CONSOLIDATED RESULTS AS AT 30 SEPTEMBER 2023
Unaudited information

Lisbon, 13 November 2023

BANCO MONTEPIO REPORTS A RECURRING CONSOLIDATED NET INCOME OF €94.9MN (+296% YOY)

Strengthened capital ratios at historical highs and positive evolution in core profitability, efficiency, asset quality and liquidity were key to performance

Banco Montepio recorded in the first nine months of 2023 a recurring[1] consolidated net income of €94.9Mn, which represents an increase of €71.0Mn compared to the €23.9Mn recorded in the same period of 2022. The Common Equity Tier 1 ratio and the Total Capital ratio (fully implemented) reached 15.0% and 17.8%, respectively, which represents an increase of +2.4 p.p. and 2.8 p.p. when compared to September 2022.

The **favourable evolution of recurring results** was determined by the increase in core operating income, supported by the growth in net interest income and commissions.

With the **completion of the sale** of the participation in **Finibanco Angola S.A.**, another **important commitment** under the Adjustment Programme **was successfully completed**, contributing to the **simplification of the corporate structure** and to the **strengthening of the focus on the domestic market**.

In accordance with IAS 21, the accounting of the **non-recurring effect** resulting from the reclassification of the negative foreign exchange reserve determined, however, the recording of a **negative consolidated net income of €21.2Mn, with no impact on equity or capital ratios**.

[1] Excluding the effect of the €116.1Mn reclassification of the foreign exchange reserve in connection with the sale of Finibanco Angola S.A.

Banco Montepio

Following the **significant reduction of non-performing assets**, the **strengthening of capital ratios** and the **successful completion of the operational adjustment plan targets**, the rating agencies have been assigning consecutive rating upgrades to Banco Montepio, with Fitch upgrading the rating of Banco Montepio's senior unsecured debt three consecutive times (by a total of 4 notches) and Moody's two consecutive times (by a total of 2 notches) in a twelve months period, while maintaining a positive outlook in both cases.

Highlights:

Business

- **Core operating income** amounted to €396.6Mn, reflecting a positive change of 52.1% YoY, with net interest income increasing by 73.7% and fees and commissions by 9.2%;
- **Gross loans to Customers** stood at €11.8Bn, with the Corporate segment accounting for 47% of the total;
- **Customer deposits** reached €12.9Bn, with the Individuals segment accounting for 73% of the total;
- **Penetration rate in Social and Solidarity Economy Customers** (with social purpose) of 27%, given the strategy of continuous specialised monitoring of the Social Sector Customer base as a differentiating pillar;
- **Supporting Portuguese families** through the proactive implementation of internal initiatives and the enactment of the measures approved by the Government to mitigate the impact of the increase in reference interest rates on more than 9,000 mortgage loans;
- The number of active **Customers using the Montepio24 service** (internet and mobile banking) increased by 6.4% YoY, and the number of transactions carried out increased by 6.6% YoY.

Asset quality

- **Cost of credit risk** of 0.4%, compared with 0.1% at the end of the same period of 2022;
- **Non-performing exposures (NPE)** decreased by €361Mn (-42.4% YoY), with the NPE ratio standing at 4.2%, comparing favourably with the 6.9% recorded at the end of September 2022;
- **NPE ratio, net of impairments** for credit risks, stood at 1.4%;
- **Reinforcement of NPE coverage levels** by impairments to 67.2% (54.9% on 30 September 2022) and to 107.0% (98.2% at the end of the third quarter 2022) when considering collateral and related financial guarantees;
- **Reduction of exposure to real estate** by €150Mn (-33% YoY), to a total of €301Mn, representing 1.7% of net assets (2.3% at the end of September 2022).

Capital and liquidity

- **Common Equity Tier 1 (CET1) ratio**[2] at 15.2% (+2.2 p.p. YoY) under phasing-in and at 15.0% (+2.4 p.p. YoY) fully implemented;
- **Total capital ratio**[2] at 17.9% (+2.5 p.p. YoY) under phasing-in and at 17.8% (+2.8 p.p. YoY) fully implemented;
- **Liquidity buffer** of €3.9Bn, reflecting a comfortable liquidity position;
- **Liquidity Coverage Ratio (LCR)** stood at 237.8%;
- **Net Stable Funding Ratio (NSFR)** stood at 118.7%;
- **Early repayment of the ECB funding amount** in February 2023 (€585Mn) and in September 2023 (€200Mn).

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[2] Ratios calculated including the accumulated net income for the period.

Operational adjustment

- **Improvement of the efficiency ratio**[3] to 46.7% (66.6% in September 2022);
- **Optimisation of the retail network** in Portugal with the closure of 12 branches compared to the same period of 2022 (-4.9% YoY);
- **Reduction of Banco Montepio's headcount** by 208 (-6.7%) compared to the end of September 2022.

