



Banco
Montepio

Earnings Presentation 2023

April 2024

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3. The information contained in this document has been prepared by Banco Montepio in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union ("EU"), for the purpose of preparing consolidated financial statements in accordance with Regulation (EC) 1606/2002, as amended.
4. The 2023 results have been audited.
5. Certain amounts and percentages in this presentation may be subject to rounding and may not add up the totals/changes presented.



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1

Executive Summary

Core profitability and capital ratios reach historical highs



PROFITABILITY

- **Consolidated net income of €28.4Mn, in line with 2022**
 - ✓ **Recurring consolidated net income reached €144.5Mn**, an increase of €110.7Mn compared to the €33.8Mn recorded in 2022
 - ✓ **Core operating income reached €535.1Mn, an increase of 43.8% YoY**, with net interest income rising €156.6Mn (+62.3% YoY) and commissions €6.5Mn (+5.4% YoY)



CAPITAL

- **Capital Ratios (fully implemented) well above the Banco de Portugal OCR**
 - ✓ **CET1 ratio 16.0%** (+2.8 p.p. YoY)
 - ✓ **Total Capital ratio 18.6%** (+2.9 p.p. YoY)

Liquidity and asset quality consolidate positive trend



LIQUIDITY

- **Liquidity buffer of €4.9Bn**, reflecting a comfortable liquidity position
 - ✓ **LCR: 233.1%**
 - ✓ **NSFR: 130.4%**
- **Reduction of the ECB funding by €2,075Mn**, which includes early repayments in a total amount of €1,285Mn



ASSET QUALITY

- **Cost of credit risk** of 0.4%, compared to 0.1% at the end of 2022
- **Reduction of non-performing exposures (NPE) by €251Mn YoY (-40%)**, to a total of €380Mn, with the **NPE ratio decreasing to 3.2%**, comparing favourably with 5.2% recorded in 2022
- **NPE ratio, net of impairments for credit risk, at 0.8%**
- **Reinforcement of the NPE coverage by impairments** to 73.9% (115.1% if related collateral and financial guarantees are considered)
- **Reduction in exposure to REO by €134Mn (-34%) YoY**, to €263Mn, representing 1.5% of net assets (2.1% in 2022) and 18.3% of own funds (29.6% in 2022)

Operational adjustment plan successfully completed



BUSINESS

- **Loans and advances to customers** amounted to €11.5Bn (-2.2% YoY)
- **Deposits from customers** amounted to €13.4Bn (+1.9% YoY)
- **Loan to Deposits ratio:** 86%
- **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



OPERATIONAL
ADJUSTMENT

- Improvement of the **efficiency ratio**¹ to **46.2%** (63.2% in 2022)
- **Optimisation of the retail network in Portugal** with the closure of 14 branches YoY (-5.7%)
- **Reduction of Banco Montepio's headcount** by 423 YoY, of which 210 (-6.6%) in Portugal, compared to 2022
- **Staff costs** increased 0.7% to €153.7Mn (which include the accounting of €8.2Mn in extraordinary charges under the headcount adjustment programme, compared to €10.5Mn in 2022)

¹ Measured by the ratio between operating costs and operating income, excluding the results from financial operations, the other results and the costs related to the adjustment programme.

Simplification of the Group with the sale of Finibanco Angola and BEM



GROUP
SIMPLIFICATION

- **Completion of the sale of the stake in Finibanco Angola in August 2023**
- **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



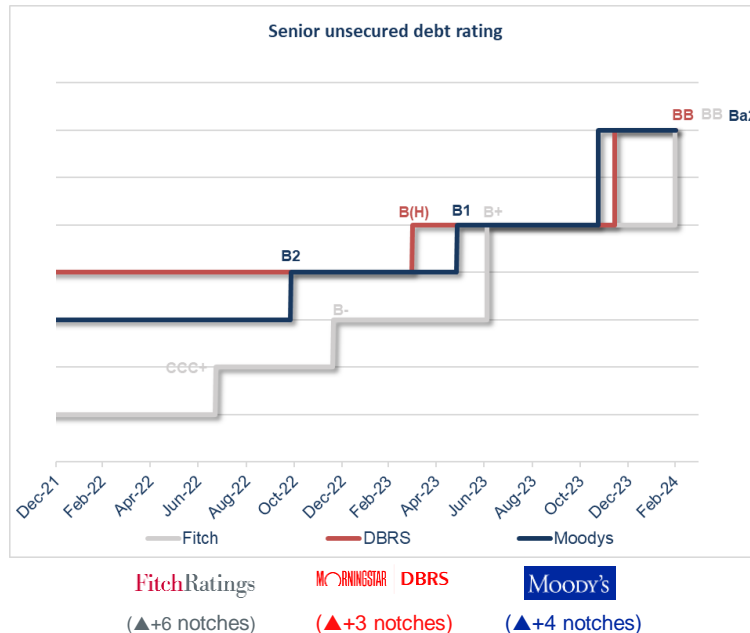
GOVERNANCE

- **Board of Directors took office** for the four-year period 2022/2025, with effect from 25 July 2022
- The Governing Bodies approved by the shareholders and by the Banco de Portugal follows a **more parity-based governance model** towards the **Banco Montepio's firm commitment to gender equality**; 7 out of 12 members are women
- **Banco Montepio is a leader in SDG5 compliance.** It is a reference in the banking sector and the first Portuguese bank to achieve gender equality in its governing bodies

The progress made has been recognised by the rating agencies through successive rating upgrades



RATING



- ❖ **Feb/2024 - Fitch Ratings upgraded the rating of Banco Montepio's senior unsecured debt two consecutive times in eight months, the last one in February/2024 to BB.** Fitch also upgraded the Covered Bonds rating to AAA
- ❖ **Dec/2023 - DBRS Ratings upgraded the Long-Term Issuer Rating to BB, maintaining the Stable Trend.** This is the **second consecutive increase** in Banco Montepio's rating disclosed by DBRS Morningstar **since March, in a total of 3 notches**
- ❖ **Nov/2023 - Moody's upgraded the senior unsecured debt rating to Ba2, the long-term bank deposits rating to Baa3.** It was the **third consecutive increase in rating since October 2022, in a total of four notches.** Covered Bonds rating upgraded by 2 notches to Aaa, the highest level of investment grade

KEY NUMBERS 2023

(€ millions)


CORE PROFITABILITY

144.5
 +327% YoY
 Recurring net income

408.1
 +62.3% YoY
 NII

127.0
 +5.4% YoY
 Commissions


EFFICIENCY & SOLVENCY

46.2%
 -17.0PP YoY
 Cost-to-income⁽¹⁾

16.0%
 +2.8PP YoY
 CET1⁽²⁾

18.6%
 +2.9PP YoY
 Total Capital⁽²⁾


ASSET QUALITY

3.2%
 €380Mn (-40% YoY)
 NPE

1.5%
 €263 Mn (-34% YoY)
 REO

0.4%
 +0.3PP YoY
 Cost of Credit Risk


FUNDING

13,366
 +1.9% YoY
 Deposits from customers

855
 -70.8% YoY
 ECB funding

947
 +15% YoY
 Debt issued

⁽¹⁾ Recurring cost-to-income: Measured by the ratio between operating costs and operating income, excluding the results from financial operations, the other results and the costs related to the adjustment programme. ⁽²⁾ Fully implemented.



