

**BPI'S CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2023**

Porto, October 30, 2023

# **MORE ACTIVITY, MORE EFFICIENCY, BETTER RESULTS**

**INCOME BOOSTS PROFITABILITY AND EFFICIENCY**

- Consolidated net profit of 390 M.€ and net profit in Portugal of 324 M.€
- Commercial banking gross income grew 50% YoY, to 924 M.€.
- Recurrent Return on Tangible Equity (ROTE) increased to 13.7%.
- Core efficiency ratio (cost-to-income core) improved by 9.2 percentage points YTD, reaching 40.8% in September 2023 (last 12 months).

**SUPPORT FOR FAMILIES AND BUSINESSES:**

- Loan Portfolio increased by 0.8 Bn.€ YoY (+3%).
- Mortgage portfolio increased 4% YoY. Market share of mortgage portfolio rose to 14.4% and in new production to 19.3% (Aug23).
- Corporate loan portfolio increased 2% YoY.

**STRONG FINANCIAL POSITION AND LOW RISK:**

- NPL ratio of 1.5%, the best in the sector in Portugal. NPE coverage by impairments and collaterals of 158%.
- Capital ratios: CET1 of 14.5% and total capital of 18.4%.

**DIGITAL BANKING: 107,000 MORE ACTIVE BPI APP USERS**

- 919,000 users of digital channels.
- 107,000 new active users on the BPI App in the last 12 months.
- 32% of *focus product* sales initiated on digital channels.

**COMMITMENT TO SUSTAINABILITY**

- 3<sup>rd</sup> BPI Volunteering Week: 2,500 volunteers took part across the country in 200 activities with a positive impact on society and the environment.
- 626 M.€ YTD in sustainable financing operations for individuals and companies.



Grupo  CaixaBank

## **PROFITS AND COMMERCIAL ACTIVITY**

**BPI obtained a consolidated net profit of 390 M.€ in the first nine months of 2023**, which represents an increase of 35% compared with the 289 M.€ registered in the same period of the previous year. **Activity in Portugal contributed 324 M.€, +162 M.€** compared to September 2022.

The stakes in BFA and BCI contributed respectively 42 M.€ and 24 M.€ to the consolidated net profit.

**BPI recorded a 3% year-on-year growth in loans, while customer deposits decreased by 5%.** Revenues from commercial activity grew by 50% which, combined with a 12% increase in costs and a cost of credit risk of 0.23%, led to an improvement in the recurrent return on tangible equity in Portugal to 13.7% (+6.3 percentage points in the last 12 months).

**João Pedro Oliveira e Costa, Chief Executive Officer of BPI**, highlights “BPI has performed well, supported by positive commercial dynamics and prudent credit risk management, during a period in which the economy is beginning to show signs of a slowdown. The Bank recorded above-market growth in loan production, with gains in loan market share. The NPE ratio remains at historic lows, while the liquidity, solvency and coverage ratios remain at high levels, well above supervisory requirements. BPI's financial strength allows us to maintain a significant capacity for investment in technology and innovation, and in improving the customer experience. What is more, it enables us to fulfil our commitment to society: supporting individuals, families and businesses, and the most vulnerable groups. In this context, it's worth noting that BPI has supported all customers facing difficulties in the current economic environment. Despite the rapid normalisation of interest rates, we have not registered any property inflows due to mortgage repossession in 2023”.

## **SUPPORT FOR FAMILIES AND BUSINESSES**

### **Loan portfolio grew 3%. Loan market share gains**

Total loans to customers (gross) increased 3% YoY, to 29.8 Bn.€, which corresponds to an increase of 0.8 Bn.€ YoY. Market share in loans rose 29 basis points, YoY, to 11.7% in September 2023.

The mortgage portfolio increased 4% YoY, to 14.6 Bn.€. Mortgage new loan production decreased 15% compared to the same period last year, reaching around 1.8 Bn.€ in the first nine months of 2023 as a result of lower market demand. It should be noted, nevertheless, that mortgage production in 2023 exceeds the volumes recorded in 2020 and 2021. Fixed-rate mortgages account for 48% of new mortgage production in 2023.

BPI achieved a market share of 19.3% in cumulative mortgage new production until August 2023. The market share of mortgage loans in the portfolio amounted to 14.4% in September 2023, which represents an increase of 63 basis points YoY.

The corporate loan portfolio grew 2% YoY to 11.2 Bn.€. Market share in corporate loans, including securitised loans, increased 53 bps yoy to 12.3%<sup>1</sup> in September 2023.

### **Customer resources decreased by 5% YoY**

Total customer resources decreased by 5% YoY (-2.1 Bn.€), totalling 37 Bn.€ in September. In addition, there was an increase in the placement of structured products (+0.4 Bn.€ YoY).

Customer deposits decreased 6% YoY, to 28.4 Bn.€. The market share of deposits stood at 10.5% in September 2023, down 46 basis points YoY.

Off-balance sheet resources (investment funds, capitalisation insurance and others) stood at 8.6 Bn.€ (-2% YoY). The market share of off-balance sheet resources increased by 18 bps YoY to 14.1% in August 2023.

### **INCREASE IN INCOME FROM COMMERCIAL ACTIVITY IN PORTUGAL BOOSTS PROFITABILITY**

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

Commercial Banking Gross Income grew by 50% compared to the first nine months of 2022, standing at 924 M.€. Net interest income grew 84% to 688 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 of debt issues (covered bonds and MREL).

Net fees and commission income remained stable at 218 M.€. This result was positively influenced by the opening of new accounts, corporate debt issues and the marketing of funds and capitalisation insurance, which offset the fall in loan and insurance brokerage commissions.

