CONSOLIDATED RESULTS 2023
Unaudited information

Lisbon, 1 February 2024

BANCO MONTEPIO REPORTS CONSOLIDATED NET INCOME OF €28.4MN

- **Capital ratios reach historical highs**
- **Core profitability, asset quality, efficiency and liquidity confirm positive performance**

In the year in which it celebrates 180 years of existence, Banco Montepio reports a consolidated net income of €28.4Mn and a recurring[1] consolidated net income of €144.5Mn with reference to 2023, the latter being the best profitability ever recorded by the institution and reflecting an increase of €110.7Mn compared to the €33.8Mn recorded in 2022. The Common Equity Tier 1 and the Total Capital ratios (fully implemented) reached 16.0% and 18.7%, respectively, which represents an increase of 2.8 p.p. and 3.0 p.p. when compared to the end of 2022.

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

In 2023 Banco Montepio **successfully completed the operational adjustment programme started in 2020**, thus concluding a major overhaul with a structural impact on the organisation, which contributed to increase its recognition amongst the various stakeholders and to achieve significant progress in reducing non-performing assets in line with the sector, in strengthening capital, liquidity and profitability levels, in the focusing on the domestic market and in simplifying the

[1] Excluding the effect of the €116.1Mn reclassification of the foreign exchange reserve in connection with the sale of Finibanco Angola S.A., without any impact in equity or in capital ratios.

Group with the sales of Finibanco Angola S. A. and 100% of the participation in Banco de Empresas Montepio S.A. (BEM), as well as in growing the deposit base.

This progress achieved in 2023 was recognised by the rating agencies through the assigning of **successive rating upgrades** to Banco Montepio, with the senior unsecured debt rating being upgraded by two notches by Fitch, maintaining a positive Outlook, and by three notches by Moody's and DBRS.

Highlights:

Business

- **Core operating income** amounted to €535.1Mn, reflecting a growth of 43.8% YoY, with net interest income increasing by 62.3% and fees and commissions by 5.4%;
- **Gross loans to Customers** stood at €11.7Bn, with the Corporate segment accounting for 47% of the total;
- **Customer deposits** reached €13.4Bn, with the Individuals segment accounting for 72% of the total;
- **Penetration rate in the Social and Solidarity Economy segment** (with social purposes) 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 11,000 mortgage loans;
- The number of active **Customers using the Montepio24 service** (internet and mobile banking) increased by 4.7% YoY, and the number of transactions carried out increased by 5.2% YoY.

Asset quality

- **Cost of credit risk** of 0.4%, compared with 0.1% at the end of 2022;
- **Strong decrease of the Non-performing exposures (NPE)** by €251Mn (-40% YoY), with the NPE ratio standing at 3.2%, comparing favourably with the 5.2% recorded at the end of 2022;
- **NPE ratio, net of impairments** for credit risks, decreased to 0.8%;
- **Reinforcement of NPE coverage levels** by impairments to 73.9% (56.1% on 31 December 2023) and to 115.1% (100.8% at the end of 2022) when considering collateral and related financial guarantees;
- **Reduction of exposure to real estate** by €134Mn (-34% YoY), to a total of €263Mn, representing 1.5% of net assets (2.1% at the end of 2022) and 18.3% of own funds (29.6% at the end of 2022).

Capital and liquidity

- **Common Equity Tier 1 (CET1) ratio**[2] at 16.1% (+2.4 p.p. YoY) under phasing-in and at 16.0% (+2.8 p.p. YoY) fully implemented;
- **Total capital ratio**[2] at 18.8% (+2.6 p.p. YoY) under phasing-in and at 18.7% (+3.0 p.p. YoY) fully implemented;
- **Liquidity buffer** of €4.9Bn, reflecting a comfortable liquidity position;
- **Liquidity Coverage Ratio (LCR)** stood at 233.1%;
- **Net Stable Funding Ratio (NSFR)** stood at 130.0%;
- **Reduction of the ECB funding by €2,075Mn**, which includes early repayments in a total amount of €1,285Mn.

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

Operational adjustment

- **Improvement of the efficiency ratio**[3] to 46.2% (63.2% on 31 December 2022);
- **Optimisation of the retail network** in Portugal with the closure of 14 branches in 2023 (-5.7% YoY);
- **Reduction of Banco Montepio Group's headcount** by 423, of which 210 (-6.6%) in Portugal, compared to the end of 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 joined Portugal's Official Delegation to COP 28 - the 28th United Nations Framework Convention on Climate Change, as part of its ongoing investment in sustainable finance and environmental responsibility;
- Banco Montepio is the first Portuguese financial institution to join the “Forward Faster” initiative, which aims to increase accountability and transparency through the annual public disclosure of commitments and actions to be implemented in order to **achieve the Sustainable Development Goals (SDGs)**. By committing to the areas of **Gender Equality, Living Wage, Climate Action and Finance and Investment**, Banco Montepio intends to contribute to accelerating the fulfilment of the SDGs of the United Nations 2030 Agenda.

[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.

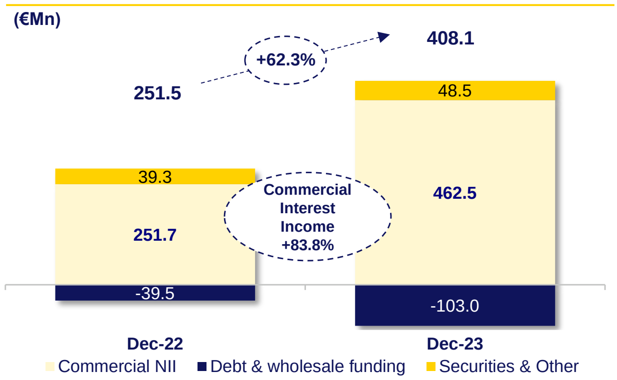
- Banco Montepio has been awarded by the Global Compact Network Portugal (GCNP) as a "**Flagship Company of the National Target on Gender Equality"** ("*Empresa Bandeira da Meta Nacional para a Igualdade de Género*"). Since the beginning of 2023, the institution has had the most equitable board of directors in domestic banking, and 49% of its workforce is made up of women, with 40% in the top decision-making positions;
- 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;
- The Portuguese Business Ethics Association (*APEE - Associação Portuguesa de Ética Empresarial*) awarded Banco Montepio the "Social Responsibility and Sustainability 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

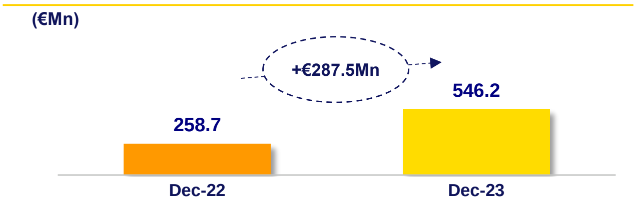
Net interest income reached €408.1Mn in 2023, an increase of 62.3% compared to €251.5Mn recorded in 2022. This evolution was driven by the €210.8Mn increase in commercial net interest income, supported by the €287.5Mn increase in interest on loans and advances to Customers, induced by the effect of repricing contracts in the context of rising interest rates, and the €9.4Mn increase in interest on the securities portfolio, which together offset the €76.7Mn increase in interest on Customer resources and the €65.4Mn cost of funding resulting from the increase in interest charges on TLTRO III credit lines associated with the rise in the interest rate on the Eurosystem's deposit facility to 4%.