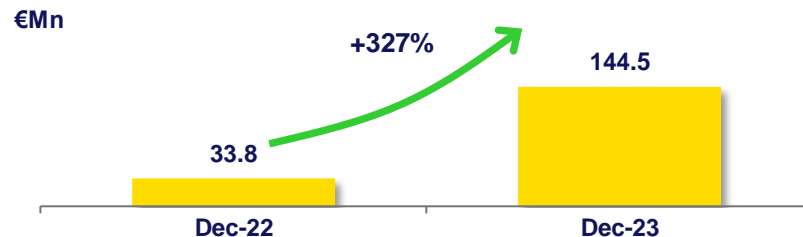
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Activity overview 2023

Consolidated recurring net income of €144.5Mn in 2023, more than 4x the €33.8Mn recorded in 2022

(Euro million)	Dec-22	Dec-23	Change YoY	
			€Mn	%
Net interest income	251.5	408.1	156.6	62.3%
Net fee and commission income	120.5	127.0	6.5	5.4%
FX exchange revaluation and other results	(1.9)	(31.2)	(29.3)	<-100%
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 impairments & provisions	31.1	16.1	(15.0)	(48.2%)
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%
Non-controlling interests & discontinuing operations	(10.3)	11.9	22.2	>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%)

Recurring net income



- ✓ Favourable YoY evolution supported by the increase in net interest income (+€156.6Mn YoY) and in commissions (+€6.5Mn YoY)
- Mandatory contributions to the banking sector amounted to €19.3Mn (-€6.6Mn YoY)
- **Earnings before tax and non-controlling interests up by €103.2Mn (+129% YoY)**
- 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 **consolidated net income of €28.4Mn, with no impact on equity or capital ratios**

Domestically focused retail and SME bank well positioned in the current macroeconomic environment

Business segments

- Business model focused on traditional retail banking and SME lending in Portugal

Commercial Banking

Retail banking
(Individuals and Corporate)

Social Economy

Specialized Credit

Corporate and
Investment Banking



Individuals



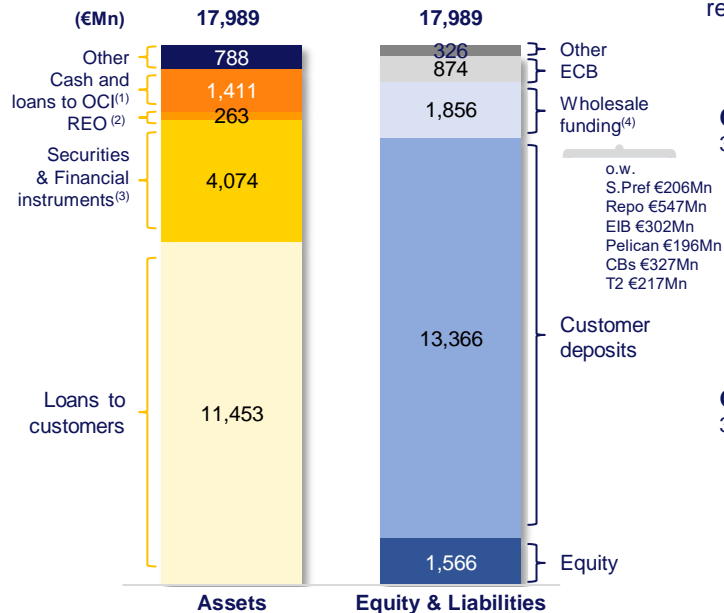
**Corporate
(focus on SME)**



**Social
Economy**

Balance sheet overview

- Seventh-largest bank in Portugal by total assets

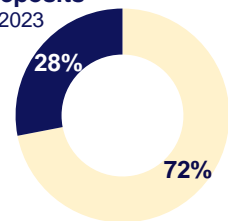


Customer deposits and loans

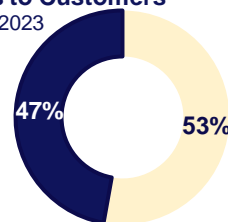
- ~5% market share for loans and deposits supported by strong customer brand recognition

**LTD⁽⁵⁾:
85.7%**

Customer Deposits 31 December 2023



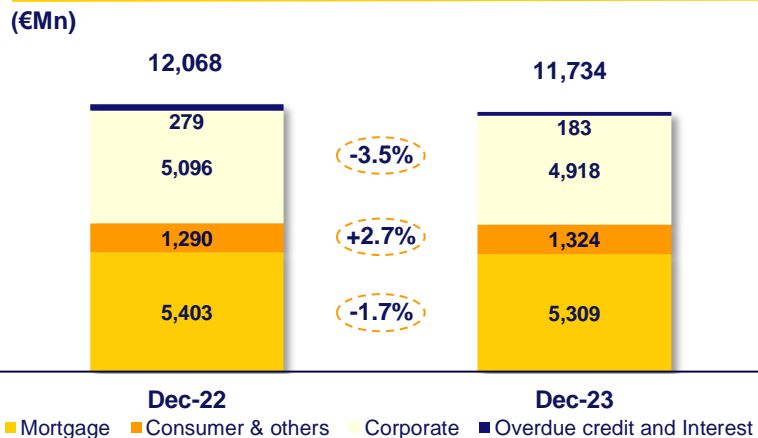
Gross loans to Customers 31 December 2023



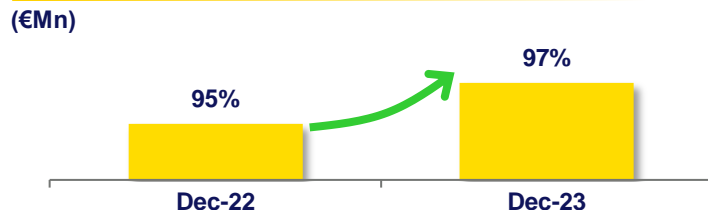
(1) Cash and loans to OCI = Cash and deposits at central banks + Loans and advances to credit institutions repayable on demand + Other loans and advances to credit institutions. (2) REO = Real Estate Owned. (3) Securities & Financial instruments = Financial assets held for trading + Financial assets at fair value through profit or loss (FVPL) + Financial assets at fair value through other comprehensive income (FVOCI) + Other financial assets at amortised cost (4) Wholesale funding = Deposits from other financial institutions + Debt securities issued + Other subordinated debt. (5) Net loans / Customer deposits

Diversified loan portfolio with a remarkable decrease in delinquency

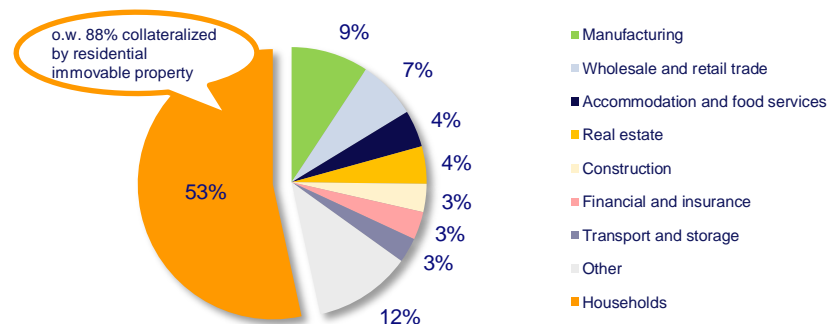
Gross loans to customers by segment



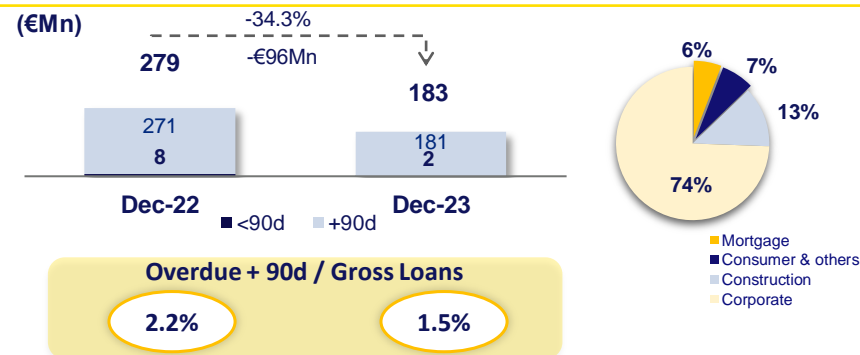
Performing loans (% Gross loans)



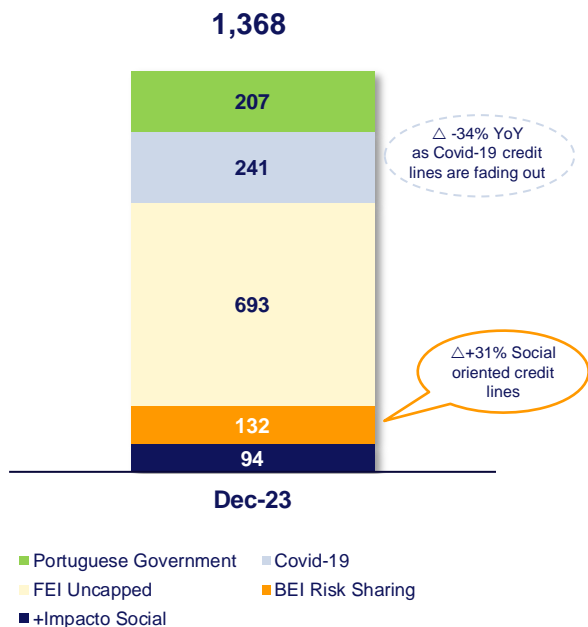
Gross loans to customers by sector (€11.7Bn)