Simplification of the corporate structure

- Sale of the stake in Finibanco Angola;
- Sale of the stake in Banco Empresas Montepio (BEM) and integration of all assets, liabilities and operations into Banco Montepio, in order to capture synergies and, at the same time, preserve and enhance the integrated value proposition of commercial banking and investment banking, with the aim of better serving Customers at all times.

Commitment to Sustainability and ESG

- Banco Montepio has been awarded by the Global Compact Network Portugal (GCNP) as a "**Flagship Company of the National Target on Gender Equality"** ("*Empresa Bandeira da Meta Nacional para a Igualdade de Género*");
- The Banco Montepio brand is one of the **TOP 10 Portuguese brands with the highest perceived sustainability value**, according to Brand Finance, the world's leading consultancy in brand valuation;
- For the second year in a row, Banco Montepio was the host and main sponsor of **ESG Week 2023**, an event aimed at debating the major sustainability issues;
- The Portuguese Business Ethics Association (APEE - Associação Portuguesa de Ética Empresarial) awarded Banco Montepio the "Social Responsibility and Sustainability

[3] Measured by the ratio between operating costs and operating income, excluding the results from financial operations, the other results and costs related to the adjustment programme.

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Strategy" (*"Estratégia Responsabilidade Social e Sustentabilidade"*) prize, which aims to recognise the implementation of good governance policies and models that create value for its stakeholders and actively contribute to sustainable development.

Results

Net interest income totalled €301.1Mn in the first nine months of 2023 and registered an increase of 73.7% compared to €173.4Mn in the same period of 2022. This evolution was driven by the increases in interest on loans and advances to Customers, due to the effect of the repricing of contracts in the context of rising interest rates, and in interest on securities investments, which together offset the higher interest on Customer resources and on market funding costs.

Net commissions totalled €95.5Mn in the first nine months of 2023, an amount €8.1Mn (+9.2%) higher than in the same period of 2022, benefiting from the business increase.

Results from financial operations recorded in the first nine months of 2023 stood at -€15.3Mn, representing a €40.3Mn decrease when compared to the same period of the previous year due to the lower results from foreign exchange revaluation by €44.2Mn.

Other results stood at -€16.7Mn in the first nine months of 2023, showing a favourable evolution of €4.9Mn compared to the amount recorded in the same period of 2022, determined by the reduction in the cost of the mandatory banking sector contributions by €6.6Mn and by the decrease in the cost of the revaluation of the liability related to TLTRO III by €11.9Mn, despite the lower income from the sale of other assets by €8.5Mn.

Operating costs totalled €198.8Mn in the first nine months of 2023, compared to €174.5Mn in the same period of 2022, an increase of 6.3% if we exclude €13.4Mn of costs related to the headcount adjustment programme.

Staff costs, excluding the impact of accounting for non-recurring costs related to the adjustment programme, increased by €5.0Mn (+4.8%) reflecting the effect of salary updates and the increase in the benefits granted to employees.

General administrative expenses, incorporating the impact of inflation on the value of contracted services, increased to €47.2Mn (+8.3%), compared to €43.6Mn in the first nine months of 2022.

Depreciation and amortisation rose by 9.3% to €27.8Mn, reflecting the efforts made to implement the global strategy of investment in information technology and digitalisation, aimed at continuous improvement in automation and process reengineering.

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 to 46.7% at the end of the first nine months of 2023, compared to the 63.2% recorded in December 2022.

The Banco Montepio Group had a reduction of 381 employees in the first nine months of 2023, to which contributed the deconsolidation of Finibanco Angola S.A. (FNBA) with 213 and the domestic activity with 168.

The aggregate of **Impairments and Provisions** reached a net amount of €44.5Mn in the first nine months of 2023, representing an increase of €19.2Mn (+75.8%) when compared to the same period of the previous year.

Loan impairment for the first nine months of 2023 totalled €32.9Mn, representing a cost of risk of 0.4%, which compares with an impairment of €6.0Mn and a cost of risk of 0.1% in the same period of 2022.

Impairment charges on other financial assets, **other assets** and **Other provisions** totalled €11.6Mn at the end of the first nine months of 2023, compared to €19.3Mn in the same period of 2022, reflecting the increase in impairment charges on real estate held for sale and the lower allocations made to other provisions.

Balance sheet

Total assets amounted to €17,747Mn on 30 September 2023, compared to €19,106Mn recorded at the end of 2022, reflecting the evolution in the headings “Cash and deposits at central banks” (-€711Mn), “Loans and advances to Customers” (-€261Mn), "Non-current assets held for sale - discontinued operations" (-€200Mn), this related to the deconsolidation of FNBA, and “Other financial assets at amortised cost” (-€160Mn).