Banco Montepio

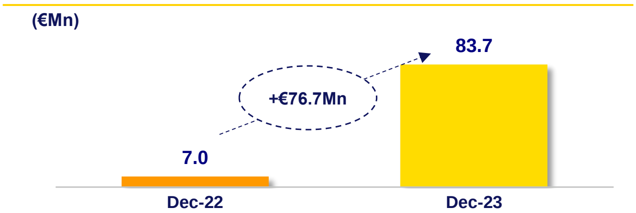
Net interest income



Interest received from loans and advances to customers



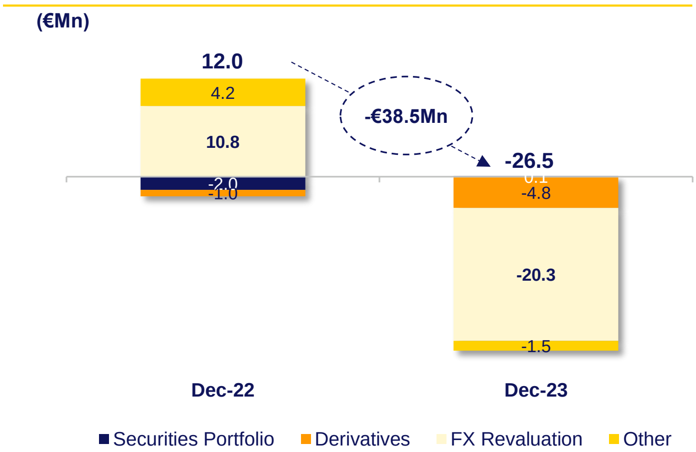
Interest paid on deposits from customers



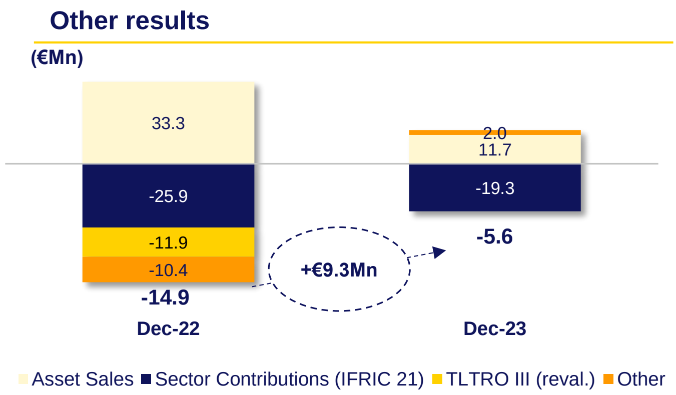
Net commissions totalled €127.0Mn in 2023, an amount €6.5Mn (+5.4%) higher than in 2022, reflecting higher income from account maintenance and management and market commissions which, in aggregate, made it possible to offset the unfavourable performance of commissions related to payment services and to credit operations, in the latter case highlighting the negative effect resulting from the implementation of the legislative initiatives that promoted the exemption of loan processing fees for individual Customers.

Results from financial operations recorded in 2023 stood at -€26.5Mn, representing a €38.5Mn decrease when compared to 2022, due to the lower results from foreign exchange revaluation by €31.1Mn, following the sharp devaluation of the Angolan kwanza in 2023.

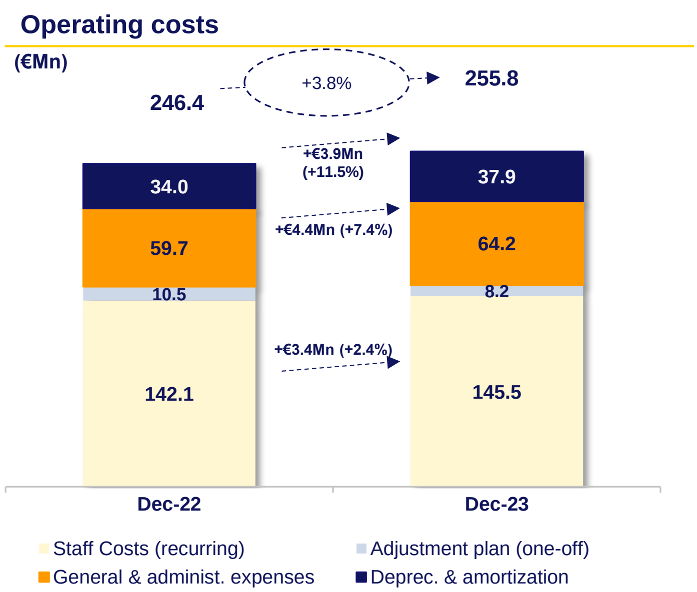
Results from financial operations



Other results stood at -€5.6Mn in 2023, presenting a favourable evolution of €9.3Mn compared to the amount recorded in 2022 (-€14.9Mn), this improvement having been determined by the reduction in the cost of mandatory banking sector contributions by €6.6Mn and by the reduction in the cost of remeasuring liabilities associated with TLTRO III by €11.9Mn, despite the lower income from the sale of other assets by €21.6Mn.



Operating costs totalled €255.8Mn in 2023, compared to €246.4Mn in 2022, an increase of €9.4Mn, reflecting the increases in general administrative expenses of €4.4Mn, in depreciation and amortisation of €3.9Mn and in staff costs of €1.1Mn (which include the accounting of €8.2Mn in extraordinary charges under the headcount adjustment programme, compared to €10.5Mn in 2022).



Excluding the impact of accounting for non-recurring costs, **Staff costs** amounted to €145.5Mn, reflecting the effect of salary updates and the increase in the benefits granted to employees.

General administrative expenses amounted to €64.2Mn in 2023 and represented an increase of 7.4% compared to 2022 (€59.7Mn), reflecting the impact of inflation on the value of contracted services.

