BANCO MONTEPIO
CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2022
Unaudited information

Lisbon, 4 November 2022

BANCO MONTEPIO WITH CONSOLIDATED NET INCOME OF €23.9MN IN THE FIRST NINE MONTHS OF 2022

An increase of €38.2Mn when compared to the same period of 2021

Banco Montepio recorded a **Consolidated net income** of €23.9Mn in the first nine months of 2022, a favourable performance when compared with the -€14.2Mn accounted in the same period of 2021, benefiting from the increase in operating income by €11.8Mn, driven by the rise in net interest income and commissions, the reduction in operating costs by €16.1Mn and the lower impairment and provisions' charges by €45.1Mn, despite the global increase of €3,2Mn from the mandatory contributions to the banking sector, the Resolution Fund and the Deposit Guarantee Fund (€25.9Mn in the first nine months of 2022 compared to €22.7Mn in the same period of 2021).

The consolidated net income in the first nine months of 2022 includes, in the third quarter, an estimated impact of -€22.7Mn (after considering non-controlling interests) of the agreement signed for the sale of the shareholding held by Banco Montepio Group at Finibanco Angola S.A. Nevertheless, the consolidated net income for the quarter was positive, confirming the favourable trend seen in the last five quarters.

Highlights:

Business

- Positive net income **for the fifth consecutive quarter**
- **Core operating income** increased by €7.5Mn when compared to the first nine months of 2021, with net interest income rising 1.0% and commissions 7.0%;
- **Loans to Customers** (net of impairment) increased to €11.8Bn, 1.5% above the amount recorded in December 2021;

Banco Montepio

- **Customer deposits** amounted to €12.9Bn, a positive change of 1.8% compared to the end of 2021;

Asset quality

- **Cost of credit risk** of 0.1%, compared to 0.6% recorded in the first nine months of 2021;
- **Reduction of non-performing exposures** (NPE) by €289Mn (-25.4%) compared to the amount at the end of September 2021, with the NPE ratio standing at 6.9% and comparing favourably with the 9.3% ratio recorded at the end of the same period of 2021;
- **NPE ratio, net of impairment** for credit risk, stood at 3.1%;
- **Increase in the coverage levels of NPE** by impairments to 54.9% (53.8% on 31 December 2021) and to 98.2% (95.9% recorded at the end of 2021) if the associated collateral and financial guarantees are considered.

Capital and liquidity

- ***Common Equity Tier 1* (CET1)** phasing-in ratio at 13.0% (+1.4 p.p. YoY) and fully implemented ratio at 12.6% (+2.0 p.p. YoY);
- **Total Capital ratio** phasing-in at 15.4% (+1.5 p.p. YoY) and fully implemented at 15.0% (+2.1 p.p. YoY);
- **Liquidity buffer** of €3.7Bn, reflecting a comfortable liquidity position;
- **Liquidity coverage ratio (LCR)** stood at 169.6%;
- **Net Stable Funding Ratio (NSFR)** of 121.6%.

Operational adjustment

- Reduction in **Operating costs** by €16.1Mn (-8.5%) YoY, driven by the reduction in Staff costs, General administrative expenses and Depreciation and amortisation;

- The **efficiency ratio**, measured by the ratio between operating costs and operating income, excluding the results of financial operations, the other results and the costs related to the adjustment programme, decreased to 66.7% (-4.7 p.p. YoY), benefiting from the reduction in costs and the increase in income;

- **Retail network optimisation** with the closure of 9 branches compared to the same period of 2021 (-3.5% YoY);

- **Reduction of the Banco Montepio's Group staff** by 138 (-3.8%) in comparison to 30 September 2021.

Following the agreement signed with Access Bank for the sale of the participation held by Banco Montepio Group in the share capital of Finibanco Angola S.A., the consolidated financial statements reported as at 30 September 2022 consider the financial statements of this subsidiary in accordance with IFRS 5, with this entity being presented as a discontinuing unit. In this context, we have restated the income statement of previous periods, presenting the results generated by Finibanco Angola S.A. in the line "Profit/(loss) from discontinuing operations", while, for comparative purposes, we also promoted the restatement of the balance sheet, being the assets and liabilities recorded, respectively, in the lines "Non-current assets held for sale - Discontinuing operations" and "Non-current liabilities held for sale - Discontinuing operations".

Results

Net interest income reached €173.4Mn in the first nine months of 2022, compared to €171.6Mn in the same period of 2021, reflecting the positive impact from the increase in income from investments in securities and funding, partially offset by the lower contribution from commercial net interest income.

Net commissions reached €87.4Mn in the first nine months of 2022, which means an increase of €5.7Mn (+7.0%) when compared to the same period of 2021, benefiting from higher income from credit operations (+€2.1Mn), account maintenance and management (+€1.1Mn) and payment services (+€0.9Mn).

Results from financial operations recorded in the first nine months of 2022 reached €25.0Mn, meaning an increase of €20.2Mn compared with the same period in 2021, supported on higher results from foreign exchange revaluation amounting €20.1Mn.

Other results in the first nine months of 2022 were negative, amounting to €21.6Mn, compared to -€6.5Mn in the same period of 2021, with this evolution being determined by the lower income on the sale of assets by €6.4Mn, by the cost of revaluation of liability items net of income from buybacks, amounting to €11.9Mn and by the increase in the cost of contributions applied to the banking sector by €3.2Mn.

