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## **BANCO BPI CONSOLIDATED RESULTS FOR THE 1<sup>ST</sup> SEMESTER OF 2023**

Porto, July 28, 2023

# **CONSOLIDATED PROFIT OF €256 MILLION NET PROFIT IN PORTUGAL OF €199 MILLION**

### **SUPPORT FOR FAMILIES AND BUSINESSES:**

- Loan Portfolio increased by 1.1 Bi € YoY (+4%).
- Mortgage loan portfolio increased 5% YoY. Market share in mortgage loan portfolio rose to 14.2% and in new production to 18.5%.
- Corporate loan portfolio increased 2% YoY.

### **STRONG FINANCIAL POSITION AND LOW RISK:**

- NPE ratio of 1.6%, the best in the sector in Portugal. NPE cover for impairments and collaterals of 150%.
- Capital ratios: CET1 of 14.3% and total capital of 18.2%.

### **INCOME BOOSTS PROFITABILITY AND EFFICIENCY IN PORTUGAL**

- Commercial Banking Gross Income grew 50% YoY to 594 M.€.
- Recurrent Return on Tangible Equity (ROTE) increased to 11.6%.
- Cost-to-core income improved 6.4 p.p. YTD, reaching 43.6% in June 2023.

### **DIGITAL BANKING: 112,000 NEW BPI APP USERS**

- 903,000 users of digital channels.
- 112,000 new active users on the BPI App in the last 12 months.
- 31% of focus product sales are initiated on digital channels.

### **COMMITMENT TO SUSTAINABILITY**

- Three out of four employees registered on the BPI Volunteering Platform.
- €285 million in ESG bond loans.

### **REPUTATION**

- BPI Private is the Best Private Banking in Portugal, according to Euromoney.

## **RESULTS AND COMMERCIAL ACTIVITY**

**BPI recorded a consolidated profit of 256 M.€ in the first semester of 2023**, which represents an increase of 26% compared with the 203 M.€ registered in the same period of the previous year. **The activity in Portugal contributed with 199 M.€**, corresponding to an increase of 130% in relation to the first semester of 2022 (87 M.€).

The stakes in BFA and BCI contributed 41 M.€ and 17 M.€ respectively to the consolidated profit.

**BPI recorded a 4% year-on-year growth in loans, while customer deposits decreased by 4%, although they recovered in the second quarter.** Commercial banking gross income grew by 50% which, combined with an 13% increase in costs and a 0.23% cost of risk, led to an improvement in the recurrent return on tangible equity in Portugal to 11.6% (+5 p.p. in the last 12 months).

**João Pedro Oliveira e Costa, Chief Executive Officer of BPI**, said: “The first semester of 2023 is marked by the resilience of the Portuguese economy in adjusting to the new monetary policy cycle. BPI maintains a solid financial position and a comfortable capitalisation, along with a strong commercial dynamism, which has allowed us to gain market share in loans to households and companies and increase profitability. Meanwhile, the strength of the Bank's balance sheet has enabled it to significantly strengthen its capacity to invest in technology and innovation. BPI will continue to support society as the current economic environment demands that we pay special attention to those that are more vulnerable financially”.

## **SUPPORT FOR FAMILIES AND BUSINESSES**

### **Loan portfolio grew 4%. 18.5% market share in mortgage loan new production**

Total loans to customers (gross) increased 4% YoY to 29.8 Bn.€, which corresponds to an increase of 1.1 Bn.€ YoY. Market share in loans rose 30 bps, YoY, to 11.6% in May 2023.

The mortgage loan portfolio increased 5% YoY, to 14.4 Bn.€. Mortgage loans new production decreased 19% YoY to around 1.2 Bn.€ in the first semester of 2023 due to lower demand. It should be noted, nevertheless, that production remained stable between the first and second quarter of this year (around 600 M.€ in each quarter). Moreover, fixed-rate loans accounted for 46% of mortgage loans new production in the first half of 2023.

BPI achieved a market share of 18.5% in cumulative new production until May 2023. The market share of mortgage loans in the portfolio reached 14.2% in May 2023, which represents an increase of 60 bps YoY.

The corporate loan portfolio grew 2% YoY to 11.2 Bn.€. Market share in corporate loans increased to 11.0% (+20 bps YoY). Including securitised credit, the share rises to 12.3%.

### **Deposits decreased by 4% YoY**

Customer deposits decreased 4% YoY, to 28.6 Bn.€, although they registered a growth of 230 million euros between the first and second quarter of the year. The market share of deposits stood at 10.7% in May 2023, -20 bps year-on-year.

Off-balance sheet resources (investment funds, capitalisation insurance and others) stood at 8.8 Bn.€ (-5% YoY), influenced by the unfavourable evolution of capital markets.

Total customer resources declined 4% YoY (-1.7 Bn.€), totalling 37.5 Bn.€ in June this year. Additionally, there was a reinforcement of structured products placement of 0.5 Bn.€ in Jun23 YoY.

### **INCREASE IN COMMERCIAL BANKING GROSS INCOME IN PORTUGAL BOOSTS PROFITABILITY**

#### **Commercial Banking Gross Income increased by 50%**

Commercial Banking Gross Income grew by 50% compared to the first semester of 2022, standing at 594 M.€. Net interest income grew 85% to 435 M.€, reflecting the rise in market interest rates and the growth in the volume of loans, but was penalised by the increase in the cost of deposits and debt issues (covered bonds and MREL).