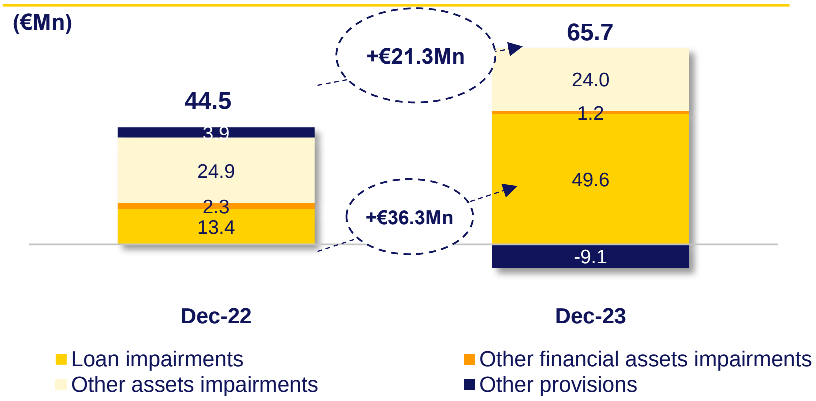
Depreciation and amortisation rose by 11.5% to €37.9Mn, reflecting the efforts made to implement the global strategy of investment in information technology and digitalisation, aimed at continuous improvement in automation and process reengineering.

Efficiency, measured by the **Cost-to-income ratio**, and excluding the non-recurring contributions of the Results from financial operations, the Other results and the costs related to the adjustment programme, performed favourably to 46.2% at the end of the first nine months of 2023, compared to the 63.2% recorded in December 2022.

The **operational adjustment programme** that began in the last quarter of 2020 **was successfully completed**. The Banco Montepio Group has a reduction of 979 employees in consolidated terms since the end of 2019, of which 703 at Banco Montepio and 276 at its subsidiaries, thus promoting the **simplification of the Group's organisational structure**.

The aggregate of **Impairments and Provisions** reached a net amount of €65.7Mn in 2023, representing an increase of €21.3Mn when compared to the amount recorded in 2022.

Impairments and provisions



Banco Montepio

Loan impairment in 2023 totalled €49.6Mn, representing a cost of risk of 0.4%, which reflects the continued conservative criteria for assessing and granting loans, and which compares with an impairment of €13.4Mn and a cost of risk of 0.1% recorded in 2022.

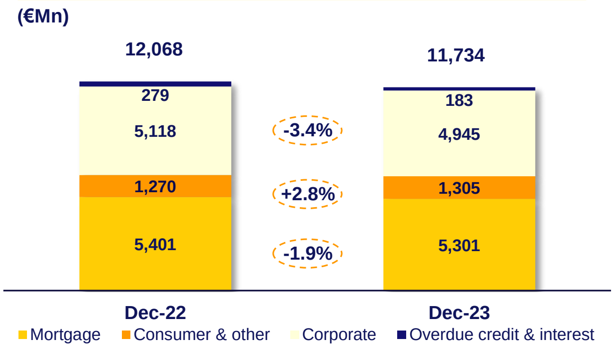
Impairment charges on other financial assets, **other assets** and **Other provisions** totalled €16.1Mn at the end of 2023, compared to €31.1Mn at the end of 2022, benefiting from the upgrade of the Portuguese Republic's rating, which applies to the portfolio of Portuguese sovereign debt securities, the evolution of impairments charges for real estate held for sale which includes the impacts of the application of the new calculation criteria, and the lower allocations made to other provisions resulting from the reversal of guarantees and commitments undertaken.

Balance sheet

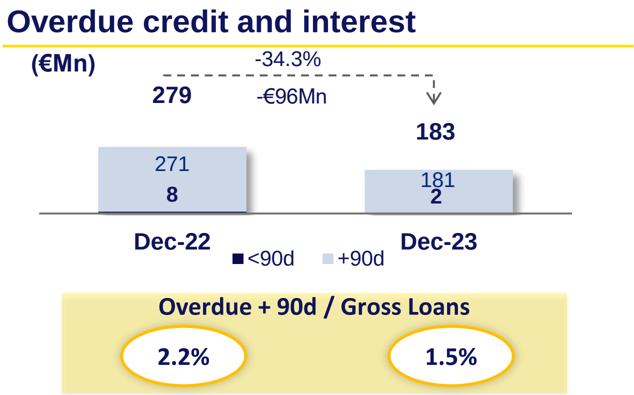
Total assets amounted to €17,989Mn at the end of December 2023, compared to €19,106Mn recorded at the end of 2022, reflecting the evolution in the headings Cash and deposits at central banks (-€212Mn), Loans and advances to Customers (-€260Mn), Non-current assets held for sale - discontinued operations (-€200Mn), this related to the sale of FNBA, and Other financial assets at amortised cost (-€241Mn).

Gross Loans and advances to Customers totalled €11,734Mn at the end of 2023, with performing loans decreasing by €82Mn when compared to the end of 2022, standing at €11,354Mn, and the non-performing loans standing at €380Mn, decreasing €251Mn when compared with the amount on 31 December 2022.

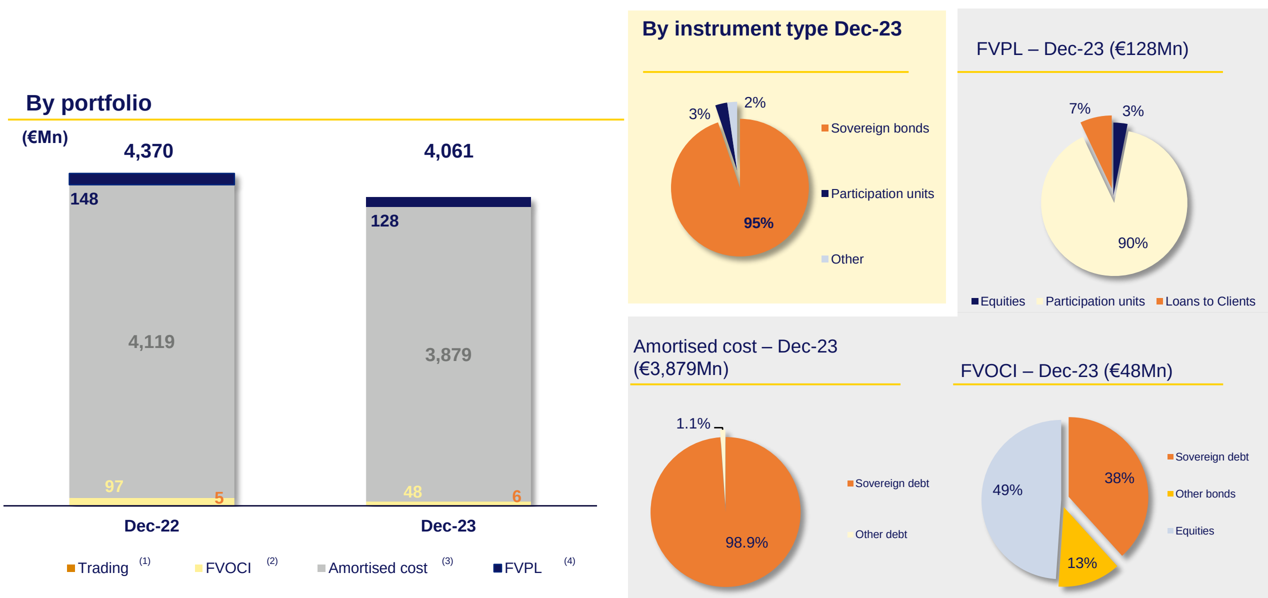
Gross loans to customers by segment



Overdue loans and interest totalled €183Mn, decreasing 34% YoY, which, along with the decrease in non-performing loans, is evidence of the significant improvement in the loan portfolio.