Overdue credit and interest



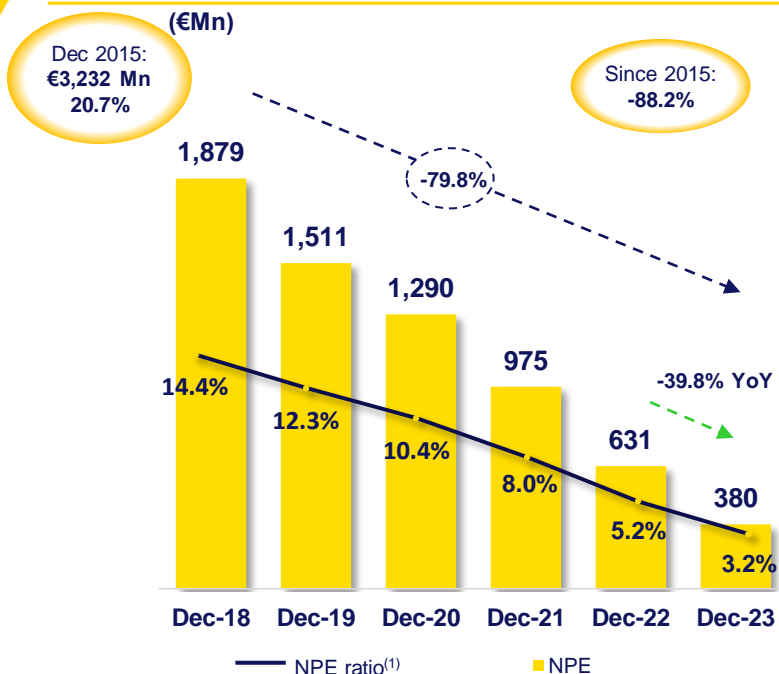
Loans and advances subject to public guarantee schemes represent 25% of the corporate gross loans



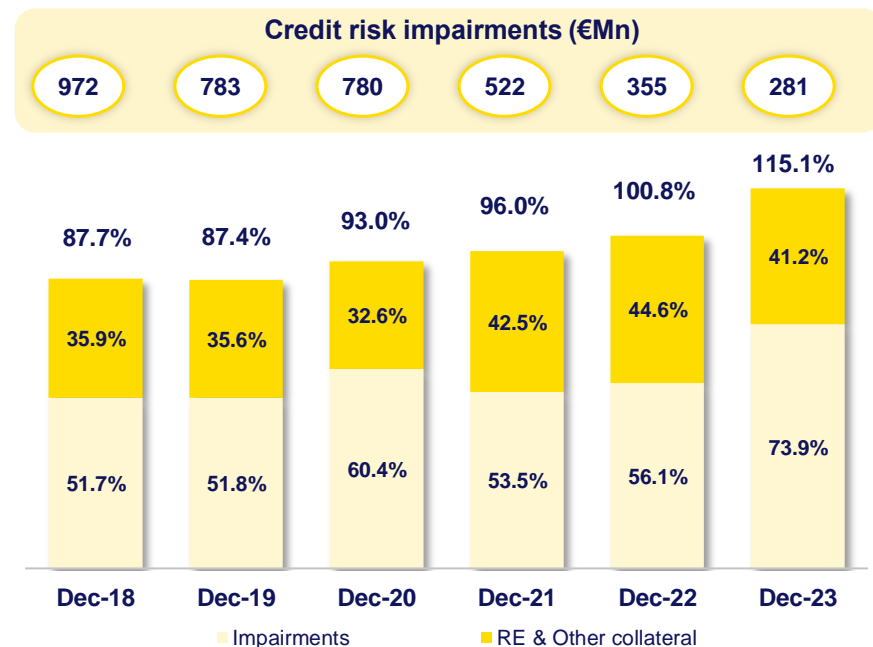
"FEI Uncapped" (EIF/EGF)	"BEI Risk Sharing" (EIB/EGF)	"+ Impacto Social" (EIF/EaSI)	PRT Govt.
<p>Agreement signed with the European Investment Fund (EIF), supported by the Pan-European Guarantee Fund (EGF)</p>	<p>Risk Sharing Agreement signed by Banco Montepio and the European Investment Bank (EIB), under which the EIB provides a guarantee. This operation is supported by the Pan-European Guarantee Fund (EGF)</p>	<p>Banco Montepio and the European Investment Fund (EIF) signed an agreement to join the Employment and Social Innovation Programme (EaSI). The "+ Impacto Social" credit line is a guaranteed line that allows risk sharing, between the EIF and Banco Montepio, to support financing. The line aims to support entities, whether or not they were affected by Covid19, that need new financing, thus promoting employment and social inclusion</p>	<p>Portuguese Government guaranteed</p>
<p>EGF was established by some EU Member States to respond to the economic impact of the pandemic outbreak of COVID-19. It was designed to support SMEs that would be deemed viable in the long term and capable of meeting the needs of a lender or other financial intermediaries for business financing, if it was not for the economic impact of the COVID-19 pandemic</p>			
<p>70% guarantee provided by the EIF</p>	<p>65% EIB guarantee</p>	<p>80% guarantee provided by the EIF (90% if loans originated before 30/06/2022)</p>	<p>70% to 80%</p>
<p>Micro and SMEs</p>	<p>Midcap and Large Corporates</p>	<p>Non-profit social entity or Social Economy Entities (SEE) that are Private Social Solidarity Institutions (IPSS), with Turnover or Balance Sheet less than €30M</p>	

Continuous reduction of NPEs with adequate and growing impairment coverage

NPE deleveraging



NPE coverage by impairments and collateral



⁽¹⁾ NPE ratio = NPE (as per EBA definition) / Gross Loans

Strong reduction in REO

Strong reduction in real estate owned (REO)

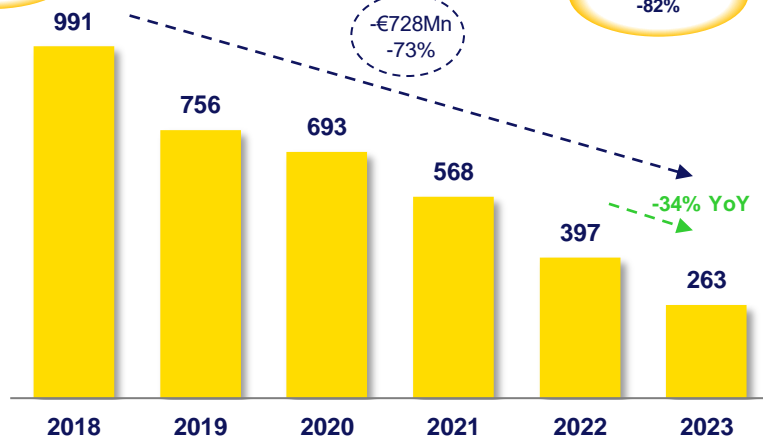
(Total €Mn)

Dec 2015:
€1,447 Mn

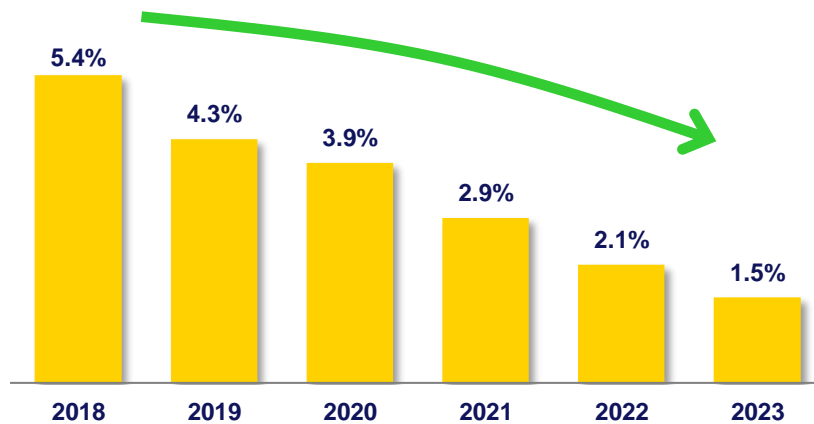
Since 2015:
-82%

-€728Mn
-73%

-34% YoY



(% of total assets)