Gross Loans and advances to Customers totalled €11,781Mn on 30 September 2023, with performing loans decreasing by €145Mn when compared to the end of 2022, standing at €11,291Mn, and the non-performing loans decreasing by €141Mn to €490Mn, when compared with the amount at the end of December 2022.

Securities portfolio totalled €4,236Mn in the end of September 2023, a decrease of €134Mn (-3.1%) compared with the end of 2022, mainly as a result of the decrease in sovereign debt (-€165Mn) and of the increase in positions held in debt of other issuers (+€32Mn). The securities portfolio as at 30 September 2023 was comprised of 94% sovereign debt securities (95% at the end of 2022).

Liabilities decreased by €1,404Mn (-8.0%) compared to the end of 2022, mainly reflecting the evolution in the heading “Deposits from central banks” (-€1,518Mn).

Customer deposits totalled €12,867Mn at the end of September 2023, in line with the €12,933Mn recorded at the end of September 2022 and €249Mn (-1.9%) below the amount recorded at the end of 2022, as a result of a decrease in sight deposits (-€744Mn) and an increase in term deposits (+€504Mn), with the sight and term deposits’ mix evolving to 46%/54% at the end of September 2023, compared to 51%/49% at the end of 2022. In the first nine months of 2023, deposits from Individual Customers decreased by €297Mn as a result of the transfer of funds to alternative products and of the early repayment of loans following the continued rise in interest rates, and deposits in the Corporate segment grew by €48Mn. Off-balance sheet resources totalled €1,231Mn as at 30 September 2023, compared to €1,158Mn at the end of December 2022, representing a growth of 6.3%, supported by the increase in securities investment funds (+€56Mn) and in real estate investment funds (+€26Mn).

Equity totalled €1,564Mn at the end of September 2023, an increase of €45Mn (+2.9%) compared to the end of 2022, mainly determined by the net income (before the reclassification of the foreign exchange reserve) of €94.9Mn and by the reduction in non-controlling interests of €11.0Mn.

Own funds and capital ratios

As at 30 September 2023, the **capital ratios** maintained the favourable evolution when compared to the same period of 2022, as a result of the continued reduction of risk-weighted assets (RWA) and the increase of own funds, reaching historical highs.

(million euro)	Sep-22 [1]	Sep-23 [1]	Change YoY
Common Equity Tier I Capital (CET1)	1,127	1,146	19
Tier I Capital	1,127	1,146	19
Total Own Funds	1,334	1,352	18
Risk-weighted assets (RWA)	8,660	7,562	(1,098)
CRD IV / CRR - *Phasing-in ratios*			
Common Equity Tier I ratio (CET1)	13.0%	15.2%	2.2 p.p.
Tier I ratio	13.0%	15.2%	2.2 p.p.
Total Capital ratio	15.4%	17.9%	2.5 p.p.
CRD IV / CRR - *Fully implemented ratios*			
Common Equity Tier I ratio (CET1)	12.6%	15.0%	2.4 p.p.
Tier I ratio	12.6%	15.0%	2.4 p.p.
Total Capital ratio	15.0%	17.8%	2.8 p.p.
Leverage ratio			
Leverage ratio - Phasing-in	5.7%	6.4%	0.7 p.p.
Leverage ratio - Fully Implementated	5.4%	6.3%	0.9 p.p.

[1] **The ratios include the period's accumulated net income.**

At the end of September of 2023, the **Common Equity Tier 1 ratio (CET1)**, based on the phasing-in rules stood at 15.2%, comfortably above the regulatory minimum requirement of 9.1%. This ratio recorded a positive change of 2.2 p.p. compared to the CET1 at the end of the same period of 2022. Taking into account the fully implemented rules, the CET1 stood at 15.0%, compared with a ratio of 12.6% at the end of September 2022.

The **Total Capital ratio** in phasing-in reached 17.9%, compared to 15.4% at the end of September 2022, also comfortably above the regulatory minimum requirement of 14.0%, and stood at 17.8% fully implemented (15.0% at the end of September 2022).

Banco Montepio's capital ratios were strengthened following the implementation of management measures that have promoted efficiency gains in the operating structure and balance sheet optimisation, with a very positive impact on capital, revealing the enhanced capacity of organic capital generation.

Risk Weighted Assets (RWA) decreased by €1,098Mn when compared to the same period of 2022 as a result of the reduction in non-performing assets, the completion of two synthetic securitisations at the end of 2022 and in May 2023, and the sale of the stake held in FNBA.

Own funds increased by €18Mn to €1,352Mn, mainly reflecting the positive evolution of recurring net income and the phasing-in regulatory deductions in the first nine months of 2023.

Liquidity

The strategy adopted by Banco Montepio has focused on the adoption of measures aimed at maintaining a **solid liquidity position**, with a **LCR ratio** of 237.8% and a **NSFR ratio** of 118.7%, both above the minimum regulatory requirement of 100% and reflecting a stable and comfortable funding base.