Securities portfolio totalled €4,061Mn on 31 December 2023, a decrease of €309Mn (-7.1%) compared with the end of 2022, mainly as a result of the decrease in sovereign debt (-€294Mn) and in participation units (-€19Mn). The securities portfolio as of 31 December 2023 maintained the weight of sovereign debt securities at 95%, when compared to the end of 2022.



(1) Financial assets held for trading. (2) Financial assets at fair value through other comprehensive income. (3) Other financial assets at amortised cost. (4) Financial assets at fair value through profit or loss (FVPL).

Liabilities decreased by €1,164Mn (-6.6%) compared to the end of 2022, mainly reflecting the decrease in Deposits from central banks (-€2,016Mn), as well as the increase in Deposits from other financial institutions (+€568Mn) and in Deposits from customers (+€251Mn).

Customer deposits totalled €13,366Mn at the end of December 2023, an increase of €251Mn compared to €13,115Mn at the end of 2022, reflecting the decrease in sight deposits (-€1,031Mn) and the increase in term deposits (+€1,297Mn), with the sight and term deposits' mix evolving to 42%/58% at the end of 2023, compared to 51%/49% at the end of 2022. In the fourth quarter of 2023, Customer deposits rose by €500Mn, due to the favourable performance of both Individual Customers (+€286Mn) and Corporate Customers (+€214Mn).

Off-balance sheet resources stood at €1,331Mn on 31 December 2023, compared to €1,158Mn at the end of December 2022, representing a 15.0% growth supported by the increase in securities investment funds (+€120Mn) and in real estate investment funds (+€42Mn).

Equity totalled €1,566Mn on 31 December 2023, an increase of €47Mn (+3.1%) compared to the end of 2022, determined by the recurring net income of €144.5Mn, by the reduction in non-controlling interests of €11.0Mn, by the change in the foreign exchange reserve of -€22.1Mn and by the unfavourable impact related to post-employment benefits, net of the tax effect, of -€65.0Mn.

Pension Fund

The liabilities for post-employment and long-term benefits at the end of 2023 were fully funded, with the coverage ratio standing at 107%, considering the value of the Pension Fund at the end of the year and also the provisions recognised in the balance sheet.

At the end of 2023, liabilities with the Pension Fund amounted to €762.3Mn, reflecting an increase of €113.8Mn compared to the amount recorded at the end of 2022, due to the impact of actuarial losses resulting from changes in assumptions.

The Pension Fund's assets at the end of 2023 amounted to €812.7Mn and compared favourably with the €787.0Mn booked at 31 December 2022, as it included the impact of the positive return generated throughout 2023, which stood at 7.3%.

Own funds and capital ratios

As at 31 December 2023, the **capital ratios** reached historical highs, as a result of the continued reduction of risk-weighted assets (RWA) and the increase of own funds.

	Dec-22	Dec-23 (proforma) (1)	Change YoY
Common Equity Tier I Capital (CET1) (€Mn)	1,135	1,232	97
Tier I Capital (€Mn)	1,136	1,232	96
Total Own Funds (€Mn)	1,343	1,438	95
Risk-weighted assets (RWA) (€Mn)	8,276	7,641	(635)
CRD IV / CRR - *Phasing-in ratios*			
Common Equity Tier I ratio (CET1)	13.7%	16.1%	2.4 p.p.
Tier I ratio	13.7%	16.1%	2.4 p.p.
Total Capital ratio	16.2%	18.8%	2.6 p.p.
CRD IV / CRR - *Fully implemented ratios*			
Common Equity Tier I ratio (CET1)	13.2%	16.0%	2.8 p.p.
Tier I ratio	13.2%	16.0%	2.8 p.p.
Total Capital ratio	15.7%	18.7%	3.0 p.p.
Leverage ratio			
Leverage ratio - Phasing-in	5.9%	6.7%	0.9 p.p.
Leverage ratio - Fully Implemented	5.6%	6.7%	1.1 p.p.

(1) The proforma ratios include the period's accumulated net income.

In 2023, the **proforma[4] Common Equity Tier 1 ratio (CET1)**, based on the phasing-in rules stood at 16.1%, comfortably above the regulatory minimum requirement of 9.1%. This ratio recorded a positive change of 2.4 p.p. compared to the CET1 at the end of 2022. Taking into account the fully implemented rules, the CET1 stood at 16.0%, compared with a ratio of 13.2% at the end of 2022.

The **proforma Total Capital ratio** in phasing-in reached 18.8%, compared to 16.2% at the end of 2022, also comfortably above the regulatory minimum requirement of 14.0%, and stood at 18.7% fully implemented (15.7% at the end of 2022).

[4] Pro-forma ratios calculated including the accumulated net results for the period. Ratios not including net income, with reference to 31 December 2023 are: CET1 15.8%, Tier 1 15.8%, Total Capital 18.5% and Leverage 6.6% (phasing-in) and CET1 15.7%, Tier 1 15.7%, Total Capital 18.4% and Leverage 6.5% (fully implemented).

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 €635Mn when compared to the end of 2022 as a result of the reduction in non-performing assets, the completion of a synthetic securitisation in May 2023, and the sale of the stake held in FNBA.

Own funds increased by €95Mn to €1,438Mn, mainly reflecting the positive evolution of recurring net income, partially mitigated by the regulatory deductions from phasing-in in 2023.

Requirement for own funds and eligible liabilities (MREL)

Banco Montepio must comply with the Minimum Requirement for own funds and Eligible Liabilities (MREL) based on the consolidated financial position in the following terms:

a) MREL requirement of 5.33% of the total leverage ratio exposure (LRE - Leverage Ratio Exposure Measure), to be met permanently from 1 January 2022;
b) MREL requirement determined as a percentage of total risk-weighted assets (RWA), of 13.67% on 1 January 2022, and 20.77% to be met permanently from 1 January 2025, plus the applicable combined capital reserve requirement;
c) Not subject to any subordination requirement.

The requirement is in line with Banco Montepio's expectations and with its funding and capital plan, with an issuance of eligible liabilities being expected before the end of 2024.

