

## **BPI'S CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR 2023**

Porto, February 5, 2024

# **MORE LOANS, MORE INNOVATION, MORE COMMITMENT**

### **INCOME BOOSTS PROFITABILITY AND EFFICIENCY:**

- Consolidated net profit of 524 M.€ and net profit in Portugal of 444 M.€.
- Commercial Banking Gross Income grew 43% YoY to 1.255 M.€.
- Recurrent Return on Tangible Equity (ROTE) increased to 16%.
- Core efficiency ratio (cost-to-core income) improved 11 p.p. YoY, reaching 39%.

### **BUSINESS GROWS, WITH GAINS IN MARKET SHARE:**

- Loan Portfolio increased 0.9 Bn.€ YoY (+3%).
- Mortgage portfolio increased 3% YoY. Market share in mortgage portfolio rose to 14.4% and in new production to 18.3% (Nov23).
- Corporate loan portfolio increased 5% YoY. Market share, including securitised loans, stood at 12.4% (+30 bps YoY).

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

- NPE ratio of 1.5%, the best in the sector in Portugal. NPE cover by impairments and collaterals of 154%.
- Capital ratios: CET1 of 14.1% and total capital of 17.9%.

### **DIGITAL BANKING: BPI LEADS IN PRIVATE CUSTOMER SUBSCRIPTION AMONG MAJOR BANKS**

- 924 thousand users of digital channels.
- + 88 thousand new active users on the BPI App in the last 12 months.
- 33% of focus product sales are initiated on digital channels.

### **COMMITMENT TO SUSTAINABILITY**

- Sustainable turnover of around 1.9 Bn.€ in 2023.
- 1.0 Bn.€ in financing for companies and individuals and 0.9 Bn.€ in savings and investment products and 308 social initiatives carried out by BPI volunteers.
- BPI | "la Caixa" Foundation collaboration with execution close to 50 M.€.

## **PROFITS AND COMMERCIAL ACTIVITY**

**BPI obtained a consolidated net profit of 524 M.€ in the financial year of 2023**, which represents an increase of 42% compared with the 369 M.€ registered in the previous year. **The activity in Portugal contributed with 444 M.€ (+86% YoY).**

The stakes in BFA and BCI contributed 42 M.€ and 39 M.€ respectively to the consolidated net profit.

**In 2023, BPI recorded a year-on-year growth of 3% in loans, while customer resources decreased by 3%.** Commercial banking gross income grew by 43% which, combined with a 11% increase in costs and a cost of risk of 0.16%, led to an improvement in the recurrent return on tangible equity in Portugal to 16% (+7.9 p.p. in the last 12 months).

**João Pedro Oliveira e Costa, Chief Executive Officer of BPI**, highlights that "BPI ended the year with a very positive performance. The Bank recorded a strong result, with increased commercial activity and significant efficiency gains. We are currently the leading bank in the production of mortgage loans and continue to gain market share in corporate finance, while credit risk remains at historically low levels. In 2023, we recorded a turnover of 1.9 billion euros in the sustainability business, namely in green financing operations, but also in supporting energy efficiency in the housing market or financing the construction of social housing, among others. Simultaneously, the Bank strengthened its commitment to society, supporting customers affected by the normalisation of interest rates and the population in vulnerable situations. In this regard, I would like to highlight the extraordinary efforts of BPI's volunteers and the many social, educational and research programmes that the Bank carries out in partnership with the "la Caixa" Foundation. Nearly 50 million euros invested in social progress in the country in 2023".

## **SUPPORT FOR FAMILIES AND BUSINESSES**

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

Total loans to customers (gross) increased 3% YoY, to 30.1 Bn.€, which corresponds to an increase of 0.9 Bn.€ YoY. Market share in loans rose 20 bps, YoY, to 11.7% in December 2023.

The mortgage portfolio increased 3% YoY, to 14.6 Bn.€. Mortgage new production decreased 10% compared to the same period last year, reaching around 2.4 Bn.€ in 2023 as a result of lower market demand. It should be noted, nevertheless, production in 2023 equals the volume recorded in 2021. Notably, fixed rates represented 46% of mortgage new loan production in 2023, while mixed rates represented 17%.

BPI achieved a market share of 18.3% in 12-months mortgage new production until November 2023. The market share of mortgage loans in the portfolio amounted to 14.4% in December 2023, which represents an increase of 60 bps YoY.

The corporate loan portfolio grew 5% YoY to 11.5 Bn.€. Market share in corporate loans, including debt securities, stood at 12.4%<sup>1</sup> (+30 bps YoY).

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<sup>1</sup> Market share includes loans in December 2023 and debt securities in November 2023 (latest available information).

### **Customer resources decreased by 3% YoY. Shares remain stable**

Total customer resources decreased by 3% YoY (-1.0 Bn.€) to 37.9 Bn.€ in 2023, with stable market shares. In addition, there was an increase in the placement of structured products of +0.3 Bn.€ YoY.

Customer deposits fell 4% YoY to 29.3 Bn.€. Off-balance sheet resources (investment funds, capitalisation insurance and others) remained stable at 8.7 Bn.€.

### **INCREASE IN GROSS INCOME BOOSTS PROFITABILITY**

#### **Commercial banking gross income up 43%**

Commercial banking gross income stood at 1.255 M.€, representing a growth of 43% compared to 2022. Net interest income grew 72% to 943 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 remained relatively stable (291 M.€ in 2023). Growth in new account opening, corporate debt issuance and the marketing of funds and capitalisation insurance is particularly noteworthy.