Operating costs for the first nine months of 2022 reached €174.5Mn, compared to €190.7Mn for the same period in 2021, showing a reduction of €16.1Mn, due to a decrease in Staff costs by €14.1Mn (-11.8%), taking advantage of the synergies resulting from the implementation of the staff adjustment plan, in General administrative expenses by €1.7Mn (-3.7%) and in Depreciation and amortisation by €0.3Mn (-1.2%). Excluding one-off and non-recurrent costs related to the staff adjustment programme, operating costs for the first nine months of 2022 decreased by 5.0% (-€5.6Mn) compared to the same period of 2021.

Efficiency, measured by the **Cost-to-income ratio** and excluding the Results from financial operations, the Other results and the costs related to the adjustment programme, performed favourably by standing at 66.7% at the end of the first nine months of 2022, when compared to the 71.4% recorded in the same period of 2021.

As part of the implementation of the **operational adjustment** process, the total number of Banco Montepio Group employees and branches in Portugal decreased by 138 and 9, respectively, compared to the end of September 2021. At the end of September 2022, the operational adjustment programme that started in the last quarter of 2020 reports, globally, a reduction of 482 employees (-12%) and of 82 (-25%) geographically redundant branches.

The aggregate of **Impairments and Provisions** reached €25.3Mn in the first nine months of 2022, comparing with €70.4Mn recorded in the same period of 2021, as a result of lower loan impairment charges.

Loan impairment charges in the first nine months of 2022, which considers the impact of individual and collective analysis to the loan portfolio, totalled €6.0Mn, determining a cost of risk of 0.1%, which compares favourably with the impairment value of €56.4Mn and the cost of risk of 0.6% in the same period of 2021.

This performance benefited from the policy defined by Banco Montepio for underwriting credit risk and from the measures that have been implemented in the areas of monitoring and credit recovery. It should also be noted that Banco Montepio updated the credit risk parameters used in the process of calculating the impairment values associated with the exposures assessed using the collective approach, with the value of impairments recorded in the same period of 2021 showing, in particular, the estimated impact on the loan portfolio resulting from the unfavourable macroeconomic context related to the COVID-19 pandemic.

Impairment of other financial assets, Impairment of other assets and Other provisions totalled €19.3Mn in the first nine months of 2022, compared to €14.0Mn accounted in the same period of 2021, reflecting the impact of impairment charges for investment properties, partially offset by the lower charges on the headings other financial assets and other provisions.

Non-controlling interests and the Results from discontinuing operations recorded in the first nine months of 2022 were determined by the effect of the consolidation of the participation held by Banco Montepio Group in the share capital of Finibanco Angola S.A., incorporating, in particular, the impact, which was estimated at -€22.7Mn, from the agreement signed for the sale of the financial participation.

Balance sheet

Total assets amounted to €19,755Mn at the end of September 2022, corresponding to an increase of €42Mn (+0.2%) when compared with the €19,713Mn recorded on 31 December 2021, materializing the evolution observed in the headings Loans and advances to Customers, Other loans and advances to credit institutions and Other financial assets at amortised cost, partially offset by the change recorded in Cash and deposits at central banks.

Loans and advances to Customers (gross) totalled €12,265Mn on 30 September 2022, an increase of €125Mn (+1.0%) when compared to the amount recorded on 31 December 2021, with the contribution of an increase of €122Mn in performing loans to Companies. Excluding the effect of write-offs made in the first nine months of 2022, Loans and advances to Customers (gross) showed an increase of €156Mn compared with December 2021.

At the end of September 2022, the **Securities portfolio** totalled €4,435Mn, materializing an increase of €1,135Mn (+34.4%) compared with the value at the end of 2021, as a result of the increase in the position held in Sovereign Debt. The composition of the securities portfolio at the end of September 2022 was 95.1% made up of sovereign public debt securities, compared with 92.2% at the end of 2021.

Customer Deposits amounted to €12,933Mn at the end of September 2022, showing an increase of €333Mn (+2.6%) compared to the total reported in the same period of 2021 and €223Mn (+1.8%) compared to the end of 2021. This positive evolution is supported by Corporate Customers who increased their deposits by €366Mn in relation to the end of 2021, as opposed to the reduction observed in Individuals by €143Mn. The deposit portfolio maintained the trend towards the structure rebalancing, with the Demand Deposits / Term Deposits mix evolving to 52%/48% at the end of September 2022, compared with 50%/50% at the end of 2021.

Equity totalled €1,542Mn on 30 September 2022, showing an increase of €178Mn compared to the amount at the end of 2021, reflecting the positive effects of net income (+€24Mn), of the positive foreign exchange reserve (+€27Mn) and of the favourable impact related to the actuarial deviations of the Pension Fund (+€131Mn).

Own funds and capital ratios

As at 30 September 2022, the **capital ratios** maintained the favourable evolution when compared to the end of 2021, as a result of the continued reduction in risk-weighted assets (RWA) and the contribution of the net income for the first nine months of 2022.