Banco Montepio complies with the applicable requirement, both as a percentage of RWA and as a percentage of LRE:

	1 Jan-22	Dec-23 (proforma) [1]
Total Own Funds (€Mn)	1,289	1,438
MREL eligible liabilities (€Mn)	0	200
Total eligible liabilities (€Mn)	**1,289**	**1,638**
Total RWA (€Mn)	8,763	7,641
MREL ratio (%RWA)	**14.7%**	**21.4%**
Minimum requirement (MREL (%RWA))[2]	13.67%	17.23%
MREL ratio (LRE)	**5.4%**	**9.0%**
Minimum requirement (MREL (LRE))	5.33%	5.33%

[1] The proforma ratios include the period's accumulated net income.
[2] As of 31 December 2023, includes the Combined Buffer Requirement (CBR) of 2.77 p.p,

The MREL ratio determined as a percentage of total RWA stood at 21.4% on 31 December 2023, which is above the requirement demanded by Banco de Portugal including the applicable combined buffer requirement.

The MREL ratio determined as a percentage of total LRE stood at 9.0% on 31 December 2023, also comfortably above the minimum requirement established.

Liquidity

Banco Montepio remained focused on maintaining a **solid liquidity position**, with a **LCR ratio** of 233.1% and a **NSFR ratio** of 130.0% at the end of 2023, both above the minimum regulatory requirement of 100% and reflecting a stable and comfortable funding base.

At the end of 2023, the amount of **Debt issued** stood at €947Mn, compared to €824Mn at the end of 2022, essentially reflecting the positive change in Liabilities represented by securities (+€123Mn) following the issuance of senior preferred debt under the Euro Medium Term Note (EMTN) Programme eligible for MREL at the end of October 2023, in the amount of €200Mn, mitigated by the repayments of securitisation bonds.

The amount of **funding from the European Central Bank (ECB)** obtained through TLTRO-III amounted to €855Mn at the end of 2023, a reduction of €2.075Mn (-70.8%) since the end of 2022, reflecting the early repayments made during 2023, in February (€585Mn), September (€200Mn) and December (€500Mn), and the payment of the tranches matured in June (€600Mn) and in September (€190Mn).

Banco Montepio has shown the ability to substantially reduce the funding obtained from the ECB while maintaining very comfortable LCR and NSFR levels, having resorted to the traditional market instruments for this purpose, such as the aforementioned senior preferred debt issuance and the funding through collateralized money market (repo) totalling €547Mn, and the increase in Customer resources, to the detriment of the funding obtained from the Central Bank.

At the end of 2023, the value of the portfolio of eligible assets for liquidity-providing operations under the monetary policy of the Eurosystem totalled €4.690Bn, compared to €5.555Bn at the end of 2022. This portfolio included marketable assets, namely eligible debt instruments valued at market prices, discounted from the haircuts applied by the ECB, totalling €4.427Bn (of which €2,472Mn in sovereign debt securities, €1,905Mn in retained covered bonds and securitisations, and €50Mn in corporate bonds) and non-tradable assets, such as credit rights granted to non-financial companies and public sector entities, namely bank loans and used credit lines that meet specific eligibility criteria, valued at €264Mn.

The value of the **unencumbered eligible assets portfolio** totalled €3,767Mn, up 47.0% from €2,555Mn recorded at the end of the previous year.

ESG

The **UN Global Compact** recently launched the **Forward Faster** initiative to accelerate ambitious corporate actions in five areas - gender equality, climate action, living wages, finance and investment, and water resilience. Forward Faster was created to guide companies on where they can have the biggest and fastest impact by 2030, through ambitious and credible measures and through the annual reporting of their progress regarding specific and measurable sustainability goals.

Banco Montepio

Banco Montepio continues to make its way towards Sustainability, having been the first financial institution to join the "**Forward Faster**" initiative, which aims to increase responsibility and transparency through the annual public disclosure of commitments and actions to be implemented with a view to achieving the Sustainable Development Goals (SDGs).

As part of its ongoing investment in sustainable finance and environmental responsibility, **Banco Montepio joined Portugal's Official Delegation to COP 28 - the 28th United Nations Framework Convention on Climate Change**.

Banco Montepio, a prominent advocate of environmental management and sustainable banking practices, sees its participation in COP 28 as an opportunity to:

- Affirm its commitment towards environmental responsibility and climate action, in the context of the climate change impacts management and the acceleration of the transition to a low-carbon economy;
- Present its initiatives in the areas of sustainability strategy and performance, corporate social responsibility and sustainable finance;
- Participate in collaborative dialogues and workshops with stakeholders to explore innovative solutions, share best practices and promote partnerships that drive sustainable finance;
- Advocate responsible banking practices that factor environmental, social and governance (ESG) aspects into decision-making processes, promoting the integration of sustainability principles in the financial sector.

On the social side, Banco Montepio and Junior Achievement Portugal (JAP), partners since 2006, organised the **JAP Social Innovation Camp By Banco Montepio** for the third year in a row. The initiative aims to challenge young people between the ages of 15 and 18 to develop projects in the context of the Sustainable Development Themes and Goals (SDGs):

- Theme 1: Gender Equality
    - SDG 8: Decent Work and Economic Growth;
    - SDG 10: Reduced Inequalities.
- Theme 2 - Sustainable Production and Consumption
    - SDG 9: Innovation and Infrastructure;

- SDG 13: Combat Climate Change.

The web-based initiative involved 18 Banco Montepio employees with the mission of being consultants and mentors to secondary school students.

Students were given the opportunity, in a short period of time, to design projects that solve real problems in their community (municipality or district of their school). In return, the mentors shared their knowledge, equipping the young people with work skills - leadership, decision-making, resistance to failure, teamwork, presentation techniques and oral communication.

Also as part of the governance model for **Sustainability**, an internal multidisciplinary **Work Group was set up exclusively dedicated to Environmental Management**. Its competencies include the efficient management of natural resources, identifying opportunities to reduce consumption, promoting energy and water efficiency, and minimising the waste of resources. These skills are essential for guaranteeing the institution's environmental responsibility and reducing its environmental impacts.

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.

With a focus on transparency and on disclosing Banco Montepio's purpose in the field of ESG and sustainability, a dedicated page has been created on the institutional website to publicise the goals we have set and the successes we have achieved:
https://www.bancomontepio.pt/en/institutional/sustainability
In this webpage one can find, for example, the Sustainability Report and the commitments undertaken by subscribing to agreements and joining international organisations and initiatives.

Digital transition

In 2023, Banco Montepio pursued its digital transition process, focussed on continuously improving its Customers' experience, strengthening the scope and the convenience of its service and increasing its internal efficiency.

Throughout the year, Banco Montepio continued to transform its service model, to optimise Customer journeys and to automate its internal operations, incorporating new cybersecurity models and growing developments in advanced analytics, while not neglecting principles of ethics and responsibility when handling information.