Net commissions grew 2% YoY, to 147 M.€. The opening of new accounts (+43% of new customers with a *Conta Valor*), the volume of loans, corporate debt operations and the marketing of mutual funds and capitalisation insurance contributed to this result.

#### **Investment increases and core efficiency ratio improves to 43.6%**

Operating expenses increased 13% YoY. Staff expenses increased 7% YoY, general administrative expenses increased 24% YoY, reflecting investments in new technology projects, and depreciation and amortisation increased +5% YoY.

The cost-to-core income improved by 6.4 p.p. YTD, reaching 43.6% in June 2023.

At the end of June 2023, BPI had 4 378 employees. On the same date, the distribution network totalled 318 commercial units, including branches (272), premier centres (12), private banking centres (4), mobile branch (1) and corporate and institutional centres (29).

### **STRONG FINANCIAL POSITION AND LOW RISK**

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



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

BPI has a non-performing exposures (NPE, EBA criteria) ratio of 1.6%, the best indicator in the financial sector in Portugal, and a coverage by impairments and collateral of 150%. The Non-performing loans ratio (NPL, according to EBA criteria) stands at 2% and were 152% covered by impairments and collateral in June 2023.

Loan impairments net of recoveries stood at 37 M.€ in the first semester 2023. The cost of credit risk stood at 0.23% in the last 12 months.

In June 2023, BPI had an accumulated balance of 28.5 M.€ of unallocated impairments in the balance sheet.

### **Comfortable liquidity position**

BPI maintains a comfortable liquidity situation and balanced funding: the loan-to-deposit ratio stands at 100%, the net stable funding ratio (NSFR) stands at 134% and the liquidity coverage ratio (LCR) stands at 179%, at the end of June 2023. The funding obtained from the ECB is 0.4 Bn.€.

### **High capitalisation**

BPI complies by a significant margin with the minimum requirements imposed by the European Central Bank (ECB), registering the following ratios: CET1 of 14.3%, Tier 1 of 15.8% and total capital of 18.2%. The leverage ratio stood at 7.1%. The MDA Buffer – the capital buffer without profit distribution limitations – stood at 5.3 p.p. at the end of June 2023.

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

- The MREL ratio as a percentage of RWA stands at 24.5%, 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 11.0%, versus a final requirement of 5.91%.

### **DIGITAL BANKING: 112 THOUSAND NEW BPI APP USERS**

Digital Banking at BPI is on a strong growth trajectory, with an 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 digital channels reached 903,000 at the end of June 2023, with a significant adherence to the mobile channel, with 686 thousand regular users of the BPI App (+112,000 active users YoY).

Around 31% of sales of focus products (mutual funds and retirement savings plans, prestige products, personal credit, credit cards and stand-alone insurance) to individuals were initiated in the net and mobile digital channels.



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The Bank ranks second in digital channel penetration among Individual Customers<sup>1</sup>.

## **COMMITMENT TO SUSTAINABILITY**

In 2022, BPI launched its sustainability strategy for 2022-2024 which sets out the Bank's commitments to sustainable development and the targets it aims to achieve in areas such as sustainable business, social impact, and gender equality. Adherence to UNEP-FI and the Principles for Responsible Banking in March 2023 further strengthens the Bank's position in the sustainable finance ecosystem and contributes to a more coordinated and synergistic approach to the integration of sustainability principles into BPI's strategy and business model.

### **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 M.€.
- **BPI Volunteering Programme:** Three out of four BPI Employees are currently registered on the BPI Volunteering Platform. In the first semester of 2023, 70 initiatives were developed, with the participation of 864 volunteers and which directly benefited around 11,000 people.
- **Sustainable financing:** BPI advised on and fully underwrote 285 M.€ in ESG bond loan 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 elected "Best Domestic Private Bank in Portugal" at the Euromoney Global Private Banking Awards 2023. The judging committee valued BPI's leading position in technological innovation, excellence in wealth management and commitment to customer satisfaction.

### **BPI elected Best Bank in Cash Management in Portugal by Global Finance**

BPI was elected, for the seventh consecutive year, the best bank in Corporate Cash Management in Portugal ("The Best Treasury and Cash Management Provider in Portugal for 2022") by the international magazine Global Finance.

### **BPI Virtual Assistant, with 100% Portuguese AI, wins Pay Tech Awards 2023**

BPI won in the category of "Best Use of Tech in Consumer Payments" at the Pay Tech Awards 2023, organised by Fintech Futures. The winning solution was BPI's Virtual Assistant (VA), which is based on Artificial Intelligence (AI) technology developed by AgentifAI.

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1) BASEF Banca - June 2023 (main banks).



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### **BPI wins Best CRM for Private Banking in Europe**

BPI received the 2023 award for "Best CRM for Private Banking - Europe" from the leading trade publication Professional Wealth Management (PWM), part of the Financial Times Group. Independent experts assessed the innovation of BPI Private's technological tools and customer relationship models.

### **BPI is the Trusted Bank by the Portuguese for the 10<sup>th</sup> year-in-a-row**

BPI was elected, for the 10<sup>th</sup> year-in-a-row, as the most trusted banking brand by the Portuguese in the Reader's Digest study that annually elects the "Trusted Brands" in 60 categories of products and services.

### **BPI in the TOP 10 Best Employers by LinkedIn**

BPI ranked seventh in the list of Top 10 Best Employers, according to an analysis made by LinkedIn based on proprietary data from the social network.

BANCO BPI, S.A.

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