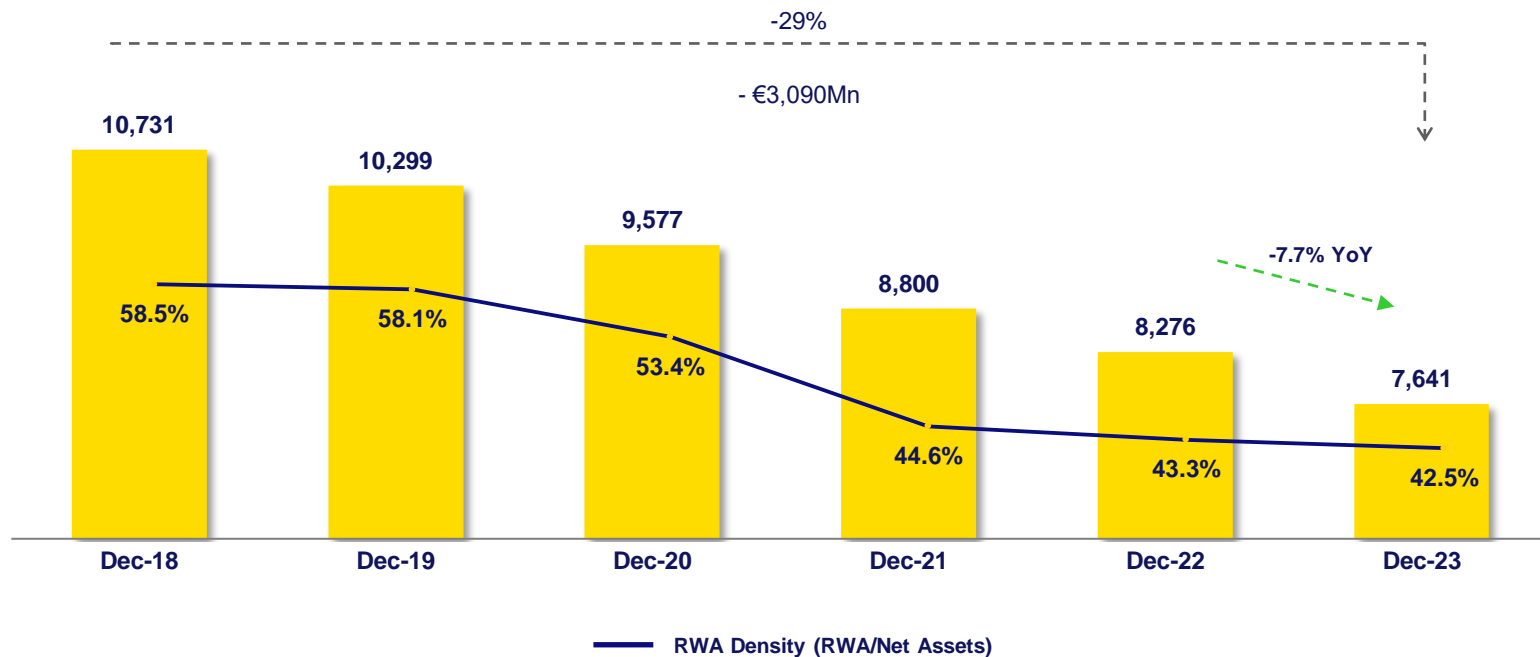


- ✓ **Focus on the RE sales**, increasing efforts to promote retail sales and take advantage of all wholesale market opportunities

Improved asset quality reflected in strong reduction in RWAs

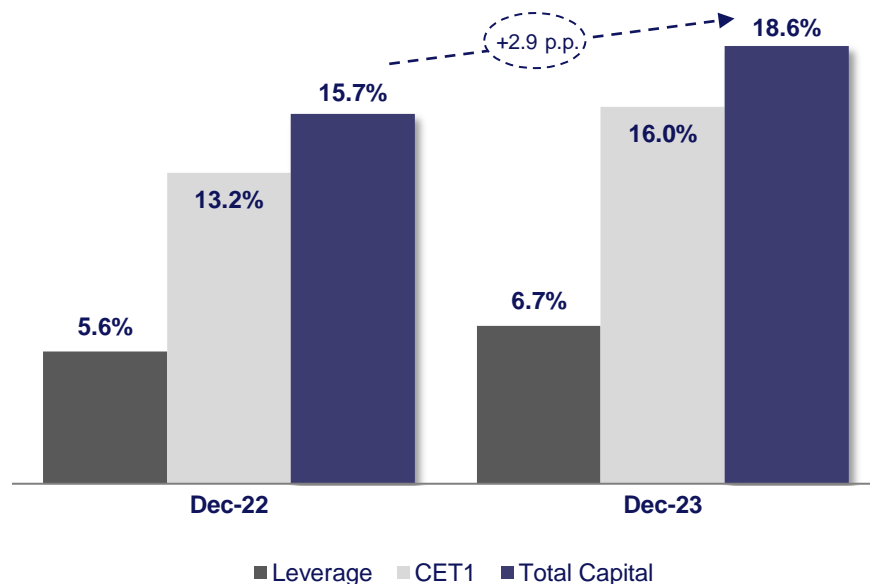
Total RWAs

(€Mn)

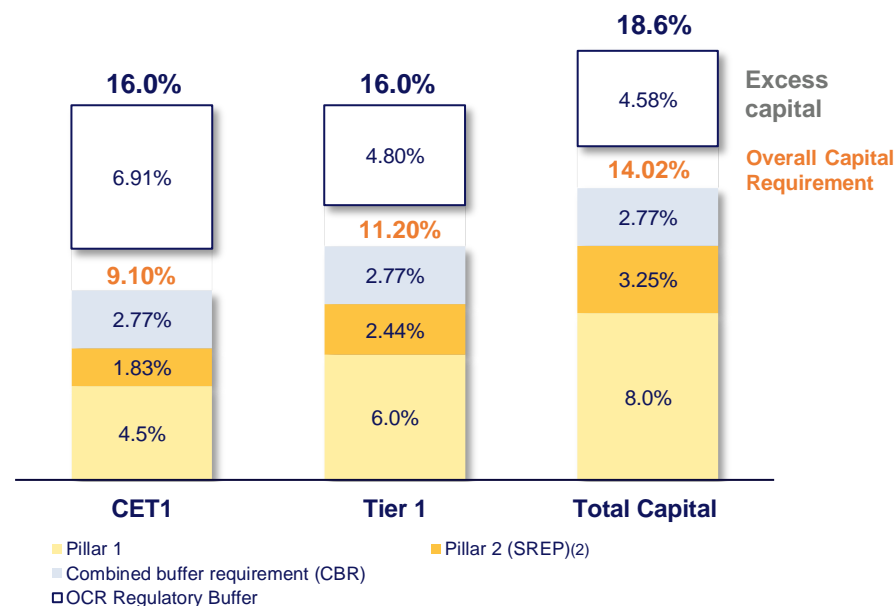


The capital ratios maintained the favourable evolution given the sustained reduction in RWA and the positive contribution from recurring net income