In 2023, we highlight the launch of new international business management functionalities through digital channels; the offer of a new online mortgage loan simulation journey; the launch of the new institutional website (simpler, more accessible and more inclusive); the offering of online subscription to PPRs (retirement savings plans) and a new journey of the Investor Knowledge and Experience Questionnaire; online enrolment in the mortgage support measure under Decree-Law 91/2023; the installation of new Chave24 machines (hardware and software) and the implementation of digital price list in the branch network.

In 2023, Banco Montepio maintained the growth in the usage levels of its remote channels and increased the weight and relevance of the digital offer. On 31 December 2023, the Montepio24 service recorded an increase of 4.7% in the number of active Customers compared to the end of last year, supported by growth of 5.0% in the Individuals segment and 2.7% in the Corporate segment.

At the end of 2023, the number of transactions carried out through the Montepio24 service increased by 5.2% compared to the number recorded at the end of 2022.

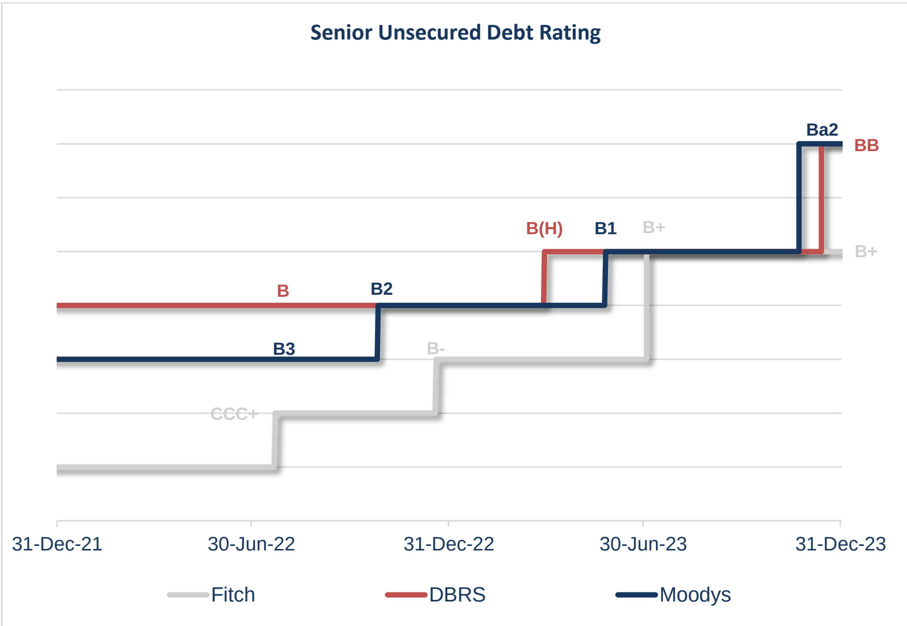
Rating

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+.

In November 2023, Moody's Investors Service (**Moody's**) upgraded Banco Montepio's deposit rating to the investment grade Baa3 and its senior unsecured debt rating to Ba2. This was the third consecutive upgrade of Banco Montepio's rating by Moody's in thirteen months, totalling four levels. The long-term ratings were also upgraded: (i) counterparty risk rating and counterparty risk assessment to Baa2; (ii) baseline credit assessment to ba2; (iii) non-preferred senior debt to be issued under the EMTN Programme to (P)Ba2; and (iv) subordinated debt to Ba3. Moody's then upgraded Banco Montepio's Covered Bonds by two notches to Aaa, the highest level in the investment grade category.

In December 2023, DBRS Ratings GmbH (**DBRS Morningstar**) upgraded Banco Montepio's long-term issuer rating and senior unsecured debt rating by two notches to BB, maintaining the trend stable. This was the second consecutive upgrade in Banco Montepio's rating decided by DBRS Morningstar in 2023, in a total of 3 levels. The following ratings were also upgraded: (i) subordinated debt to B (high); (ii) long-term deposits to BB (high); and (iii) short-term deposits to R-3.

The successive upgrades since 2021 reflect the profitability improvement; 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 31 December 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	**31 Dec. 2023**	31 Dec. 2022	**31 Dec. 2023**	31 Dec. 2022	**31 Dec. 2023**	31 Dec. 2022	**31 Dec. 2023**
Fitch	AA	**AA+**	B-	**B+**	B+	**BB-**	Positive	**Positive**
Moody's	Aa2	**Aaa**	B2	**Ba2**	Ba3	**Baa3**	Stable	**Stable**
DBRS	--	**--**	B	**BB**	B (high)	**BB (high)**	Stable	**Stable**

(1) Conditional Pass-through Covered Bond Programme.
(2) Fitch's Long-term Senior Preferred Debt rating, Moody's Senior Unsecured Debt rating and DBRS Long-term Senior Debt rating.

Milestones of 2023

Banco Montepio's Mortgage Loans is "Consumer Choice 2024" ("*Escolha do Consumidor 2024"*) for the third time in a row

Portuguese consumers, both customers and non-customers, independently evaluated and awarded Banco Montepio the "Consumer Choice Brand No 1" (*"Marca nº1 na Escolha do Consumidor"*) in the Mortgage Loans category, out of a total of twelve banks evaluated. Banco Montepio registered a final score of 79% and a recommendation score of 81%, leading in the following dimensions: Attributes, Benefits, Values and Emotions. In the evaluation of the emotional positioning of the brand, Banco Montepio leads in all the attributes and stands out in "Brand Loyalty" (*"Lealdade à Marca"*), which represents a relationship of optimism and satisfaction with the brand, leading the consumer to establish a long-term relationship with the brand and become its promoter; and "Brand Love" (*"Amor à Marca")*, which expresses the feeling of passion, attachment and appreciation for the brand, generating positive emotions that give the consumer a general sense of well-being and happiness.

Banco Montepio's Mortgage Loans have been awarded the "Five Stars 2024 Award" (*"Prémio Cinco Estrelas 2024"*)

An award granted by Five Stars Consulting, the company that implemented the Five Stars methodology, which involved the evaluation of 7 banking brands and the participation of 1,922 consumers between April and September 2023. Banco Montepio obtained a satisfaction score of 77.2%, after evaluating the basic variables that influence consumer choices: satisfaction through experimentation, value for money, intention to recommend, trust in the brand and innovation. The Bank also scored 8 or higher on a scale of 1 to 10 on five additional attributes: service, speed of process, inclusion of other products and their cost, clarity of information and monitoring of the process. This award is the sole responsibility of the awarding organisation.

Banco Montepio's Mortgage Loans have also been awarded two "Right Choice seals" (*"selos Escolha Acertada"*) by DECO Proteste

According to DECO Proteste, Banco Montepio's mortgage offer is the one with the best price/quality ratio, both with and without associated sales. DECO Proteste analysed the offers of 13 banks for a loan of 200,000 euros, over 30 years, variable rate, with a financing guarantee ratio of 80%. Associated sales taken into account: salary domiciliation; insurance; debit and credit cards and payment domiciliation. Study published in May 2023. This award is the sole responsibility of the awarding organisation.