(Euro million)	Sep-21	Dec-21	Sep-22	Change YtD
Common Equity Tier I Capital (CET1)	1 083	1 122	1 127	5
Tier I Capital	1 083	1 122	1 127	6
Total Own Funds	1 290	1 328	1 334	6
Risk-weighted assets (RWA)	9 310	8 800	8 660	(140)
CRD IV / CRR - *Phasing-in ratios*				
Common Equity Tier I ratio (CET1)	11.6%	12.7%	13.0%	0.3 p.p.
Tier I ratio	11.6%	12.7%	13.0%	0.3 p.p.
Total Capital ratio	13.9%	15.1%	15.4%	0.3 p.p.
CRD IV / CRR - *Fully implemented ratios*				
Common Equity Tier I ratio (CET1)	10.6%	11.8%	12.6%	0.8 p.p.
Tier I ratio	10.6%	11.8%	12.6%	0.8 p.p.
Total Capital ratio	12.9%	14.2%	15.0%	0.8 p.p.
Leverage ratio				
Leverage ratio - Phasing-in	5.4%	5.6%	5.7%	0.1 p.p.
Leverage ratio - Fully Implementated	4.9%	5.1%	5.4%	0.3 p.p.

Phasing-in ratios according to the phasing-in rules at the reference date.

Ratios include accumulated net income for the period.

At the end of September 2022, the **Common Equity Tier 1 ratio (CET1)** calculated based on the phasing-in rules stood at 13.0%, presenting a positive change of 0.3 p.p. against the end of 2021. Taking into account the fully implemented rules, CET1 stood at 12.6% (11.8% at the end of 2021), revealing a comfortable position above the regulatory minimum requirement of 9.08%.

The **Total Capital ratio** (phasing-in) reached 15.4% (compared to 15.1% at the end of 2021) and the fully implemented ratio increased to 15.0% (14.2% at the end of 2021), also above the minimum requirement of 14.01%.

At the end of September 2022, Banco Montepio recorded an improvement in capital ratios, supported by an efficient financial performance, by the favourable evolution in the current year of the foreign exchange earnings related to the kwanza arising from Finibanco Angola's activity, and the continuous reduction of exposure to non-performing assets. This improvement was, however, softened by the recognition in the end-September 2022 results of the estimated impact of the agreement signed for the sale of the participation held by Grupo Banco Montepio in Finibanco Angola S.A. Disregarding this impact, Banco Montepio's capital ratios would have stood at 13.3% (CET1 ratio) and 15.7% (Total Capital ratio).

Notwithstanding the unfavourable impact of the sale of the participation of Finibanco Angola S.A. reflected in the capital ratios in this third quarter, according to the information available to date, it is expected an effect in the Total Capital ratio tending from neutral to positive, between 1 and 18 bps, to be recognized at the end of the process.

RWA decreased by €140Mn at the end of the first nine months of 2022 compared to the end of 2021 as a result of the strategy adopted to reduce non-performing assets and to promote the growth of core lending business in segments with lower risk and lower consumption of RWAs.

Liquidity

In the first nine months of 2022, Banco Montepio continued to implement initiatives aimed at maintaining a robust liquidity position, with levels well above the regulatory limits in force and in alignment with the strategic targets of the Funding and Capital Plan.

The **LCR ratio** reached 169.6% on 30 September 2022, 69.6 p.p. above the minimum regulatory requirement of 100%.

Additionally, Banco Montepio maintains a comfortable funding base, determined by a funding structure with recourse to medium and long-term instruments, which contributed to the **NSFR ratio** standing at 121.6% on 30 September 2022, 21.6 p.p. above the regulatory minimum requirement of 100%.

At the end of September 2022, the total **Debt issued** reached €1,624Mn, down from €1,834Mn at the end of 2021, as a result of the €209Mn decrease in Debt securities issued, while Other subordinated liabilities stood at €216Mn, down €1Mn from the end of 2021.

As a result of Banco Montepio's investment strategy in liquid assets, under an integrated management of liquidity and funding sources, the total value of the **portfolio of assets eligible for Eurosystem monetary policy liquidity operations** amounted to €4,981Mn on 30 September 2022, compared to €3,808Mn (+30.8%) at the end of 2021. At the end of September 2022, this portfolio included marketable assets, namely eligible debt instruments, in the amount of €4,418Mn, and non-marketable assets, such as credit claims granted to non-financial Corporations and public sector Entities, namely bank loans and drawn credit facilities, which comply with specific eligibility criteria, which are valued at €563Mn.

The amount of **funding from the European Central Bank (ECB)** obtained through TLTRO-III totalled €2,940Mn at the end of September 2022, aligned with the amount recorded at the end of 2021. The eligible unencumbered collateral portfolio increased to €1,999Mn at the end of September 2022, comparing to €850Mn registered at the end of 2021.

Digital transition

During the third quarter of 2022, Banco Montepio continued the process of digital transition and ongoing improvement of its value proposition and the experience of its Customers.

In the first nine months of 2022, demand for Banco Montepio's digital services continued to evolve favourably. On 30 September 2022, the Montepio24 service, a multichannel platform that integrates distance channels, recorded an increase of 5.4% in the number of active Customers compared to the end of September 2021, totalling 443,406 users, of which 376,237 in the Individuals segment (+5.7%) and 67,169 in the Corporate segment (+4.0%).