On 30 September 2023, the total **Debt issued** reached €759Mn, which compares to the €824Mn recorded at the end 2022, mainly reflecting the €64Mn decrease in Debt securities issued, following the amortization of securitization bonds.

The amount of **funding from the European Central Bank (ECB)** obtained through TLTRO-III amounted to €1,355Mn at the end of September 2023, reflecting a reduction of €1,575Mn (-53.8%) since the end of 2022 due to the early amortisations in February 2023 (€585Mn) and in September 2023 (€200Mn), and to the payment of the tranches matured in June 2023 (€600Mn) and in September 2023 (€190Mn).

At the end of the first nine months of 2023, the value of the portfolio of eligible assets for liquidity-providing operations under the monetary policy of the Eurosystem totalled €4,642Mn, slightly below the amount recorded at the end of the same period in 2022 (€4,981Mn).

The value of the **unencumbered eligible assets portfolio** totalled €3,198Mn, up 60.0% from €1,999Mn at the end of the same period of last year.

ESG

Banco Montepio continues to make its way towards Sustainability, having already achieved, in 2023, the target set by the United Nations Global Compact (UNGC) of 40% of women in Top Management and First Line Management positions by 2030. It should be highlighted that in the third quarter of 2023, the Global Compact Network Portugal (GCNP) awarded Banco Montepio as a "**Flagship Company of the National Target on Gender Equality"** ("*Empresa Bandeira da Meta Nacional para a Igualdade de Género*").

By adhering to the "National Target on Gender Equality" ("*Meta Nacional para a Igualdade de Género"*), Banco Montepio reiterates its commitment to the fulfilment of targets 5 and 9 of the Sustainable Development Goal (SDG) 5 ("Gender Equality"), reporting its annual performance to the GCNP and setting targets to reduce the gender gap in second line and/or middle management positions.

Also on the social side, in line with its Diversity and Inclusion Policy, and with the main goal of actively promoting the implementation of solutions that eliminate barriers and make society more inclusive, Banco Montepio has approved the use of the **ColorADD code (***código ColorADD***)**. This colour system - created by a Portuguese designer and considered one of the Portuguese inventions that revolutionised the world - aims to provide a complete and accessible experience for colour-blind Customers, allowing them to access different contents, services and equipment identified by colour.

As part of the sustainability governance model, the Chief Sustainability Officer (CSO) position was created, reporting hierarchically to the Chairman of the Executive Committee, as well as to other non-executive corporate bodies, playing an aggregating role as the person primarily responsible for understanding international sustainability trends and benchmarks, anticipating changes and guiding the organisation in order to ensure the development of sustainability strategies and compliance with the regulations and commitments subscribed by Banco Montepio.

Also, within the governance model for Sustainability, an **internal multidisciplinary task force** was set up **exclusively dedicated to Sustainable Finance and ESG**, which is responsible for implementing new sustainability solutions and criteria in Banco Montepio's business models.

Digital transition

Throughout the third quarter of 2023, Banco Montepio pursued the process of digital transition and continuous improvement of its value proposition and Customer experience.

It continued to adjust its service model, to optimise Customer journeys and to automate its internal operations as part of the implementation of processes leading to the digital transition, with new cybersecurity models and growing developments in advanced analytics, without neglecting principles of ethics and responsibility in the handling of information.

During this period, we should highlight the launch of the new, simpler, more transparent and inclusive institutional website, the launch of the new Investor Knowledge and Experience Questionnaire and the start of the Member get Member mortgage loan campaign via the Montepio24 service (internet and mobile banking).

Banco Montepio maintained the growth in the usage levels of its remote channels and increased the importance and relevance of the digital offer. As of 30 September 2023, the Montepio24 service recorded a 6.4% YoY increase in the number of active Customers, totalling 471,791 users, of which 402,373 in the Individuals segment (+6.9%) and 69,418 in the Corporate segment (+3.3%).

The number of transactions carried out through the Montepio24 service increased in the first nine months of 2023 to 61.6 million, comparing favourably with 57.8 million in the same period of 2022, an increase of 6.6%.

Since May 2021, the release date of APProva, the app for authentication and approval of operations, more than 360 thousand profiles have been registered and more than 26 million operations have been approved, 89% of which are related to the Montepio24 service.

Rating

In March 2023, DBRS Ratings GmbH (DBRS Morningstar) upgraded Banco Montepio's long-term rating to B (high), maintaining the Trend Stable. In addition, the following ratings were also upgraded: (i) long-term deposits to BB (low); (ii) senior unsecured debt to B (high); and (iii) subordinated debt to B (low).

In May 2023, Moody's Investors Service (Moody's) upgraded the rating of Banco Montepio's senior unsecured bonds to (P)B1. In addition, Moody's also upgraded the rating of: (i) counterparty to Ba1; (ii) long-term deposits to Ba2, with a positive outlook; (iii) baseline credit assessment to b1; (iv) subordinated debt: Junior Subordinate to (P)B3 and Subordinate to (P)B2.