Capital ratios (*fully implemented*)⁽¹⁾



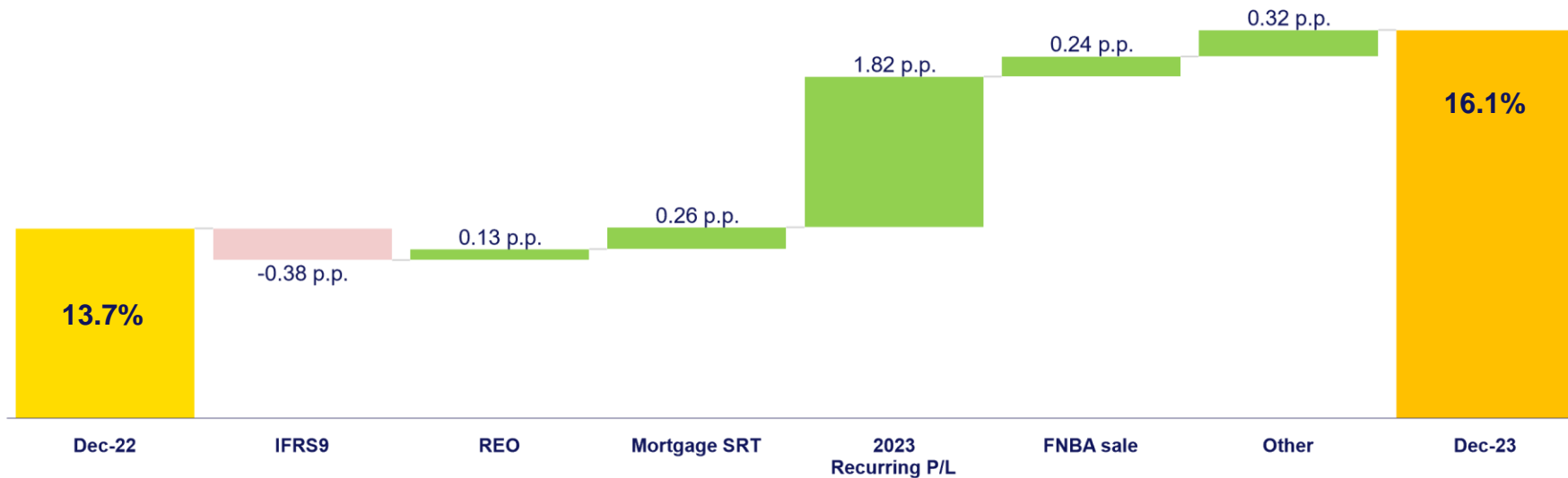
Capital ratios: requirements + buffers (31 December 2023)



(1) Reflects the full implementation of the prudential rules laid down in the legislation in force in the European Union, which was produced on the basis of the standards set by the Basel Committee on Banking Supervision (Basel II and Basel III). (2) Supervisory Review and Evaluation Process (The procedures followed by the Banco de Portugal in relation to the annual review and evaluation process (SREP) comply with the guidelines of the European Banking Authority (EBA) and the methodologies defined under the Single Supervisory Mechanism). The ratios include the period's net income.

Strong organic capital generation

CET1 ratio (*phasing-in*) YoY change



Exceeding 2022/2023 MREL requirements and well positioned to meet 2025 requirements

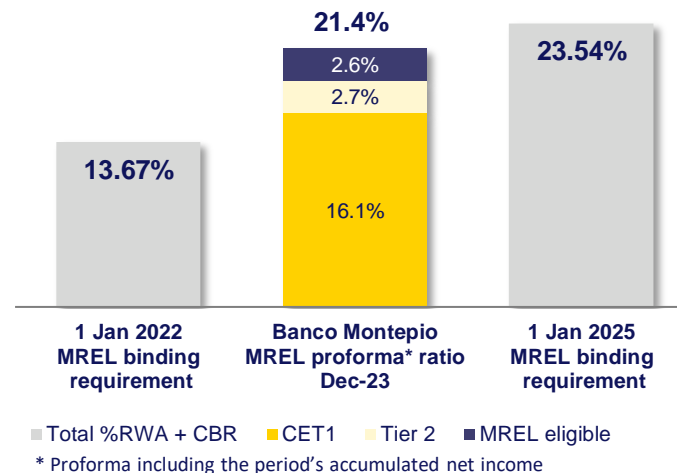
MREL requirements	1 Jan 2022	31 Dec 2023	1 Jan 2025
% RWA	13.67%	14.46%	20.77%
Combined Buffer Requirement (CBR)	n/a	2.77%	2.77%*
Total % RWA + CBR	13.67%	17.23%	23.54%
% LRE (Total Leverage Exposure)	5.33%	5.33%	5.33%

* CBR as at 31/12/2023, subject to revision by BdP

No subordination requirements

Banco Montepio MREL ratio	1 Jan 2022	Dec-23 (proforma) ⁽¹⁾
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%
MREL ratio (% LRE)	5,4%	9,0%

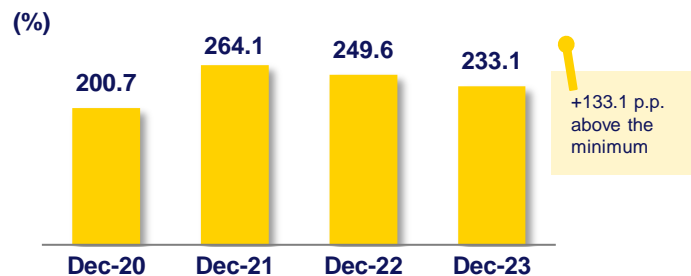
¹ The proforma ratios include the period's accumulated net income.



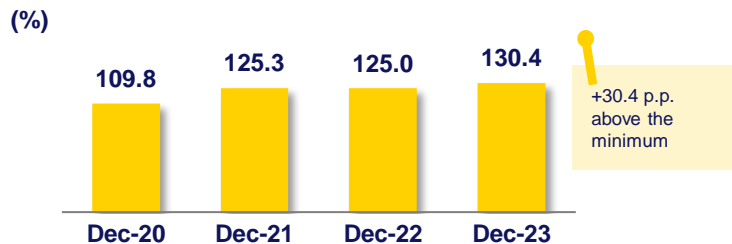
- ✓ Well positioned to meet 2025 requirements through a sustainable combination of issuance, organic capital generation and balance sheet optimisation
- ✓ Aiming to build sufficient MREL buffer consistent with overall strategy and risk profile

Robust liquidity position, with levels well above the regulatory requirements; customer deposits representing 81% of total Liabilities

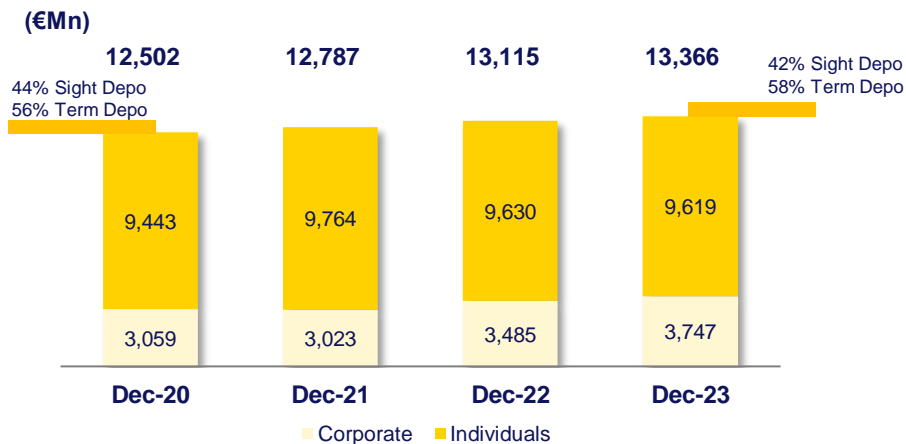
Liquidity Coverage Ratio (LCR)



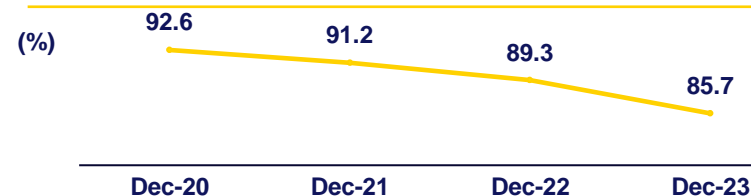
Net Stable Funding Ratio (NSFR)



Customers' Deposits



LTD¹



(1) Net Loans / Customer deposits

Well diversified wholesale funding maturity profile

Outstanding wholesale debt (retained shown in grey)