The number of transactions carried out through internet services and mobile banking increased in the first nine months of 2022 to 57.7Mn, comparing favourably with 51.6Mn in the same period of 2021, corresponding to an increase of 11.9%.

Since May 2021, when APProva was launched, the app for authenticating and approval of transactions, more than 285 thousand profiles have been registered and more than 10Mn operations have been approved, 89% of which are related to Montepio24.

Rating

In April 2022, DBRS Ratings GmbH (DBRS Morningstar) reviewed the Trend of all Banco Montepio's ratings from negative to stable.

In July 2022, Fitch Ratings upgraded the rating of Banco Montepio's senior preferred long-term debt from 'CCC' to 'CCC+'. Additionally, it affirmed all the other ratings assigned to Banco Montepio and maintained the Outlook Positive.

Meanwhile, in October 2022, Moody's upgraded the rating of the senior unsecured debt (Senior Unsecured Medium-Term Note Program) and of the senior non-preferred debt (Junior Senior Unsecured Medium-Term Note Program), issued under the Euro Medium Term Note (EMTN) Program of Banco Montepio, from (P)B3 to (P)B2. Additionally, the rating agency upgraded: the Long-term Bank Deposits rating from B1 to Ba3; the Baseline Credit Assessment from b3 to b2; the Subordinate Seniority Medium-Term Note Program rating from (P)Caa1 to (P)B3.

Following the increase in Banco Montepio's counterparty risk assessment, on 28 October 2022, Moody's upgraded the rating of Banco Montepio's Mortgage Covered Bonds by one notch, from Aa3 to Aa2. With this upgrade, the rating of the Covered Bonds issued by Banco Montepio reaches the maximum rating level assigned by the agency to Portuguese issuers, which reinforces the classification of this type of debt in the Investment Grade category.

These upgrades reflect Banco Montepio's significant progress in reducing non-performing assets, the strengthening of capital ratios to levels above regulatory requirements, and also the successful fulfilment of the targets of the operational adjustment plan aimed at strengthening its balance sheet, productivity levels and competitive position, namely as regards the optimisation of the branch network and staff, which will contribute to a sustained improvement in profitability and efficiency.

The ratings assigned to Banco Montepio, as of the date of this disclosure, are presented in the table below:

***Rating* Agency**	**Covered Bonds (CPT [1])**	**Issuer [(2)] (Long-term)**	**Deposits**
Fitch Ratings	AA-	B-	B
Moody's	Aa2	b2	Ba3
DBRS Morningstar	--[(3)]	B	B (high)

[(1)] *Conditional Pass-through Covered Bond Programme.*
[(2)] *Fitch's Issuer Default Rating (IDR), Moody's Baseline Credit Assessment (BCA) and DBRS's Intrinsic Assessment (IA).*
[(3)] *Banco Montepio requested DBRS Morningstar to cease assigning ratings to the Covered Bonds, as disclosed by the rating agency in a press release dated 29 April 2022.*

Milestones of the first nine months of 2022

New Board team took office

The new Board of Directors took office for the four-year period 2022/2025, in accordance with the resolution of the General Shareholders' Meeting held on 29 April 2022. The composition of the Governing Bodies, approved by the shareholders and by Banco de Portugal, follows a more gender balanced governance model, which lives up to Banco Montepio's firm commitment to Gender Equality.

Mortgage Loan Campaign "*Dá para mais do que imagina*"[1]

Banco Montepio, awarded the #1 Consumer Choice Brand in the 2022 Mortgage Loan category, created a mortgage loan offer having Families, the social sector and society in mind, reinforcing its firm commitment to generating value with a purpose.

Anyone who subscribes or transfers a mortgage loan to Banco Montepio receives 1.5% of the loan amount on a prepaid card (or 1.7%, if the house has an A or A+ energy certificate), an amount that the Customer can use to buy whatever and whenever he wants.

In addition to the environmental component, the campaign also has a social and solidarity component. The prepaid card is associated with a donation program and each time the Customer uses it, he will be contributing, at no extra cost to himself and through Banco Montepio, to support Cáritas with the purpose of "inverting the poverty curve".

[1] "aims more than you imagine" (free translation)

Superbrands 2022

Banco Montepio received once again the Superbrands seal for the 13th time and dedicates the history of its brand in 2022 to Gender Equality, reinforcing its commitment to Sustainable Development Goal (SDG) 5, on the path towards full equal rights and opportunities for men and women.

Superbrands® is an independent international organisation dedicated to identifying and promoting Brands of Excellence in 89 countries. According to the organisation "the selection criteria are similar across countries, the aim of the programme being to identify Brands that, in each market, are performing above and beyond their competitors in their field".

Campaign "*Pirilampo Mágico*"[2]

Banco Montepio continues to support this cause and in 2022 reaffirms its support for *Pirilampo Mágico*, one of the most emblematic solidarity initiatives in the country.

Banco Montepio, the only national bank of mutual origin and roots, committed to solidarity, social responsibility and sustainability for 178 years, and whose mission is to make a difference in the lives of Families, Companies and third sector Entities, thus joins FENACERCI with the aim of raising public awareness to persons with intellectual and multiple disabilities, and with the aim of promoting a fairer, more inclusive, more sustainable society.