Banco Montepio recognised as "Recommended Brand 2024" (*"Marca Recomendada 2024"*)

Banco Montepio achieved the best average satisfaction rating in the "Complaint Portal" (*"Portal da Queixa"*) in the category of Banks. This award recognises the close relationship between brands and their customers throughout the purchase process, and reflects that Banco Montepio is a trusted brand for consumers. The "Recommended Brand 2024" label is the sole responsibility of Portuguese consumers and is the result of their evaluation of brands and organisations over the last year on the *Portal da Queixa* platform. Twelve consecutive months in which customer service has been a priority and has therefore generated a reputation for the brand that wins this title. The "Recommended Brand 2024" is awarded by Consumers Trust, the global brand that owns the *Portal da Queixa* platform.

Banco Montepio reduces the minimum spread on variable-rate mortgages to 0.8% and adds a mixed-rate solution with return of spread to its offer

At the beginning of 2023, Banco Montepio launched a new mortgage 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 rate for 2 years and the return of the value of the spread of each monthly instalment during this period, for a loan for purchase, transfer, construction or works.

In addition to these two initiatives, which reflect Banco Montepio's strong commitment to supporting families, the benefit of returning 1% of the loan amount to the customer on a prepaid card (or 1.1% if the house has an A or A+ energy certificate), which the customer can use to buy whatever they want, wherever they want, has also been maintained.

Superbrands 2023

This is the 14th time that Banco Montepio has been awarded the Superbrands seal, an annual award that recognises the most important brands in the Portuguese market. This award is a confirmation of consumer satisfaction, which makes us proud.

This year, Banco Montepio has dedicated the cover of its Superbrands book to Inclusion. A blank cover that gives space to social causes. Banco Montepio is a bank of causes. Often it doesn't appear and isn't seen, but so often it is present. Hand in hand with five institutions, the bank told a story of inclusion in five pictures.

Banco Montepio was awarded the Five Stars (*"Cinco Estrelas"*) title in the Banking - Sustainability category for the second year in a row

We have been awarded the "Five Stars 2024" title in the Banking - Sustainability category, an award that is the sole responsibility of Five Stars Consulting, which implemented the Five Stars methodology and evaluated 5 banking brands, involving 1,347 consumers, between May and September 2023. Banco Montepio, whose DNA is based on principles that today contribute to a demanding sustainability performance matrix, registered an overall satisfaction of 79.2%, after evaluating the following attributes Experience Satisfaction; Value for Money; Intention to Recommend; Brand Trust and Innovation.

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

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.

According to Brand Finance, this is due to the path the brand has taken in the area of sustainability. "Most importantly, this action has been reinforced by Banco Montepio's communication and brand strategy, which positions sustainability as a priority issue," says 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 domestic SME panorama

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

- the raison d'être of Banco Montepio, which began as a Portuguese SME and is now a leader in SDG 5, with an unavoidable presence in supporting and serving the social and solidarity economy;
- in Banco Montepio's intention to bring the contribution of the social and solidarity economy to this project, with organisations and people who have a set of distinctive skills that are very interesting to bring to the SME sphere;
- and, at the same time, in the theme of sustainability as an opportunity to fill market gaps.

Portuguese Association of Business Ethics (*Associação Portuguesa de Ética Empresarial*) awards Banco Montepio for its Social Responsibility and Sustainability Strategy

The Portuguese Association of Business Ethics (APEE) awarded Banco Montepio the "Social Responsibility and Sustainability Strategy" (*"Estratégia Responsabilidade Social e Sustentabilidade"*) prize, which aims to recognise the implementation of good governance policies and models in public and private sector organisations, both 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, equality and participation.

Banco Montepio continues to finance infrastructure projects that prioritise the use of renewable energy and 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.

In 2023, Banco Montepio maintained its partnership with <Academia de Código_>, financing 95 students who participated in 3 bootcamps held in Lisbon and Porto

The partnership with <Academia de Código_> is a project that aims to provide a social experience by organising bootcamps in computer languages. Banco Montepio, in order to help all those who want to programme their lives by starting bootcamps, offers the Code Academy Credit Line, a specific line to support students (<Code Cadets>) who have attended the bootcamps in Lisbon and Porto.

As part of the partnership established and the consequent investment in the Code Academy Credit Line, Banco Montepio supported the financing of 95 students in 2023, for a value of over 500 thousand euros.

In order to achieve the objectives of this partnership, which is to finance students so that no one is excluded from this reskilling opportunity, more than 250 scholarships have been awarded since 2020, when it began, for a total of 1.4 million euros.

Aldeias de Crianças SOS, ACAPO, APAV, ColorADD, Fenacerci and Banco Montepio join forces for inclusion

Banco Montepio has launched a corporate social responsibility initiative in partnership with five organisations that fight for inclusion on a daily basis - Aldeias de Crianças SOS, ACAPO, APAV, ColorADD and Fenacerci – issuing the reminder: "This is not a Christmas campaign".

Hand in hand with five institutions, this campaign told a story of inclusion through the lens of a photojournalist.

This is also the mission of an institution with an economic and social role that wants to contribute to building a sustainable and equitable society, promoting respect for universally recognised human rights, while subscribing to the principles set out in the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda and the United Nations Women's Empowerment Principles (WEPS).