#### **Investment increases and core efficiency ratio improves to 39%**

Recurring operating expenses increased by 11% YoY, incorporating the effects of inflation and investment in new technological projects. Recurring staff expenses increased by 5% YoY, general administrative expenses by 20% YoY, and depreciation and amortisation by 9% YoY.

The core efficiency ratio (cost-to-core income) improved by 11 p.p. YoY, reaching 39% in December 2023.

At the end of 2023, BPI had 4,263 Employees. On the same date, there were 316 commercial units in the distribution network.

### **STRONG FINANCIAL POSITION 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 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 154%. The Non-performing loans ratio (NPL, according to EBA criteria) stands at 1.9% and were 156% covered by impairments and collateral.

Loan impairments net of recoveries stood at 51 M.€ in 2023, which corresponds to a cost of credit risk of 0.16%.

At the end of 2023, BPI had an accumulated balance of 28.5 M.€ of unallocated impairments on its balance sheet.

### **Balanced funding and comfortable liquidity**

BPI maintains a comfortable liquidity situation and balanced funding: the loan-to-deposit ratio stands at 99%, the net stable funding ratio (NSFR) stands at 136% and the liquidity coverage ratio (LCR) stands at 177%, at the end of 2023. In December 2023, BPI made an early repayment of all the funding obtained from the ECB (0.4 Bn.€), which was due in March 2024.

### **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 14.1%, Tier 1 of 15.5% and total capital of 17.9%. The leverage ratio stood at 7.4%. The MDA Buffer - capital buffer without profit distribution limitations – was 5 p.p. by the end of 2023.

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

- The MREL ratio as a percentage of RWA stands at 23.9%, versus the MREL requirement of 22.43%.
- MREL ratio as a percentage of LRE (Leverage Risk Exposure) of 11.4%, versus a requirement of 5.91%.

### **BPI LEADS IN PRIVATE CUSTOMER SUBSCRIPTION IN DIGITAL BANKING**

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. In the last 12 months, the Bank pioneered the launch of a digital collectibles/NFT market (D-verse) and a game in the Roblox virtual world (Age Planet Craft Tycoon). The launch of BPI All in One in Lisbon, which brings together the commercial networks in a single space, is also worthy of note.

BPI's digital channels registered a total of 924 thousand users at the end of 2023, with a significant growth in the mobile channel, which has 718 thousand regular users of the BPI App (+88 thousand active users YoY).

Around 33% 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 1<sup>st</sup> in terms of the number of private customers using digital channels<sup>2</sup> (Net and Mobile).

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<sup>2</sup> BASEF Banca - December 2023 (main banks).

## COMMITMENT TO SUSTAINABILITY

In 2023, BPI recorded a significant boost in the implementation of the targets of the 2022-2024 Sustainability Master Plan, in areas such as sustainable business, social impact and gender equality.

Sustainability Master plan 2022-2024					
			OBJECTIVES	ACHIEVED 2022-2023	
	Supporting the sustainable transition of companies and society	Global	Sustainable business	4 Bi.€	4.1 Bi.€
	Leading social impact and promoting social inclusion	Social	BPI   "la Caixa" Foundation Investment	120 M.€	90 M.€
			Beneficiaries	200 thousand	212 thousand
	Leading in governance best practices	Governance	Women in management positions	43%	44%

## 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 invested close to 50 million euros.
- **BPI Volunteering Programme:** At the end of the year, the BPI Volunteering Platform had over 4,000 registrations. During 2023, 308 social initiatives were developed which directly benefited almost 35 thousand people.
- **Sustainable business:** In 2023, BPI generated a sustainable turnover of around 1.9 billion euros. The Bank granted 580 million euros in "green" funding operations for companies, in addition to 29 million euros in funding lines to support sustainable transition, energy efficiency and urban regeneration. In areas such as financing energy efficiency in the housing market or the construction of social housing, they recorded a turnover of 427 million euros. Finally, in intermediation, the BPI +Environment Term Deposit and the Article 8 and 9 Funds generated a turnover of 855 million euros.

## RECOGNITION AND REPUTATION

### BPI is the Best Bank in Sustainability (ESG) for Euromoney

BPI was recognised at the Euromoney Awards for Excellence 2023 as the Best Bank for ESG in Portugal. The award recognises the Bank's contribution to achieving the Sustainable Development Goals (SDGs) and its commitment to implementing environmental, social and governance policies.



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### **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 is the Best Private Banking in Portugal for The Banker and PWM magazines**

BPI was voted Best Private Banking in Portugal for the second year in a row at the Global Private Banking Awards, organised by The Banker and PWM magazines of the Financial Times Group.

### **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 wins two awards at the Banking Tech Awards**

BPI won two top distinctions at the international Banking Tech Awards 2023. BPI VR, the 100% virtual immersive branch, won the "Top Innovation - Beyond Banking" category, while AGE, the Bank's brand aimed at younger customers, was recognised as "Best User/Customer Experience Initiative".

### **BPI is the Best Bank in Innovation and Transformation for Global Finance**

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

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

According to an analysis by LinkedIn based on exclusive data from the social network, BPI ranks 7<sup>th</sup> among the best companies to work at.

BANCO BPI, S.A.

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