ISIN	Issue	Maturity	Amount €Mn	Coupon	Type	Stock Exchange
PTCMGSOM0020 ⁽¹⁾	22/05/2017	22/05/2024	250	Euribor 3M + 0.85%	CB	ISE
PTCMGEOE0034 ⁽¹⁾	9/11/2026	11/11/2024	300	Euribor 3M + 0.5%	CB	Euronext Lx
PTCMGFOE0033 ⁽¹⁾	16/12/2016	16/12/2026	500	Euribor 3M + 0.9%	CB	Euronext Lx
PTCMGFOE0033 ⁽¹⁾⁽²⁾	29/11/2022	16/12/2026	750	Euribor 3M + 0.9%	CB	Euronext Lx
PTCMGVOM0025	03/04/2019	03/04/2029 (call @03/04/2024)	100	10.5% (First Margin: + 10.514%)	T2	Lux SE
PTCMGAOM0038 ⁽³⁾	14/11/2019	14/11/2024	500	0.125%	CB	ISE
PTCMGBOM0037	09/06/2020	09/06/2030 (call @09/06/2025)	50	9.5% (First Margin: +9.742%)	T2	Lux SE
PTCMGGOM0008	30/10/2023	30/10/2026 (call @30/10/2025)	200	Y1-Y2: 10.0% (Y3 Euribor 3M + 6.234%)	SP	Lux SE
PTCMGUOM0026 ⁽⁴⁾	27/12/2018	27/12/2028 (call @27/12/2023)	50	Y1-Y5: 8% Y5-Y10: 10.158% (First Margin: + 7.77%)	T2	Lux SE
PTFNI10M0011	02/02/2010	Undated	6.3	Max [5% ; Euribor 6M + 2.75%]	T2	Euronext Lx
Total			2,706			
	o.w. retained		1,971			
	o.w. held by investors		735			

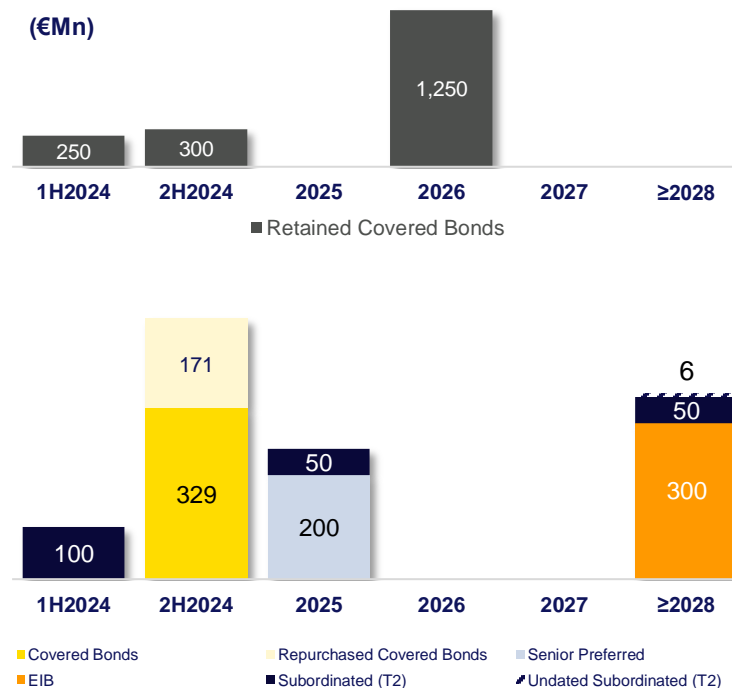
⁽¹⁾ Retained in the Balance sheet to reinforce the ECB eligible assets.

⁽²⁾ Tranche 2.

⁽³⁾ o.w. €171Mn repurchased.

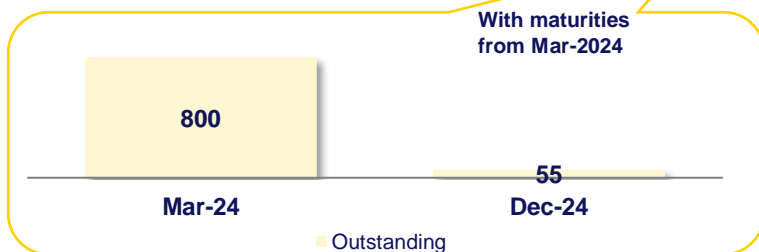
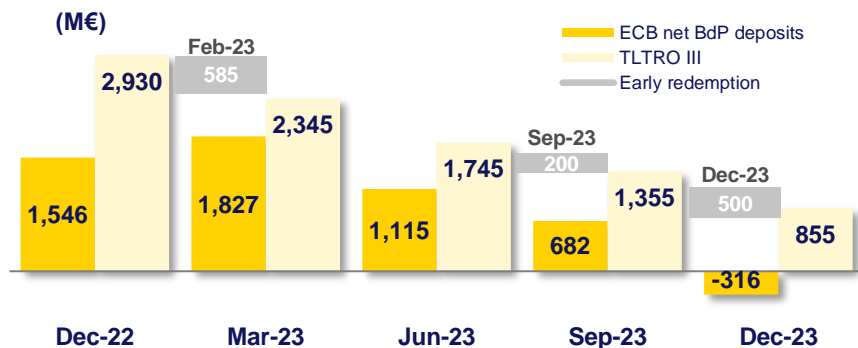
⁽⁴⁾ Call not exercised on 27 Dec 2023; initial coupon of 8% reset to 10.158% (CMS5Y+7.77%).

Debt & EIB maturity profile (as of 31 Dec 2023)



Sound liquidity buffer in the amount of €4.9Bn

ECB funding – TLTRO 1

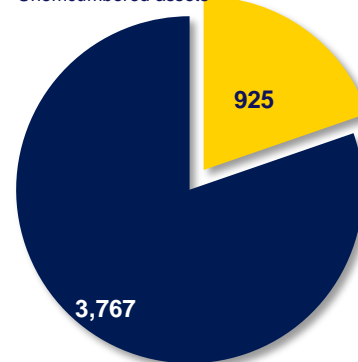


ECB eligible assets & Liquidity buffer

(€Mn, on 31 December 2023)

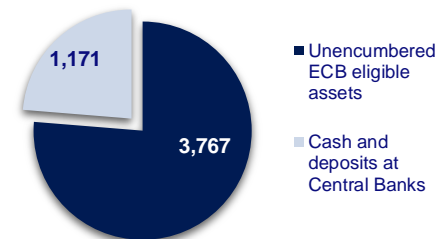
ECB eligible assets (€4.7Bn)

- Pledged assets
- Unencumbered assets

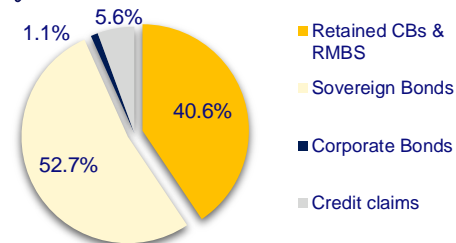


- ✓ Mainly liquid debt instruments (o.w. 53% government bonds) valued at market prices less ECB's valuation haircuts

Liquidity buffer (€4.9Bn)



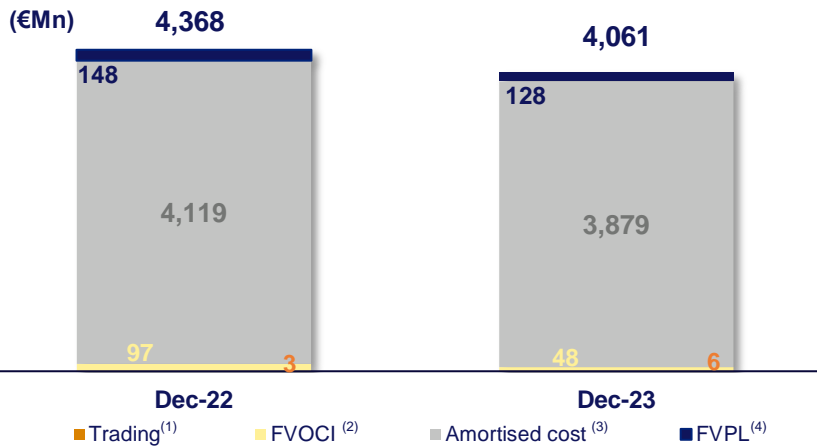
ECB eligible assets portfolio



(1) TLTRO III –Targeted longer-term refinancing operations.