Banco Montepio

KEY INDICATORS

	Dec-22	Dec-23	Change YoY
ACTIVITY AND RESULTS (€ million)			
Total assets	19,106	17,989	(5.8%)
Gross Loans to customers	12,068	11,734	(2.8%)
Deposits from customers	13,115	13,366	1.9%
Equity	1,519	1,566	3.1%
Recurring net income (excluding the FX reserve reclassification)	33.8	144.5	>100%
FX reserve reclassification		(116.1)	-
Net income	33.8	28.4	(16.1%)
SOLVENCY [(a)]			
Common Equity Tier 1 ratio	13.7%	16.1%	2.4 p.p.
Tier 1 ratio	13.7%	16.1%	2.4 p.p.
Total Capital ratio	16.2%	18.8%	2.6 p.p.
Leverage ratio	5.9%	6.7%	0.8 p.p.
Risk weighted assets (€ million)	8,276	7,641.3	(7.7%)
LIQUIDITY RATIOS			
Loans to customers (net) / Customers' deposits [(b)]	89.3%	85.7%	(3.6 p.p.)
LCR	249.6%	233.1%	(16.5 p.p.)
NSFR	125.0%	130.0%	5.0 p.p.
ASSET QUALITY			
Cost of credit risk	0.1%	0.4%	0.3 p.p.
Non-performing exposures (NPE) [(c)] / Gross Loans to customers	5.2%	3.2%	(2.0 p.p.)
NPE [(c)] coverage by credit risk impairments	56.1%	73.9%	17.8 p.p.
NPE [(c)] coverage by credit risk impairments and associated collaterals and financial guarantees	100.8%	115.1%	14.3 p.p.
PROFITABILITY AND EFFICIENCY			
Total operating income / Average total assets [(b)]	1.9%	2.8%	0.9 p.p.
Net income before income tax / Average total assets [(b)]	0.4%	1.0%	0.6 p.p.
Net income before income tax / Average total equity [(b)]	6.0%	11.8%	5.8 p.p.
Recurrent net income / Average equity	2.3%	9.3%	7.0 p.p.
Cost-to-income (Operating costs / Total operating income) [(b)]	66.6%	50.8%	(15.8 p.p.)
Cost-to-Income, excluding specific impacts [(d)]	63.2%	46.2%	(17.0 p.p.)
Staff costs / Total operating income [(b)]	41.2%	30.5%	(10.7 p.p.)
EMPLOYEES AND DISTRIBUTION NETWORK (Number)			
Employees			
Banco Montepio Group	3,406	2,983	(12.4%)
Banco Montepio	3,043	2,860	(6.0%)
Branches			
Domestic network - Banco Montepio	239	232	(2.9%)
International Network [(e)]	20	0	(100.0%)
Representation Offices - Banco Montepio	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

(million euros)	Dec-22	Dec-23	Change YoY €Mn	Change YoY %
Interest and similar income	300.9	598.5	297.6	98.9%
Interest and similar expense	49.4	190.4	141.0	>100%
NET INTEREST INCOME	**251.5**	**408.1**	**156.6**	**62.3%**
Dividends from equity instruments	1.0	0.9	(0.1)	(10.6%)
Net fee and commission income	120.5	127.0	6.5	5.4%
Results from financial operations	12.0	(26.5)	(38.5)	<(100%)
Other results	(14.9)	(5.6)	9.3	62.5%
OPERATING INCOME	**370.1**	**503.9**	**133.8**	**36.2%**
Staff Costs	152.6	153.7	1.1	0.7%
General and administrative expenses	59.7	64.2	4.4	7.4%
Depreciation and amortization	34.0	37.9	3.9	11.5%
OPERATING COSTS	**246.4**	**255.8**	**9.4**	**3.8%**
Loan impairments	13.4	49.6	36.3	>100%
Other financial assets impairments	2.3	1.2	(1.2)	(49.8%)
Other assets impairments	24.9	24.0	(0.9)	(3.5%)
Provisions net of reversals and annulments	3.9	(9.1)	(13.0)	<(100%)
Share of profit of associates under the equity method	0.5	0.6	0.1	11.2%
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	**79.7**	**182.9**	**103.2**	**>100%**
Tax	35.6	50.3	14.7	41.4%
EARNINGS BEFORE PROFIT/(LOSS) FROM DISCONT. OP. AND NON-CONTROLLING INTERESTS	**44.1**	**132.6**	**88.5**	**>100%**
Non-controlling interests	(2.7)	1.7	4.4	>100%
Profit/(loss) from discontinuing operations	(13.0)	13.6	26.6	>100%
RECURRING NET INCOME	**33.8**	**144.5**	**110.7**	**>100%**
FX reserve reclassification	0.0	(116.1)	(116.1)	-
NET INCOME	33.8	28.4	(5.4)	(16.1%)

CONSOLIDATED BALANCE SHEET

(million euros)	Dec-22	Dec-23	Change YoY	
			€Mn	%
Cash and deposits at central banks	1,383.8	1,171.4	(212.4)	(15.3%)
Loans and advances to credit institutions repayable on demand	52.3	61.0	8.7	16.7%
Other loans and advances to credit institutions	106.4	178.9	72.5	68.2%
Loans and advances to customers	11,713.1	11,453.3	(259.8)	(2.2%)
Financial assets held for trading	23.1	19.0	(4.1)	(17.8%)
Financial assets at fair value through profit or loss (FVPL)	147.8	128.2	(19.6)	(13.2%)
Financial assets at fair value through other comprehensive income (FVOCI)	97.2	48.1	(49.1)	(50.5%)
Hedging derivatives	0.0	6.2	6.2	>100%
Other financial assets at amortised cost	4,119.4	3,878.8	(240.6)	(5.8%)
Investments in associates	4.4	4.7	0.3	7.1%
Non-current assets held for sale	0.0	0.1	0.1	>100%
Non-current assets held for sale - Discontinued operations	199.7	0.0	(199.7)	(100.0%)
Investment properties	72.7	57.7	(15.0)	(20.7%)
Property and equipment	192.0	195.4	3.4	1.8%
Intangible assets	47.6	57.7	10.1	21.4%
Current tax assets	6.0	1.6	(4.4)	(73.7%)
Deferred tax assets	413.6	381.1	(32.5)	(7.9%)
Other Assets	527.3	346.3	(181.0)	(34.3%)
TOTAL NET ASSETS	**19,106.3**	**17,989.5**	**(1,116.8)**	**(5.8%)**
Deposits from central banks	2,890.0	873.9	(2,016.1)	(69.8%)
Deposits from other financial institutions	341.6	909.4	567.8	>100%
Deposits from customers	13,115.4	13,366.4	251.0	1.9%
Debt securities issued	606.7	730.0	123.3	20.3%
Financial liabilities held for trading	17.7	12.6	(5.1)	(28.6%)
Non-current liabilities held for sale – Discontinued operations	101.7	0.0	(101.7)	(100.0%)
Provisions	30.8	20.8	(10.0)	(32.3%)
Current tax liabilities	4.4	1.7	(2.7)	(62.6%)
Hedging derivatives	0.0	3.5	3.5	>100%
Other subordinated debt	217.0	217.0	0.0	0.0%
Other liabilities	261.5	287.5	26.0	10.0%
TOTAL LIABILITIES	**17,586.8**	**16,423.0**	**(1,163.8)**	**(6.6%)**
Share Capital	2,420.0	1,210.0	(1,210.0)	(50.0%)
Other reserves and retained earnings	(945.7)	328.1	1,273.8	>100%
Consolidated net profit/ (loss) for the period attributable to the shareholders	33.8	28.4	(5.4)	(16.1%)
Total equity attributable to the shareholders	1,508.0	1,566.5	58.5	3.9%
Non-controlling interests	11.4	0.0	(11.4)	(100.0%)
TOTAL EQUITY	**1,519.5**	**1,566.5**	**47.0**	**3.1%**
TOTAL LIABILITIES AND EQUITY	**19,106.3**	**17,989.5**	**(1,116.8)**	**(5.8%)**

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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. **Certain amounts and percentages in this document may be subject to rounding and may not add up some totals/changes presented.**

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.