[2] "Magic Firefly" (free translation)

Launch of Banco Montepio Collection

Banco Montepio COLLECTION is an online platform inspired by tradition, which presents itself as the latest technology, and which brings together a careful selection of prestigious products. This new online store was created to improve the end-to-end shopping experience for prestige products.

We were distinguished simultaneously as "*Marca do Mês*"[3] and "*Marca Recomendada*"[4]

Because we work every day to satisfy our Customers, it is with great pleasure that we receive the distinction of "*Marca Recomendada*". This distinction was awarded to Banco Montepio for its good performance on the *Portal da Queixa*[5].

In August and September, we also received the distinction of "*Marca do Mês*", which means that Banco Montepio received the best evaluation in the sector with regards to Customer satisfaction concerning the follow-up given to their complaints.

The *Portal da Queixa* is an online platform where Customers can submit their complaints. Brands have the option to respond to the submitted questions and all complaints and responses are presented on the website, so that anyone can know the follow-up given to complaints and the evaluation that the Customer gives to the brand.

[3] "Brand of the Month" (free translation)
[4] "Recommended Brand" (free translation)
[5] "Complaints Website" (free translation)

Banco Montepio joined "*Movimento Merece*"[6] – Card recycling

Banco Montepio joined the "*Movimento Merece*", a business initiative for the recycling of cards with electronic components that guarantees the forwarding of plastic to a company that produces urban furniture. The goal is to encourage the new ethics on production and to take a part in a more sustainable future. For every kilo of waste collected, the *Movimento Merece* plants a tree and assures its maintenance for 5 years.

Sale of the shareholding on Finibanco Angola S.A.

In early October 2022, Banco Montepio agreed to the sale of the stake held in the share capital of Finibanco Angola S.A., a financial institution incorporated under Angolan law, to Access Bank Plc, a commercial bank based in Lagos, Nigeria, with a significant presence on the African continent.

With the completion of this agreement, Banco Montepio will cease to have any direct or indirect participation in Finibanco Angola, S.A., achieving another important milestone in the accomplishment of the commitments foreseen in the Adjustment Program, namely regarding to strengthening the focus on the domestic market and the simplification of the Group's corporate structure.

Sustainability and ESG

Banco Montepio, whose DNA is based on ESG (Environmental, Social and Governance) principles, has had the capacity to transform itself to respond to the evolution of society as a bank of the Social and Solidarity Economy in Portugal. According to the Brandscore study, Banco Montepio increased exponentially the visibility of actions in Sustainability, as a result of external communication of institutional initiatives.

[6] "Deserve Initiative" (free translation)

- **Environmental**

Within the scope of environmental sustainability, Banco Montepio progresses with the plan to replace the car fleet, from combustion vehicles to plug-in, hybrid and 100% electric vehicles. This energy transition is being monitored and evaluated by ADENE, which has already distinguished the project with the Green Fleet Award at the Fleet Magazine Awards.

It is important to highlight the strengthening and expansion of mortgage loans with an A or A+ energy classification and loans for home works; the offer of the Government guaranteed credit line for decarbonization and circular economy and the support to the Recovery and Resilience Plan (RRP) for to the purchase of 100% electric vehicles, aimed at Social and Solidarity Economy Entities (SSEs).

Additionally, Banco Montepio issued more than 188,000 cards made up of recycled and/or biodegradable plastic (84.5% of the total number of cards issued up to the 3rd quarter of 2022).

Banco Montepio Group has been active in promoting Sustainable Finance, through the structuring of sustainability bonds (green project bonds, green bonds and sustainability linked bonds) and the granting of green loans, thus reinforcing its commitment to climate transition. It has a specialised multidisciplinary team, which provides the Client with a service focused on supporting Portuguese Companies that wish to act and mitigate the effects of climate change, promoting the transition to a greener economy.

- **Social**

In the social component, Banco Montepio reaffirms its purpose of continuing to be the country's bank of mutual inspiration. Being the Social Economy bank in Portugal, continues to support the achievement of social goals, complementing the public and private sectors.

As a result of the work carried out by the Commercial Division for the Social Economy and the Public Sector, a specific Division with managers from North to South of the country specialized in the social sector, Banco Montepio highlights the +Impacto Social Credit Line, financing around €27Mn during the 3rd quarter of 2022, increasing the contracted amount to around €89Mn, to projects that will significantly contribute to the expansion of the equipment network, to the increase in quality and to the incorporation of innovation and sustainability in social activities of SSEs.