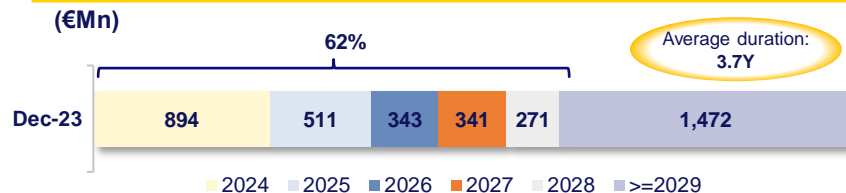
A low-risk securities portfolio consisting mainly of IG government bonds eligible for ECB monetary policy purposes

By portfolio

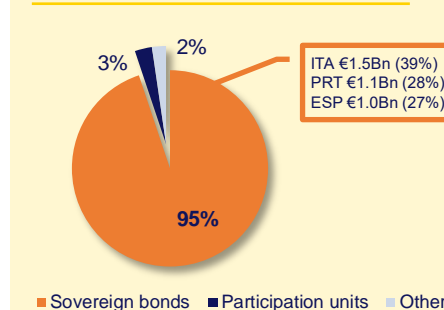


(1) Financial assets held for trading. (2) Financial assets at fair value through other comprehensive income. (3) Other financial assets at amortised cost. (4) Financial assets at fair value through profit or loss (FVPL).

Bond portfolio maturities

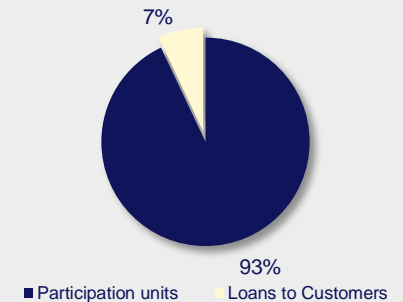


By instrument type Dec-23

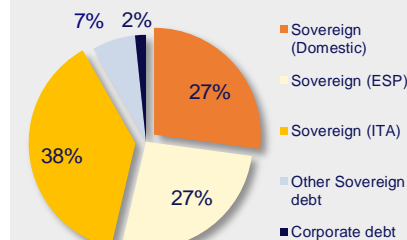


By portfolio

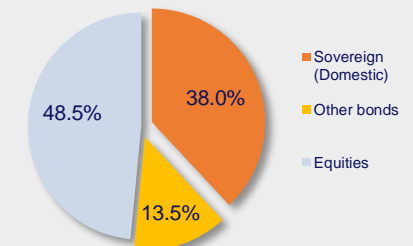
FVPL – Dec-23 (€128Mn)



Amortised cost – Dec-23 (€3,879Mn)



FVOCI – Dec-23 (€48Mn)



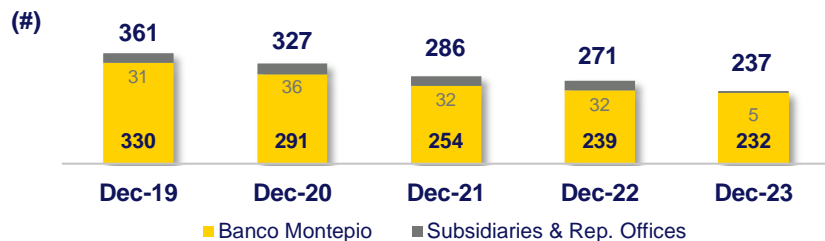
Operational adjustment programme successfully completed

Branch network optimisation



- Eliminate geographic redundancies
- Adapt to consumer trends and support digital transition

- ✓ In 2023, 14 branches were closed in Portugal. Banco Montepio's network now has 232 branches
- ✓ On a consolidated basis, 124 branches reduction (-34%) since 2019 (o.w. 24 from FNBA)
- ✓ 12.5% reduction YoY
- ✓ Overall charges of €1.2Mn (accounted in 2020)

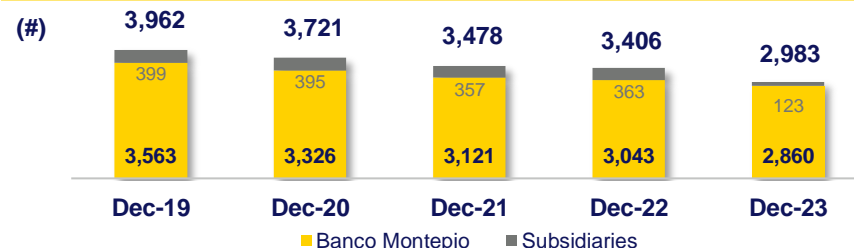


Staff adjustment



- Programme 2020/2023 targeted early retirements and voluntary redundancies

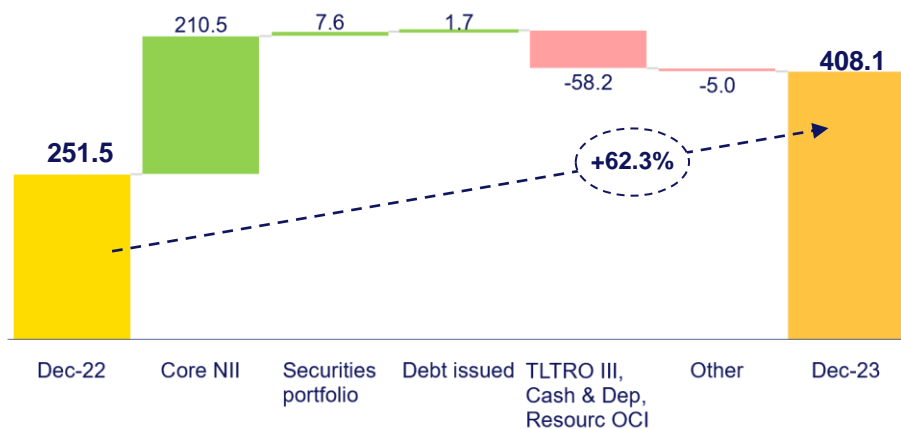
- ✓ Banco Montepio's staff decreased by 183 (-6%) YoY
- ✓ On a consolidated basis, reduction of 979 (-25%) employees since 2019 (o.w. 703 from Banco Montepio and 276 from its subsidiaries)
- ✓ 12.4% reduction YoY
- ✓ Overall charges amount: €60.9Mn, o.w. €28.3Mn in 2020, €13.8Mn in 2021, €10.5Mn in 2022 and €8.2Mn in 2023



Strong NII performance rising 62.3% YoY driven by margin growth

Net interest income YoY

(€Mn)



Net interest income 2023 breakdown

(€Mn)

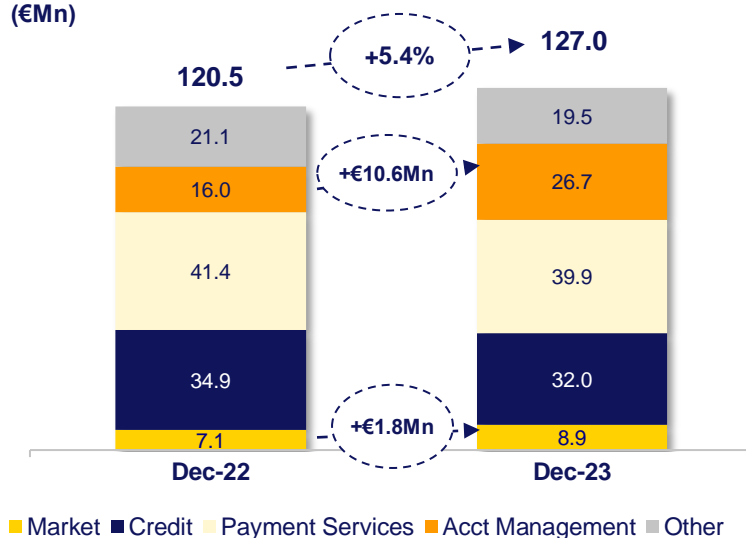


- NII increased 62.3%, driven by the increase in commercial net interest income (supported on the €287.2Mn increase in interest on loans and advances to Customers, induced by the effect of repricing contracts in the context of rising interest rates), and by the +€7.6Mn in interest on the securities portfolio, which together offset the +€76.7Mn in interest on Customer resources and the +€58.2Mn cost of funding

Commissions and results from financial operations

Net fees and commissions

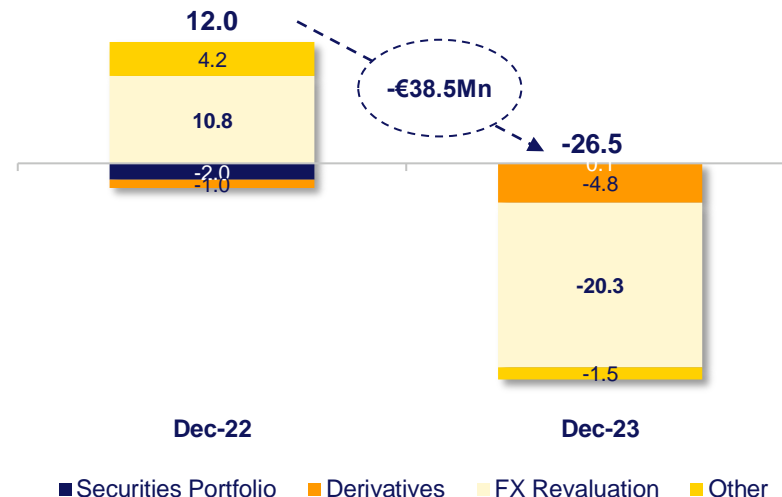
(€Mn)



- 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 together offset the unfavourable performance of commissions related to payment services and credit operations.

