

BANCO BPI 1ST QUARTER 2023 CONSOLIDATED RESULTS

Porto, May 5, 2023

**CONSOLIDATED NET PROFIT OF €85 MILLION
NET PROFIT IN PORTUGAL OF €73 MILLION****SUPPORT TO FAMILIES AND BUSINESSES:**

- Loan portfolio increased by 1 Bn.€ YoY (+4%).
- Mortgage loan portfolio increased 6% yoy. Market share of mortgage loan portfolio increased to 13.9%. Market share in new production of 16.8%.
- Corporate loan portfolio increased 1% YoY.

FINANCIAL STRENGTH AND LOW RISK:

- NPE ratio of 1.6%. NPE cover by impairments and collaterals of 156%.
- Capital ratios: CET1 of 14.3% and total capital of 18.3%.

PROFITS DRIVE RESULTS:

- Net profit of 73 M.€ (+164% yoy) in Portugal.
- Consolidated net profit of 85 M.€ (+75% yoy).

SUSTAINABLE FINANCING

- 285 M.€ of ESG emissions in first quarter of 2023.

**OPENING OF THE LARGEST COMMERCIAL BANKING SPACE IN THE COUNTRY:
BPI ALL IN ONE**

- 2,300 square metres of retail space in the Monumental Building in Lisbon.
- Extended opening hours from 8.30 a.m. to 5.30 p.m.
- 100 employees.

RESULTS AND COMMERCIAL ACTIVITY

BPI achieved a consolidated net profit of 85 M.€ in the first quarter of 2023, which represents an increase of 75% compared with the 49 M.€ registered in the same period of the previous year. **The activity in Portugal contributed with 73 M.€**, corresponding to an increase of 164% in relation to the first quarter of 2022 (28 M.€).

The stakes in BFA and BCI contributed respectively 1 M.€ and 11 M.€ to the consolidated net profit.

BPI recorded a 4% year-on-year growth in loans, while Customer deposits decreased by 4%. Commercial banking gross income grew by 50% which, combined with an 11% increase in costs and a 0.20% cost of risk, led to an improvement in the recurrent return on tangible equity in Portugal to 9.5% (+3.8 p.p. in the last 12 months).

João Pedro Oliveira e Costa, Chief Executive Officer of BPI, commented: "The first quarter was defined by a more positive economic performance than anticipated, which allowed us to maintain a strong commercial dynamism and improve profitability. The Bank maintained its support for families and businesses, as shown by the growth in loans, and continued to invest to meet the new needs of its Customers. We recently opened the largest commercial banking space in the country, BPI All in One Lisbon, which combines personalised service with the use of the latest technology to improve Customer experience. These results represent a positive opening scene for the year, but we need to remain cautious, and confident, as we look ahead to see how the movie of 2023 plays out in full".

SUPPORT TO FAMILIES AND BUSINESSES

Loan portfolio grew 4%. 16.8% market share in mortgage loan new production

Total loans to customers (gross) increased 4% YoY to 29.2 Bn.€, an increase of 1 Bn.€ YoY. Market share in loans rose 30 bps, YoY, to 11.5% in February 2023.

The mortgage loan portfolio increased 6% YoY, to 14.3 Bn.€. Mortgage loan production decreased 20% YoY to around 0.6 Bn.€ in the quarter under review.

BPI achieved a market share of 16.8% in cumulative mortgage loan production until February 2023, and the market share in mortgage loan portfolio amounted to 13.9% in February, which represents an increase of 70 bps YoY.

The corporate loan portfolio grew 1% YoY to 10.9 Bn.€. Market share in corporate loans is 10.9%. (+10 bps YoY).

In March, BPI, and the European Investment Fund (EIF) signed an agreement to mobilise up to 155 million euros in credit lines to improve access to financing for small and medium-sized Portuguese companies (SMEs). The agreement is supported by the European Union programme, InvestEU, and aims to leverage investments in cultural and creative sectors, innovation and digitalisation and sustainability.

Deposits decreased by 4%

Customer deposits decreased 4% YoY, to 28.4 Bn.€ and market share of deposits stood at 10.6% in February 2023, down 30 bps YoY.