In addition to the commercial component, Banco Montepio supported and was part of several initiatives linked to social sustainability. In the first nine months 2022, we highlight:

- ✓ **Banco Montepio maintained its role as a JAP (Junior Achievement Portugal) associate**, allowing Banco Montepio's employees to participate in JAP's programme "A Empresa" and in their competitions. The sessions, which took place in person and online, impacted a total of 1,412 students, in a total of 280 hours of volunteer work.
- ✓ **Banco Montepio maintained its role as EPIS[7] associate**, which allowed the participation of Banco Montepio in the EPIS 2022 Scholarships, that will result in awarding 6 scholarships and in the creation of a volunteer program that will have the participation of employees from Banco Montepio.
- ✓ **Banco Montepio *Acredita Portugal***, the largest national entrepreneurship programme, promoted by Banco Montepio and the non-profit organisation *Acredita Portugal*. The 12th edition, which is taking place this year, had more than 3,200 applications, 60 were selected for the first phase of the program and 18 were finalists.
- ✓ **Electoral Congress of the *Confederação Portuguesa das Colectividades de Cultura, Recreio e Desporto*[8]**, which took place on 16 July at *Fórum Lisboa* with the participation of Banco Montepio as a panel speaker. During the Congress, there was an opportunity to address relevant topics, such as the relevance of Social Economy to the creation of wealth and to the country's economy, the way in which Institutions can contribute to the circular economy, as well as the offer that banks, more specifically Banco Montepio, have for this segment.
- ✓ **Inspiring Career Camp**, a program by *Associação Inspirar O Futuro* that took place between 7 and 20 of July, and which had the collaboration of Banco Montepio in its 8th edition. This initiative aimed at showing the reality of the labour market and the existing

[7] "*Empresários pela Inclusão Social*" ("Entrepreneurs for Social Inclusion" – free translation).
[8] "Portuguese Confederation of Culture, Recreation and Sports' Institutions" (free translation).

professions in different sectors/Companies to young people who were completing secondary level of education. During these days, the association and the participating Companies supported young people through the education and the development of their personal and social skills.

- ✓ ***XV Festa da Solidariedade***[9] took place from 21 to 24 of September 2022, in Viana do Castelo, with the support and sponsorship of Banco Montepio. With this initiative, the *Confederação Nacional das Instituições de Solidariedade*[10] (CNIS), a representative structure of the IPSS[11], sought to create a space where the country's Solidarity Institutions could fraternize, exchange ideas, disseminate initiatives and show their good practices in social, cultural and recreational support.

- **Governance**

Banco Montepio's commitment to Sustainability is embodied in the alignment of its business strategy with the 10 principles of the Global Compact, the 17 Sustainable Development Goals, the Principles for Responsible Banking and the Letter of Commitment to Sustainable Development in Portugal, also assuring to our Customers the offer of sustainable banking products and services with social concerns.

Banco Montepio joined the **UN Global Compact**, reaffirming its mission to improve the reality of families and Companies, and support entities of the Social and Solidarity Economy, in order to actively contribute to a more conscious and solidary present, and to cooperate in the construction of a more sustainable future for coming generations.

Banco Montepio subscribed to the **Women's Empowerment Principles (WEPs)** of the United Nations, within the scope of its integration plan for diversity and respect for Universal Human Rights. Since 2020, we have been implementing initiatives to promote Gender Equality, in line with the fifth SDG of the United Nations' 2030 Agenda.

---

[9] "Solidarity Festival" (free translation).

[10] "National Confederation of Solidarity Institutions" (free translation).

[11] "*Instituição Particular de Solidariedade Social*" ("Social Solidarity Private Institution" – free translation).

By adopting WEPs, Banco Montepio is investing in the future and sustainability of Banco Montepio Group, promoting the full empowerment and participation of women in the corporate culture, in the access to professional career opportunities and to top management, in fair remuneration and distribution of responsibilities, in talent management and appointment to positions of high responsibility and in the current and wide application of the principles addressed in its Equality and Diversity Policy. This commitment is in line with the national target for gender equality: 40% of women in decision-making positions by 2030 (Board of Directors, Executive Committee and 1st Line Directorates).

KEY INDICATORS

	Sep-21 restated	Dec-21 restated	Sep-22	Change YoY
ACTIVITY AND RESULTS (€ million)				
Total assets	19,678	19,713	19,755	0.4%
Gross Loans to Customers	12,322	12,141	12,265	(0.5%)
Customers' deposits	12,600	12,710	12,933	2.6%
Equity	1,376	1,363	1,542	12.1%
Net income	(14.2)	6.6	23.9	>100%
SOLVENCY (a)				
Common Equity Tier 1 ratio	11.6%	12.7%	13.0%	1.4 p.p.
Tier 1 ratio	11.6%	12.7%	13.0%	1.4 p.p.
Total Capital ratio	13.9%	15.1%	15.4%	1.5 p.p.
Leverage ratio	5.4%	5.6%	5.7%	0.3 p.p.
Risk weighted assets (€ million)	9,310	8,800	8,660	(7.0%)
LIQUIDITY RATIOS				
Loans to Customers (net) / Customers' deposits (b)	92.7%	91.5%	91.2%	(1.5 p.p.)
LCR	261.5%	264.1%	169.6%	(91.9 p.p.)
NSFR	122.2%	125.3%	121.6%	(0.6 p.p.)
ASSET QUALITY				
Cost of credit risk	0.6%	0.4%	0.1%	(0.5 p.p.)
Non-performing exposures (NPE) [c] / Gross Loans to Customers	9.3%	7.8%	6.9%	(2.4 p.p.)
NPE [c] coverage by credit risk Impairments	56.4%	53.8%	54.9%	(1.5 p.p.)
NPE [c] coverage by credit risk Impairments and associated collaterals and financial guarantees	95.6%	95.9%	98.2%	2.6 p.p.
PROFITABILITY AND EFFICIENCY				
Total operating income / Average total assets [b]	1.3%	1.9%	1.3%	0.0 p.p.
Net income before income tax / Average total assets [b]	(1.4%)	0.5%	2.2%	3.6 p.p.
Net income before income tax / Average total equity [b]	(0.1%)	0.0%	0.2%	0.3 p.p.
Cost-to-income (Operating costs / Total operating income) [b]	75.3%	69.2%	65.8%	(9.5 p.p.)
Cost-to-Income, excluding specific impacts [d]	71.4%	68.9%	66.7%	(4.7 p.p.)
Staff costs / Total operating income [b]	47.2%	43.3%	39.8%	(7.4 p.p.)
EMPLOYEES AND DISTRIBUTION NETWORK (Number)				
Employees				
Banco Montepio Group	3,589	3,478	3,451	(3.8%)
Banco Montepio	3,207	3,121	3,083	(3.9%)
Branches				
Domestic network - Banco Montepio	255	254	246	(3.5%)
International Network [e]	20	20	20	0.0%
Representation Offices - Banco Montepio	5	5	5	0.0%