On 3 July 2023, Fitch Ratings (Fitch) upgraded Banco Montepio's senior preferred debt rating by 2 notches to B+, maintaining a positive outlook. The following ratings were also upgraded: (i) long-term deposits to BB-; (ii) the issuer's intrinsic rating to b+; (iii) the long-term rating to B+; (iv) non-preferred senior debt to B; and (v) subordinated debt to B-. Consequently, Fitch also raised the rating of Banco Montepio's covered bonds by 1 level to AA+. With this upgrade the covered bond's rating reached the maximum that can be assigned by Fitch to Portuguese issuers, reinforcing the Investment Grade classification.

The successive upgrades since 2021 reflect the significant reduction in non-performing and/or non-strategic assets; the strengthening of capital ratios to levels well above regulatory requirements; the successful implementation of the operational adjustment plan, notably in terms of optimising the branch network, digitalisation and staff reductions, which have led to a reduction in balance sheet risk and an increase in productivity levels.

The ratings assigned to Banco Montepio, as of 30 September 2023 and 31 December 2022, are presented in the table below:

Rating Agency	Covered Bonds (CPT) [1]		Long Term[2]		Deposits		Outlook	
	31 Dec 2022	**30 Sep 2023**	31 Dec 2022	**30 Sep 2023**	31 Dec 2022	**30 Sep 2023**	31 Dec 2022	**30 Sep 2023**
Fitch	AA	**AA+**	B	**B+**	B+	**BB-**	Positive	**Positive**
Moody's	Aa2	**Aa2**	b2	**b1**	Ba3	**Ba2**	Stable	**Positive**
DBRS	--	**--**	B	**B (high)**	B (high)	**BB (low)**	Stable	**Stable**

[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).

Milestones of the first nine months of 2023

Banco Montepio is, for the second consecutive year, #1 Consumer Choice Brand, in the Mortgage Loan category

Banco Montepio is awarded the #1 Consumer Choice Brand in the 2023 Mortgage Loan category, for the second consecutive year, recording a global score of 77.5% and a satisfaction score of 77.4%. Among the 12 banks assessed, Banco Montepio's mortgage loans obtained the best final score, in the global assessment of the ten attributes most valued by consumers: flexible credit term; trust; detailed explanation of products; ease of delivering documents; spread; benefits in amortization; offer of 1% of the loan value; speed of the process; interest rate; no obligation to subscribe certain products.

Banco Montepio's mortgage loans are the "Best choice" for Deco Proteste

Banco Montepio has been awarded by Deco Prosteste with two "Best choice" seals. According to the most representative Portuguese consumer protection organisation, Banco Montepio's mortgage loan offer is the one that combines the best relation between quality and price in the categories "Mortgage Loan - with cross selling" and "Mortgage Loan - without cross selling", which allows families to save when comparing to the other offer available. Savings without cross selling were assessed at €1,648/year and savings with cross selling were assessed at €1,265/year.

Banco Montepio reduces the minimum spread on variable-rate mortgage loans to 0.8% and complements its offer with a mixed-rate product with a refund of the spread

At the beginning of 2023, Banco Montepio launched a new mortgage loan campaign, reducing the minimum spread to 0.8%. In the second quarter of 2023, Banco Montepio complemented the offer with a Mixed Rate Mortgage Loan, which guarantees a fixed instalment for 2 years and the refund of the value of the spread of each monthly instalment during that period on a purchase, transfer, construction or renovations loan.

In addition to these two initiatives that reflect Banco Montepio's strong commitment to supporting families, it was also maintained the benefit of returning 1% of the loan amount to Customers on a prepaid card (or 1.1% if the property has an A or A+ energy certificate) that the Customer can use to buy whatever he wants and wherever he wants.

Superbrands 2023

This is the 14th time that Banco Montepio has been awarded the Superbrands seal, a distinction that, every year, recognises the most relevant brands in the Portuguese market. Superbrands status is also a mirror of our uniqueness. We are a different bank, a bank with a people's soul. This award means a reinforcement of the consumer vote of satisfaction, a reason that fills us with pride.

Banco Montepio wins Five Stars Award in the Banking – Sustainability category

Banco Montepio was awarded Five Stars 2023 in the Banking - Sustainability category, an award of the exclusive responsibility of Five Stars Consulting. Banco Montepio, whose DNA is based on principles that today contribute to a demanding performance matrix in sustainability, has had the capacity to transform itself to respond to the evolution of society and the economy, aware of the need to manage the impacts arising from its activities on the environment.

Banco Montepio in the TOP 10 brands with the highest perceived sustainability value

The Banco Montepio brand is in the TOP 10 Portuguese brands with the highest perceived sustainability value, according to Brand Finance, the world's leading brand valuation consultancy.