Off-balance sheet resources (investment funds, capitalisation insurance and others) stood at 10 Bn.€ (-10% YoY), influenced by the unfavourable evolution of capital markets.

Total customer resources declined 6% YoY (-2.3 Bn.€) to 38.4 Bn.€ in March of this year. In addition, the placement of structured products increased by 0.5 Bn.€ YoY.

INCREASE IN INCOME FROM COMMERCIAL ACTIVITY BOOSTS PROFITABILITY

Commercial banking gross income increased by 50%

Commercial banking gross income grew by 50% compared to the first quarter of 2022, reaching 284 M.€. Net interest income grew 82% to 206 M.€, reflecting the rise in market interest rates and the growth in the volume of loans, however this was partially counterbalanced by the increase in the cost of deposits and in the cost of debt issues (covered bonds and MREL).

Notwithstanding the decreases registered in insurance intermediation and in mutual funds and capitalisation insurance, net fee and commission income grew 3% YoY, to 73 M.€. The opening of new accounts and the increase in credit operations contributed to this result.

Cost-to-core income improved to 46.8%

Operating expenses increased 11% YoY. Staff expenses increased 8% YoY, other administrative expenses increased 20% YoY, reflecting increased IT costs with new technology projects, and depreciation and amortisation +2% YoY.

The cost-to-core income ratio recorded a strong positive boost, reaching 46.8% in March 2023, which corresponds to a decrease of 3.4 p.p. ytd.

At the end of March 2023, BPI had 4,386 employees. On the same date, the distribution network totalled 319 commercial units, including branches (274), premier centres (12), private banking centres (3), mobile branch (1) and corporate and institutional centres (29).



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FINANCIAL STRENGTH AND LOW RISK

BPI's financial solidity is reflected in a low risk profile, a comfortable liquidity position and high levels of capitalisation.

BPI maintains low risk profile and high coverage

BPI has a non-performing exposure (NPE, EBA criteria) ratio of 1.6%, the best indicator in the financial sector in Portugal, and a coverage by impairments and collateral of 156%. The Non-performing loans ratio (NPL, according to EBA criteria) stands at 2%. NPLs were 157% covered by impairments and collateral in March 2023.

Loan impairments net of recoveries stood at 22 M.€ in the first quarter 2023 (+2 M.€ YoY). The cost of credit risk stood at 0.20% in the last 12 months.

In March 2023, BPI had an accumulated balance of 50 M.€ of unallocated impairments.

Comfortable liquidity position

BPI maintains a comfortable liquidity position and balanced funding: the loan-to-deposit ratio stands at 98%, the net stable funding ratio (NSFR) at 132% and the liquidity coverage ratio (LCR) at 144% at the end of March 2023. The funding obtained from the ECB is only 0.4 Bn.€.

High capitalisation

BPI complies by a significant margin with the minimum requirements set by the European Central Bank (ECB), registering the following ratios (calculated after dividends to be distributed): CET1 of 14.3%, Tier 1 of 15.8% and total capital of 18.3%. The leverage ratio stood at 7.1%. The MDA Buffer - capital buffer without profit distribution limitations - stood at 5.4% at the end of March 2023.

BPI largely complies with the MREL ratios required for January 1, 2024:

- The MREL ratio as a percentage of RWA stands at 24.6%, versus the final MREL requirement to be met as of January 1, 2024, of 22.43%.
- MREL ratio as a percentage of LRE (Leverage Risk Exposure) of 11.1%, versus a final requirement of 5.91%.

DIGITAL BANKING: MORE CUSTOMERS, MORE SALES, #1 IN CUSTOMER SATISFACTION

Digital Banking at BPI is following a growth trajectory, with a strong increase in the number of Customers and online sales, with investments aimed at improving the Customer experience and the launch of pioneering projects in Portugal.

The number of users of the digital channels reached 881 thousand at the end of March 2023 (+12% YoY), with a significant adherence to the mobile channel, with 660 thousand regular users of the BPI App (+19% YoY).



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Around 30% of sales of focus products (funds and Retirement Savings Schemes, prestige products, personal credit, credit cards and stand-alone insurance) to individuals were initiated in online and mobile digital channels.