(a) Pursuant to CRD IV / CRR (phasing-in). The ratios include the net income of the period.
(b) Pursuant to Banco de Portugal Instruction No. 16/2004, as amended.
(c) EBA definition.
(d) Excludes results from financial operations and other operating results (net gains arising from the sale of other financial assets and other operating income) and non-recurring operating costs driven by the operational adjustment plan.
(e) Includes corporate centres.

Banco Montepio

CONSOLIDATED INCOME STATEMENT

(Euro million)	Sep-21 restated	Sep-22	Change YoY €Mn	Change YoY %
Interest and similar income	217.5	210.5	(7.0)	(3.2%)
Interest and similar expense	45.9	37.1	(8.8)	(19.2%)
NET INTEREST INCOME	**171.6**	**173.4**	**1.8**	**1.0%**
Dividends from equity instruments	1.8	1.0	(0.8)	(45.1%)
Net fee and commission income	81.7	87.4	5.7	7.0%
Results from financial operations	4.8	25.0	20.2	>100%
Other results	(6.5)	(21.6)	(15.1)	<-100%
OPERATING INCOME	**253.3**	**265.1**	**11.8**	**4.7%**
Staff Costs	119.7	105.5	(14.1)	(11.8%)
General and administrative expenses	45.2	43.6	(1.7)	(3.7%)
Depreciation and amortization	25.8	25.4	(0.3)	(1.2%)
OPERATING COSTS	**190.7**	**174.5**	**(16.1)**	**(8.5%)**
Loan impairments	56.4	6.0	(50.4)	(89.3%)
Other financial assets impairments	3.4	1.6	(1.8)	(51.7%)
Other assets impairments	14.1	18.8	4.7	33.2%
Provisions net of reversals and annulments	(3.5)	(1.1)	2.4	67.4%
Share of profit of associates under the equity method	(0.2)	0.3	0.5	>100%
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	**(7.9)**	**65.6**	**73.5**	**>100%**
Tax	6.9	25.6	18.6	>100%
Non-controlling interests	0.8	(4.1)	(4.9)	<-100%
Profit/(loss) from discontinuing operations	1.4	(20.2)	(21.6)	<-100%
NET INCOME	**(14.2)**	**23.9**	**38.2**	**>100%**

CONSOLIDATED BALANCE SHEET

(Euro million)	As reported		Restated		Sep-22	Change YoY	
	Sep-21	Dec-21	Sep-21	Dec-21		€Mn	%
Cash and deposits at central banks	2,709	2,968	2,686	2,944	270	(2,416)	(89.9%)
Loans and advances to credit institutions repayable on demand	64	67	64	67	61	(2)	(3.4%)
Other loans and advances to credit institutions	275	229	253	177	1,574	1,320	>100%
Loans and advances to customers	11,710	11,668	11,679	11,629	11,798	119	1.0%
Financial assets held for trading	25	8	25	8	67	41	>100%
Financial assets at fair value through profit or loss (FVPL)	248	203	248	203	151	(98)	(39.3%)
Financial assets at fair value through other comprehensive income (FVOCI)	117	123	117	123	113	(3)	(2.6%)
Hedging derivatives	11	5	11	5	6	(5)	(43.9%)
Other financial assets at amortised cost	3,024	3,004	2,974	2,968	4,119	1,145	38.5%
Investments in associates	4	4	4	4	4	0	8.9%
Non-current assets held for sale	6	39	0	39	0	0	3.9%
Non-current assets held for sale - Discontinuing operations	2	0	168	206	255	87	51.4%
Investment properties	106	103	106	103	81	(26)	(24.0%)
Property and equipment	230	232	203	202	193	(10)	(5.0%)
Intangible assets	35	40	44	49	46	1	2.5%
Current tax assets	4	7	4	7	8	3	85.3%
Deferred tax assets	491	460	492	461	447	(45)	(9.1%)
Other Assets	615	553	598	519	562	(36)	(6.0%)
TOTAL NET ASSETS	**19,678**	**19,713**	**19,678**	**19,713**	**19,755**	**77**	**0.4%**
Deposits from central banks	2,869	2,902	2,869	2,902	2,898	29	1.0%
Deposits from other financial institutions	893	555	892	555	344	(548)	(61.4%)
Deposits from customers	12,672	12,787	12,600	12,710	12,933	333	2.6%
Debt securities issued	1,271	1,617	1,271	1,617	1,408	137	10.8%
Financial liabilities held for trading	11	7	11	7	20	9	85.8%
Hedging derivatives	0	0	0	0	1	1	>100%
Non-current liabilities held for sale - Discontinuing operations	91	0	176	90	122	(54)	(30.7%)
Provisions	35	34	29	29	27	(2)	(7.9%)
Current tax liabilities	4	2	3	1	8	5	>100%
Other subordinated debt	216	217	216	217	216	0	0.0%
Other liabilities	240	227	234	221	236	2	1.0%
TOTAL LIABILITIES	**18,301**	**18,350**	**18,301**	**18,350**	**18,213**	**(88)**	**(0.5%)**
Share Capital	2,420	2,420	2,420	2,420	2,420	0	0.0%
Other reserves and retained earnings	(1,041)	(1,076)	(1,041)	(1,076)	(915)	126	12.1%
Consolidated net profit/ (loss) for the period attributable to the shareholders	(14)	7	(14)	7	24	38	>100%
Total equity attributable to the shareholders	1,365	1,350	1,365	1,350	1,529	164	12.0%
Non-controlling interests	11	13	11	13	13	1	12.3%
TOTAL EQUITY	**1,376**	**1,363**	**1,376**	**1,363**	**1,542**	**165**	**12.0%**
TOTAL LIABILITIES AND EQUITY	**19,678**	**19,713**	**19,678**	**19,713**	**19,755**	**77**	**0.4%**