According to Brand Finance, this is due to the path that the brand has been developing in the area of sustainability. *"However, the most important thing is that this action has been amplified by Banco Montepio's communication and brand strategy, which positions sustainability as a priority issue"* reveals Robert Haigh, director of strategy and sustainability at Brand Finance.

Banco Montepio is a founding member of the Nova SBE VOICE Leadership Initiative and highlights the role of the social and solidarity economy in the national SME landscape

Banco Montepio is one of the 20 founding members of the Nova SBE VOICE Leadership Initiative, which aims to increase the competitiveness of Portuguese SMEs, with a direct impact on the creation of value, the empowerment of corporate governance and the quality of life of Portuguese citizens. The decision to join this initiative is based:

- on the *raison d'être* of Banco Montepio, which started out as a Portuguese SME and today is a leader in SDG 5, with an unavoidable presence in supporting and serving the social and solidarity economy;
- on the intention to bring the social and solidarity economy contribution to this project, with entities and people that have a set of distinctive skills that is very interesting to bring to the SME domain;
- at the same time, on the sustainability topic as an opportunity, by filling market gaps.

Portuguese Business Ethics Association awards Banco Montepio in the areas of Social Responsibility and Sustainability

The Portuguese Association of Business Ethics (*APEE - Associação Portuguesa de Ética Empresarial*) has awarded Banco Montepio the "Social Responsibility and Sustainability Strategy" (*"Estratégia Responsabilidade Social e Sustentabilidade"*) prize, which aims to distinguish the implementation of good governance policies and models in public and private sector organisations, both for-profit and non-profit, that create value for their stakeholders and actively contribute to sustainable development.

Since 2020, Banco Montepio has prioritised reducing its environmental impact, promoting social and financial inclusion and fostering a culture of diversity, equity and involvement.

Banco Montepio continues to finance infrastructure projects that prioritise the use of renewable energy and the sustainable buildings, as well as projects that promote sustainability by making a positive contribution to society, and its investment portfolio incorporates environmental and social indicators.

Participation in the UN Global Compact Leaders Summit

As a signatory of the Global Compact Network Portugal, Banco Montepio attended the **UN Global Compact Leaders Summit** on 19 September 2023 in New York.

Along with the SDG Summit 2023, during the UN General Assembly High-Level Week, this year's UN Global Compact Leaders Summit brought together business leaders, UN officials, government leaders, SDG stakeholders and civil society professionals from around the world to comprehensively review the contribution of the private sectors to advancing the SDGs. This event aimed to inspire and challenge organisations to move faster by setting measurable, credible and ambitious targets in five areas: gender equality, climate action, minimum wage, water resilience and finance and investment - where the private sector is best placed to advance the 2030 Agenda and drive progress on all 17 SDGs.

Expresso's weekly podcast "*Ser ou Não Ser*" (To be or not to be)

Banco Montepio has joined Expresso's new **weekly podcast "*Ser ou Não Ser*"** (To Be or Not to Be). Using the motto "*não basta parecer, é preciso ser*" (it's not enough to appear to be, you have to be), this podcast aims to get everyone thinking and acting on sustainability issues. Banco Montepio wants to reinforce its commitment to defending social, economic and environmental sustainability and contributing to the country's prosperity. Informing, raising awareness, talking about sustainability in its various dimensions and calling for collective action are also part of this mission.

Banco Montepio has signed an agreement for the sale of BEM to fintech Rauva

On 8 September 2023, Banco Montepio agreed to sell its 100% stake in Banco Empresas Montepio (BEM) to RAUVA Enterprises S.A., having taken another important step towards fulfilling the commitments made in the Adjustment Programme, pursuing the simplification of the corporate structure and the improvement of the Group's operating model.

Share capital reduction in the amount of €1,210Mn, without changing the number of existing shares and without changing the total equity

Banco Montepio’s General Meeting was held on 10 February 2023 in the presence of shareholders holding 99.997% of the respective share capital, having unanimously approved to rearrange the equity items with the special purpose of reinforcing the funds susceptible of regulatory qualification as distributable, in order to cover the negative retained earnings, through the reduction of share capital by €1,210,000,000, without changing the number of existing shares and without altering the total equity, by reducing the nominal value per share from €1.00 to €0.50.