The Bank ranks 1st in satisfaction with digital channels in Individual Customers ¹.

BPI ALL IN ONE LISBON, THE LARGEST COMMERCIAL BANKING SPACE IN PORTUGAL

BPI opened the first "All in One" in Portugal, a new concept of financial commercial space, the largest and most innovative in Portugal, with which the Bank intends to revolutionise bank customers' experience of face-to-face banking.

Located in the Monumental Building in Saldanha Square, BPI All in One Lisbon combines a close and personalised service with the agility and convenience offered by the most innovative technologies. The new space, with approximately 2,300 square metres spread over two floors, offers a specialised service to meet all financial and non-financial needs, both for individuals (with managers specialising in Retail Banking, Premier and Private Banking), and for Businesses and Companies.

In total, BPI All in One Lisbon has a team of 100 managers and a wide range of services which include specific service zones, an events area, 13 private meeting rooms and the latest technologies, including virtual and augmented reality, a robot-concierge, led displays and immersive multimedia screens.

BPI All in One Lisbon also features an Agora space, a room with a 360° projection, which will have a monthly programme of initiatives on current affairs, open to the participation of any interested person, whether a BPI Customer or not.

COMMITMENT TO SUSTAINABILITY

In March, BPI became an official signatory to the United Nations Principles for Responsible Banking - a unique framework created to ensure a sustainable banking industry and developed through a partnership between banks around the world and the United Nations Environment Programme Finance Initiative (UNEP-FI).

It should be noted that in 2022, BPI launched its sustainability strategy for 2022-2024 which sets out the Bank's commitments regarding sustainable development and the targets it intends to achieve in areas such as sustainable business, social impact, and gender equality. Adherence to the UNEP-FI and the Principles for Responsible Banking further strengthens the Bank's positioning in the sustainable finance ecosystem and contributes to a more coordinated and synergistic approach to integrating sustainability principles into BPI's strategy and business model.

1) BASEF Banking - February 2023 (main banks).

Commitment to People, Society, and the Environment

- **BPI | "la Caixa" Foundation Collaboration:** Support for People and Society is part of the identity of BPI and the CaixaBank Group, enhanced with the extension of the activity of "la Caixa" Foundation to Portugal. As part of its social commitment, in 2023, the joint BPI | "la Caixa" Foundation activity has a budget allocation of 50 million euros.
- **BPI Volunteering Programme:** 75% of BPI employees are currently registered on the BPI Volunteering Platform. The initiatives developed in the first quarter included several financial literacy and entrepreneurship initiatives in schools and tutoring for children and young people in vulnerable situations, with a total of 5,453 direct beneficiaries in the first quarter.
- **Sustainable financing:** BPI advised on and fully underwrote 285 M.€ in ESG bond transactions for MC (Sonae Group), NOS, LIDL Sodecia, Cork Supply and Transportes Urbanos de Braga.

RECOGNITION AND REPUTATION

BPI Private is the Best Private Banking in Portugal for Euromoney

BPI was voted "Best Domestic Private Bank in Portugal" at the Euromoney Global Private Banking Awards 2023. The jury committee valued BPI's leadership position in technological innovation, excellence in wealth management and commitment to Customer satisfaction. Euromoney also recognised BPI's Private Banking Business Model, which places the Customer experience as a top priority, based on the combination of continuous technological innovation and the personalised assistance of the Private Banker. This combination allows a sustainable and solid approach to respond to the needs of Customers with respect to excellence of a digital service and wealth management.

BPI is the Bank the Portuguese trust the most for the 10th consecutive year

BPI was elected, for the 10th consecutive year, the banking brand most trusted by the Portuguese in the study of the Selecções of Reader's Digest which elects annually the "Trusted Brands" in 60 categories of products and services. The Portuguese evaluated attributes such as quality of service, value for money and brand ethics.

BPI in the TOP 10 of the best employers by LinkedIn

BPI is ranked 7th among the best companies to work for, in analysis made by LinkedIn based on exclusive data from this social network.

BANCO BPI, S.A.

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