#### **Investment increases and core efficiency ratio improves to 40.8%**

Recurring operating expenses increased by 12% YoY, incorporating the effects of inflation and investment in new technological projects. Recurring staff expenses increased by 7% YoY, general administrative expenses by 23% YoY, and depreciation and amortisation by +5% YoY.

The cost-to-core income improved by 9.2 p.p. YTD, reaching 40.8% in September 2023 (last 12 months).

By the end of the third quarter of 2023, BPI had 4,335 employees. On the same date, the distribution network totalled 318 commercial units, including branches (272), premier centres (11), private banking centres (4), mobile branch (1), DayOne centre (1), and corporate and institutional centres (29).

---

<sup>1</sup> Market share considers corporate loans as of Sept.23 and debt securities as of Aug.23 (latest available information).

## **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.

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

BPI has a non-performing exposures (NPE, EBA criteria) ratio of 1.5%, the best indicator in the financial sector in Portugal, and a coverage by impairments and collateral of 158%. The Non-performing loans ratio (NPL, according to EBA criteria) stands at 1.9% and were 160% covered by impairments and collateral in September 2023.

Loan impairments net of recoveries stood at 45 M.€ in the first nine months of 2023. The cost of credit risk stood at 0.23% in the last 12 months.

In September 2023, BPI had an accumulated balance of 28.5 M.€ of unallocated impairments.

### **Comfortable liquidity position**

BPI maintains a comfortable liquidity position and balanced funding: the loan-to-deposit ratio stands at 101%, the net stable funding ratio (NSFR) stands at 133% and the liquidity coverage ratio (LCR) stands at 163%, as at 30 September 2023. The funding obtained from the ECB is only 0.4 Bn.€ (with maturity in March 2024).

### **High capitalisation**

BPI complies by a significant margin with the minimum capital requirements imposed by the European Central Bank (ECB), recording the following ratios: 14.5% CET1, 16.0% Tier 1 and total capital of 18.4%. The leverage ratio stood at 7.3%. The MDA Buffer – capital buffer without profit distribution limitations – stood at 5.5 percentage points at the end of September 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: 107,000 MORE ACTIVE BPI APP USERS**

Digital banking at BPI is on a growth trajectory, with a strong increase in the number of customers and online sales. Investments aimed at improving the customer experience and the launch of pioneering projects in Portugal have also contributed to its strong performance.

The number of users of the digital channels reached 919,000 at the end of September 2023, with a significant increase in the mobile channels, with 710,000 regular users of the BPI App (+107,000 active users YoY).



Grupo  CaixaBank

Around 32% of sales of *focus products* (funds and Retirement Savings Schemes, prestige products, personal loans, credit cards and stand-alone insurance) to individuals were initiated in the net and mobile digital channels.

The Bank ranks second in digital channel penetration among individual customers<sup>2</sup>.

## **COMMITMENT TO SUSTAINABILITY**

BPI's sustainability strategy for 2022-2024 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.

### **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 in 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:** Three out of four BPI employees are currently registered on the BPI Volunteering Platform. In the first nine months of 2023, 84 initiatives were carried out which directly benefited over 20,000 people. In October, BPI held the third BPI Volunteering Week, which brought together over 2,500 former and current employees, family members, clients, and partners of the bank in almost 200 initiatives with a positive impact on society and the environment, covering all districts in Portugal, the Azores and Madeira.
- **Sustainable financing:** BPI granted 626 million euros in sustainable financing to individuals and companies from January to September 2023.

## **RECOGNITION AND REPUTATION**

### **BPI is Global Finance's Best Bank for Innovation and Transformation**

The international magazine Global Finance recognised BPI for its performance in the field of innovation and digital transformation (Best Innovation and Transformation - Portugal) at the World's Best Digital Bank Awards 2023.

### **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.

---

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



Grupo  CaixaBank

### **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, 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 ranks seventh among the best companies to work in, according to an analysis made by LinkedIn based on exclusive data from this social network.

### **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.

### **BPI is awarded in three categories at "Prémio Cinco Estrelas 2023"**

BPI achieved three distinctions at "Prémio Cinco Estrelas 2023" by winning the "Digital Banking", "Mortgages" and "Banking - Prestige Products" categories, with emphasis on the criteria of Brand and Innovation Reliance.

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

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

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

BPI was elected, for the seventh year-in-a-row, 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 wins two awards at the Euronext Lisbon Awards**

BPI stood out at the 12<sup>th</sup> edition of the Euronext Lisbon Awards. CaixaBank/BPI won the Market Member - Bonds category for its leadership in the total value of Bonds traded on the Portuguese stock exchange. Also in the Bonds area, BPI won the Book Runner - Bonds category, as it was the financial intermediary with the highest number of issues and amounts placed, listed on Euronext Lisbon.



Grupo  CaixaBank

### **BPI recognised by Brandon Hall Group**

BPI was distinguished by the Brandon Hall Group, which recognises best practices in human capital, by winning the "Best Advance in Custom Content" category with the "Culture and Risk" project.

### **Ricardo Chaves elected Data Executive of the Year by DSPA**

Ricardo Chaves, Executive Director of BPI's Artificial Intelligence Centre of Excellence, was distinguished as Data Executive of the Year by the DSPA - Data Science Portuguese Association.

BANCO BPI, S.A.

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

Share Capital: EUR 1 293 063 324.98; Registered at the Commercial Registry Office of Porto under registration number PTIRNMJ 501 214 534 and tax identification number 501 214 534.