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KEY INDICATORS

	Sep-22	Dec-22	Sep-23	Change YoY
ACTIVITY AND RESULTS (€ million)				
Total assets	19,755	19,106	17,747	(10.2%)
Gross Loans to customers	12,265	12,068	11,781	(3.9%)
Deposits from customers	12,933	13,115	12,867	(0.5%)
Equity	1,542	1,519	1,564	1.5%
Recurring net income (excluding the FX reserve reclassification)	23.9	33.8	94.9	>100%
FX reserve reclassification			(116.1)	-
Net income	23.9	33.8	(21.2)	<(100%)
SOLVENCY [(a)]				
Common Equity Tier 1 ratio	13.0%	13.7%	15.2%	2.2 p.p.
Tier 1 ratio	13.0%	13.7%	15.2%	2.2 p.p.
Total Capital ratio	15.4%	16.2%	17.9%	2.5 p.p.
Leverage ratio	5.7%	5.9%	6.4%	0.7 p.p.
Risk weighted assets (€ million)	8,660	8,276	7,562.0	(12.7%)
LIQUIDITY RATIOS				
Loans to customers (net) / Customers' deposits [(b)]	91.2%	89.3%	89.0%	(2.2 p.p.)
LCR	169.6%	249.6%	237.8%	68.2 p.p.
NSFR	121.6%	125.0%	118.7%	(2.9 p.p.)
ASSET QUALITY				
Cost of credit risk	0.1%	0.1%	0.4%	0.3 p.p.
Non-performing exposures (NPE) [(c)] / Gross Loans to customers	6.9%	5.2%	4.2%	(2.7 p.p.)
NPE [(c)] coverage by credit risk impairments	54.9%	56.1%	67.2%	12.3 p.p.
NPE [(c)] coverage by credit risk impairments and associated collaterals and financial guarantees	98.2%	100.8%	107.0%	8.8 p.p.
PROFITABILITY AND EFFICIENCY				
Total operating income / Average total assets [(b)]	1.3%	1.9%	2.7%	1.4 p.p.
Net income before income tax / Average total assets [(b)]	2.2%	0.4%	0.9%	(1.3 p.p.)
Net income before income tax / Average total equity [(b)]	0.2%	6.0%	10.6%	10.4 p.p.
Recurring net income / Average total equity	2.2%	2.3%	8.2%	6.0 p.p.
Cost-to-income (Operating costs / Total operating income) [(b)]	65.8%	66.6%	54.4%	(11.4 p.p.)
Cost-to-Income, excluding specific impacts [(d)]	66.6%	63.2%	46.7%	(19.9 p.p.)
Staff costs / Total operating income [(b)]	39.8%	41.2%	33.9%	(5.9 p.p.)
EMPLOYEES AND DISTRIBUTION NETWORK (Number)				
Employees				
Banco Montepio Group	3,451	3,406	3,025	(12.3%)
Banco Montepio	3,083	3,043	2,875	(6.7%)
Branches				
Domestic network - Banco Montepio	246	239	234	(4.9%)
International Network [(e)]	20	20	0	(100.0%)
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.

CONSOLIDATED INCOME STATEMENT

(Euro million)	Sep-22	Sep-23	Change YoY	
			€Mn	%
Interest and similar income	210.5	422.7	212.2	>100%
Interest and similar expense	37.1	121.6	84.5	>100%
NET INTEREST INCOME	**173.4**	**301.1**	**127.7**	**73.7%**
Dividends from equity instruments	1.0	0.8	(0.1)	(12.4%)
Net fee and commission income	87.4	95.5	8.1	9.2%
Results from financial operations	25.0	(15.3)	(40.3)	<(100%)
Other results	(21.6)	(16.7)	4.9	22.6%
OPERATING INCOME	**265.1**	**365.4**	**100.2**	**37.8%**
Staff Costs	105.5	123.9	18.3	17.4%
General and administrative expenses	43.6	47.2	3.6	8.3%
Depreciation and amortization	25.4	27.8	2.4	9.3%
OPERATING COSTS	**174.5**	**198.8**	**24.3**	**13.9%**
Loan impairments	6.0	32.9	26.9	>100%
Other financial assets impairments	1.6	4.3	2.6	>100%
Other assets impairments	18.8	12.5	(6.3)	(33.3%)
Provisions net of reversals and annulments	(1.1)	(5.2)	(4.1)	<(100%)
Share of profit of associates under the equity method	0.3	0.4	0.0	9.5%
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	**65.6**	**122.4**	**56.8**	**86.6%**
Tax	25.6	39.4	13.8	54.1%
EARNINGS BEFORE PROFIT/(LOSS) FROM DISCONT. OP. AND NON-CONTROLLING INTERESTS	**40.0**	**83.0**	**43.0**	**>100%**
Non-controlling interests	(4.1)	1.7	5.9	>100%
Profit/(loss) from discontinuing operations	(20.2)	13.6	33.9	>100%
RECURRING NET INCOME	**23.9**	**94.9**	**71.0**	**>100%**
FX reserve reclassification		(116.1)	(116.1)	-
NET INCOME	23.9	(21.2)	(45.1)	<(100%)

