- 2 Bn.€ in sustainable business volume (22/24 target: 4.0 Bn.€);
- 43% of women in management positions (22/24 target: 43%);
- 97 thousand people supported under the social commitment (22/24 target: 200 thousand);
- 40 M.€ BPI | "la Caixa" Foundation investment (22/24 target: 120 M.€).

2) BASEF Banks December 2022 (main banks).

Commitment to People, Society and the Environment

Support for People and Society, which is part of the identity of both BPI and the CaixaBank Group, was reinforced with the extension of "la Caixa" Foundation's activity to Portugal. As part of their social commitment, in 2022, the joint action of BPI | "la Caixa" had a budget allocation of 40 million euros, which allowed supporting more than 97 thousand people in Portugal. The budget allocation for 2023 is 50 million euros.

At the same time, BPI's Employees continued to engage in the BPI Volunteering Programme. The second edition of the BPI Volunteer Week involved more than 2.000 volunteers in more than 200 initiatives, which permitted to support around 12,800 direct beneficiaries.

On another front, BPI's leading positions as an employer also deserve a note: for the second consecutive year, BPI was considered #1 Bank in employer reputation in the "Employer Brand Reputation" survey conducted by OnStrategy, a consultancy firm. Reflecting this leadership, the Bank received more than 1,000 applications to the 1st edition of the BPI Trainees Academy.

BPI reinforced its sustainable offer for Individuals and Companies with the launch of new products and support in sustainable debt operations. In this context, in 2022, BPI advised on and underwrote a total of 325 M.€ of ESG bond loans of NOS, Sonae Sierra, Sonae MC, Lusiaves, and Lidl, among others.

ACKNOWLEDGMENTS AND REPUTATION

BPI is 'Best Bank in Portugal 2022' for Euromoney

BPI was recognised as the "Best Bank in Portugal 2022" by Euromoney magazine at the Euromoney Awards for Excellence. The prestigious international magazine praised the soundness and dynamism of BPI, which recorded market share gains in practically all segments, while maintaining the best risk ratios. The Bank's capacity for innovation was also recognised, with the launch of BPI Broker and BPI Seguros, 100% digital services for contracting investment and insurance products, respectively.

BPI elected "Bank of the Year 2022" by The Banker magazine

BPI earned the award for "Bank of the Year 2022" in Portugal from The Banker British magazine, of Financial Times Group. This is the second time in the last three years that BPI received this award. In their analysis, the editors of The Banker magazine point out that BPI stood out among its peers in three key areas: (1) financial strength and non-performing loans (NPL) ratio, the best in the sector in Portugal; (2) digital transformation and launch of innovative solutions, such as a mortgage simulator and a digital brokerage service (BPI Broker); and (3) redoubled efforts on sustainability, committing €2 billion in sustainable financing for companies, including under the BPI ESG Companies Line, to support the transition of SMEs.

BPI awarded 'Best Private Banking in Portugal 2022'

For the 4th time, BPI received the award for “Best Private Banking in Portugal” from PWM and The Banker magazines at the Global Private Banking Awards 2022.

BANCO BPI, S.A.

Registered office: Avenida da Boavista, 1117, 4100-129 Porto, Portugal

Share capital: € 1 293 063 324.98

Registered at Commercial Registry of Porto under registration number PTIRNMJ 501 214 534
and tax identification number 501 214 534