Additional information:

Investor Relations Office
Fernando Teixeira
Phone: (+351) 210 416 144
investors@montepio.pt

Disclaimer - The financial information contained in this document was prepared in accordance with International Financial Reporting Standards ("IFRS") for Banco Montepio Group within the scope of the preparation of consolidated financial statements, in accordance with Regulation (EC) 1606/2002.

GLOSSARY

CET1 - Common Equity Tier 1.

Commercial net interest income - Margin arising from interest received from Customers related to the granting of loans, and from interest paid to Customers as part of the remuneration of borrowed funds.

Core operating income - Corresponds to the sum of the Income Statement items "Net interest income" and "Income from services and commissions".

Cost of Credit Risk - Indicator that measures the cost recognized in the period and recorded as credit impairment in the income statement to cover the risk of default in the loans and advances to Customer's portfolio. It results from dividing the Credit Impairment (annualized) by the average balance of Loans to Customers (gross).

Cost-to-income ratio - Ratio of operating efficiency measured through the portion of operating income that is absorbed by operating costs, given by dividing operating costs by operating income.

Debt issued - Sum of balance sheet items 'Debt securities issued' and 'Other subordinated liabilities'.

EBA - European Banking Authority, European Banking Authority.

Fully implemented -Totally implemented, in English. It refers to the full implementation of the prudential rules set out in the legislation in force in the European Union, which was produced based on the standards defined by the Basel Committee on Banking Supervision in the agreements known as Basel II and Basel III.

LCR - Liquidity Coverage Ratio.

Liquidity buffer – The sum of the aggregate amount of the balance sheet item "Cash and deposits at central banks", of applications in central banks and the market value of assets eligible to obtain liquidity from the ECB.

Net commissions - Corresponds to the item in the income statement "Income from services and commissions".

Net operating income - Corresponds to the sum of the income statement items "Net interest income", "Income from equity instruments", "Income from services and commissions", "Income from financial operations" and "Other operating income" and "Income from the sale of other assets".

NPE - Non-Performing Exposures, Non-performing exposures according to the EBA definition.

NPE Ratio - Ratio given by the division of NPE calculated in accordance with the EBA definition by loans and advances to Customers (gross).

NSFR - Net Stable Funding Ratio

Operating costs - Sum of the Income Statement headings "Staff costs", "General administrative costs" and "Depreciation and amortisation".

Operating income - Corresponds to the sum of the Income Statement items "Net interest income", "Income from equity instruments", "Income from services and commissions", "Income from financial operations", "Other operating income" and "Income from disposal of other assets".

Other results - Corresponds to the sum of the Income Statement headings "Other operating results" and "Results from the sale of other assets".

Performing loans - Corresponds to gross credit excluding overdue credit and interest.

Phasing-in - Transitional period, in English. It refers to the phased implementation of prudential rules in accordance with the legislation in force in the European Union.

Results from financial operations - Sum of the headings in the income statement "Income from assets and liabilities measured at fair value through profit or loss", "Income from financial assets at fair value through other comprehensive income" and "Income from foreign exchange revaluation".

RWA - Risk-Weighted Assets.

Securities portfolio - Sum of the balance sheet headings "Financial assets held for trading", "Financial assets at fair value through other comprehensive income", "Other financial assets at amortised cost", and "Financial assets not held for trading mandatorily at fair value through profit or loss".

TLTRO - Targeted Longer Term Refinancing Operations.

Write-offs – loans written off from balance sheet (when the Group has no reasonable expectations of recovering them).

YoY - Year-on-year.