Banco Montepio

CONSOLIDATED BALANCE SHEET

(Euro million)	Sep-22	Dec-22	Sep-23	Change YoY	
				€Mn	%
Cash and deposits at central banks	270.2	1,383.8	673.1	402.9	>100%
Loans and advances to credit institutions repayable on demand	61.4	52.3	77.5	16.1	26.2%
Other loans and advances to credit institutions	1,573.7	106.4	177.7	(1,396.0)	(88.7%)
Loans and advances to customers	11,797.8	11,713.1	11,452.0	(345.8)	(2.9%)
Financial assets held for trading	66.8	23.1	69.4	2.6	3.9%
Financial assets at fair value through profit or loss (FVPL)	150.6	147.8	136.2	(14.4)	(9.5%)
Financial assets at fair value through other comprehensive income (FVOCI)	113.5	97.2	86.1	(27.4)	(24.1%)
Hedging derivatives	6.3	0.0	0.0	(6.3)	(100.0%)
Other financial assets at amortised cost	4,118.8	4,119.4	3,959.7	(159.1)	(3.9%)
Investments in associates	4.1	4.4	4.5	0.4	9.5%
Non-current assets held for sale	0.0	0.0	0.1	0.1	>100%
Non-current assets held for sale - Discontinued operations	254.9	199.7	0.0	(254.9)	(100.0%)
Investment properties	80.8	72.7	63.5	(17.3)	(21.4%)
Property and equipment	193.3	192.0	190.4	(2.9)	(1.5%)
Intangible assets	45.6	47.6	53.3	7.7	16.9%
Current tax assets	7.5	6.0	2.0	(5.5)	(73.5%)
Deferred tax assets	447.5	413.6	372.9	(74.6)	(16.7%)
Other Assets	561.8	527.3	428.7	(133.1)	(23.7%)
TOTAL NET ASSETS	**19,754.7**	**19,106.3**	**17,747.1**	**(2,007.6)**	**(10.2%)**
Deposits from central banks	2,897.7	2,890.0	1,371.7	(1,526.0)	(52.7%)
Deposits from other financial institutions	344.4	341.6	872.0	527.6	>100%
Deposits from customers	12,932.8	13,115.4	12,866.8	(66.0)	(0.5%)
Debt securities issued	1,407.9	606.7	543.1	(864.8)	(61.4%)
Financial liabilities held for trading	19.9	17.7	15.7	(4.2)	(21.5%)
Non-current liabilities held for sale – Discontinued operations	121.8	101.7	0.0	(121.8)	(100.0%)
Provisions	26.9	30.8	25.2	(1.7)	(6.6%)
Current tax liabilities	8.2	4.4	1.4	(6.8)	(82.6%)
Hedging derivatives	1.2	0.0	0.0	(1.2)	(100.0%)
Other subordinated debt	216.1	217.0	216.1	0.0	0.0%
Other liabilities	236.1	261.5	271.0	34.9	14.8%
TOTAL LIABILITIES	**18,213.1**	**17,586.8**	**16,182.8**	**(2,030.3)**	**(11.1%)**
Share Capital	2,420.0	2,420.0	1,210.0	(1,210.0)	(50.0%)
Other reserves and retained earnings	(915.2)	(945.7)	375.4	1,290.6	>100%
Consolidated net profit/ (loss) for the period attributable to the shareholders	23.9	33.8	(21.2)	(45.1)	<(100%)
Total equity attributable to the shareholders	1,528.8	1,508.0	1,564.2	35.4	2.3%
Non-controlling interests	12.8	11.4	0.0	(12.8)	(100.0%)
TOTAL EQUITY	**1,541.5**	**1,519.5**	**1,564.2**	**22.7**	**1.5%**
TOTAL LIABILITIES AND EQUITY	**19,754.7**	**19,106.3**	**17,747.1**	**(2,007.6)**	**(10.2%)**

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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.

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 debt'.

EBA - European Banking Authority, European Banking Authority.

Fully implemented - 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 – Sum of the aggregate amount of the balance sheet item "Cash and deposits at central banks" and the market value, net of haircuts applied by the ECB, of eligible and uncommitted assets for liquidity-providing operations under the Eurosystem's monetary policy.

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

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

Off-balance sheet resources - Assets under management managed by the Group's management companies in which Banco Montepio acts as depositary bank (excluding securities and real estate investment funds included in its own portfolio) which are part of total Customer resources.

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".

Phasing-in - 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 - Total of the balance sheet items "Financial assets held for trading", "Financial assets at fair value through other comprehensive income", "Other financial assets at amortised cost" and "Financial assets at fair value through profit or loss" less "Financial liabilities held for trading".

Spread - Margin calculated according to the Customers' profile, the characteristics of the loan and the guarantees presented in the loan proposal, which is generally added to the reference rate (Euribor) to obtain the loan rate, known as the Nominal Annual Rate.

TLTRO - Targeted Longer Term Refinancing Operations.

YoY - Year-on-year.