Results from financial operations

(€Mn)

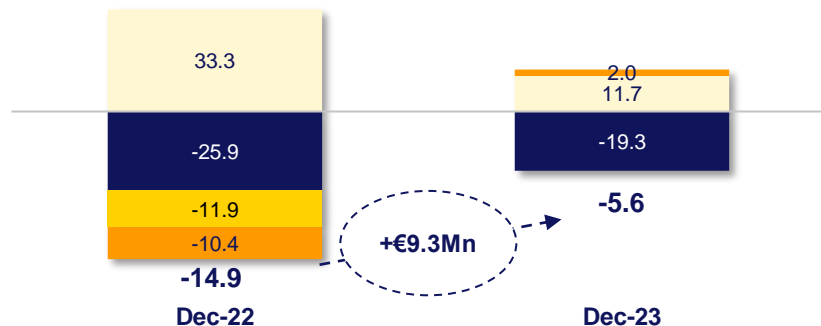


- Results from financial operations amounted to -€26.5Mn in 2023, a decrease of €38.5Mn when compared to 2022, due to the lower results from foreign exchange revaluation of €31.1Mn, following the sharp devaluation of the Angolan kwanza.

Other results and impairments

Other results

(€Mn)



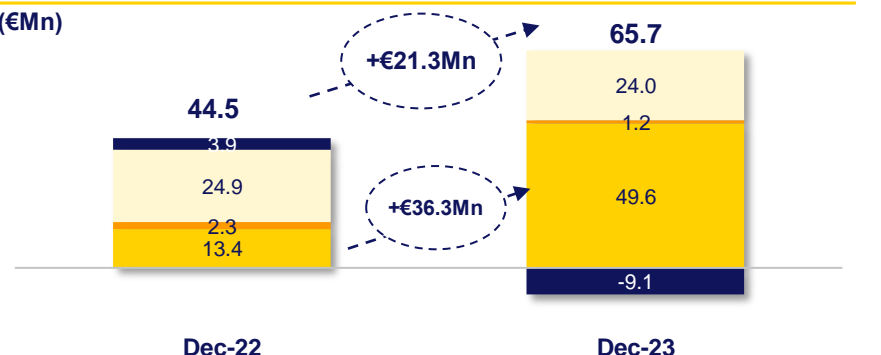
■ Asset Sales ■ Sector Contributions (IFRIC 21) ■ TLTRO III (reval.) ■ Other

Other results presented 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 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

Since 2010, the IFRIC 21 sector contributions already amount to €252Mn, which would represent 3.3 p.p.in the capital ratios on 31 December 2023

Impairments and provisions

(€Mn)



■ Loan impairments ■ Other financial asstes impairments
 ■ Other assets impairments ■ Other provisions

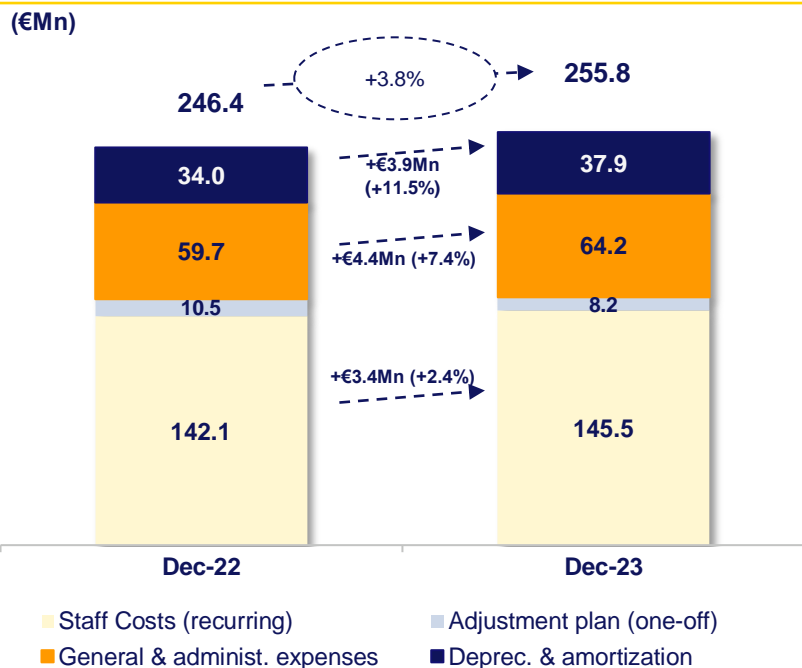
Cost of credit risk

(%)

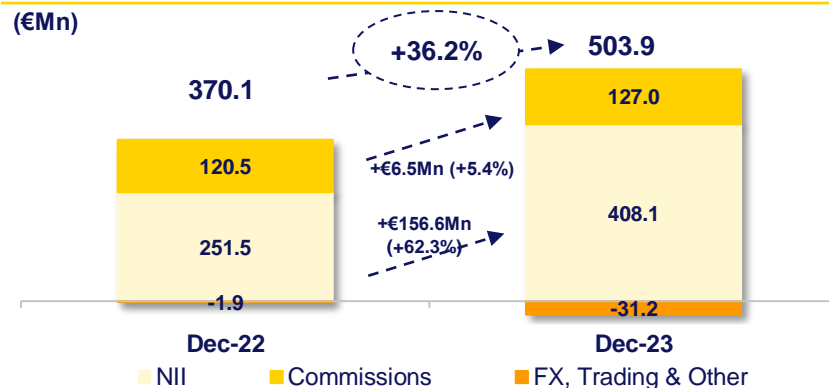


Operating income increasing at a faster pace than operating costs. Material improvement of recurring cost-to-income⁽¹⁾ to 46.2%

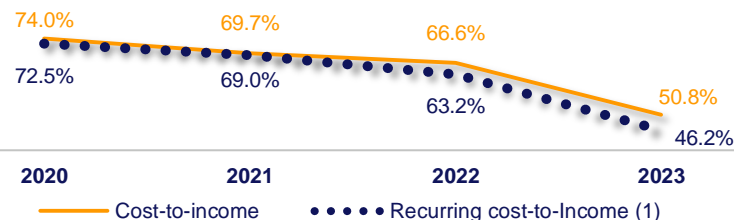
Operating costs



Operating income



Cost-to-income ratio



⁽¹⁾ Measured by the ratio between operating costs and operating income, excluding the results from financial operations, the other results and the costs related to the operational adjustment programme.



4

Banco Montepio Group

Banco Montepio is one of the oldest brands with a long history of trust and tradition built on principles of mutualism



BANCO DE PORTUGAL
EUROSISTEMA

Banco Montepio authorised to operate as a "universal bank" (in accordance with DL no. 136/79, amended by DL no. 319/97)

Acquisition of 100% Finibanco-Holding, SGPS, S.A.
499 Branches



Banco Montepio

Renamed "Banco Montepio". The legal name "Caixa Económica Montepio Geral" was retained

Montepio Geral Associação Mutualista (MGAM), the majority shareholder, was established

1846

1846

1846

1846

1846

2023

1840

1844

1919

1990

2010

2017

2020



Creation of Caixa Económica Montepio Geral, now Banco Montepio



SEGURANÇA SOCIAL

Establishment of Social Security (*Seguranga Social*) providing public (state) support and welfare benefits for residents.

37 Branches

329 Branches

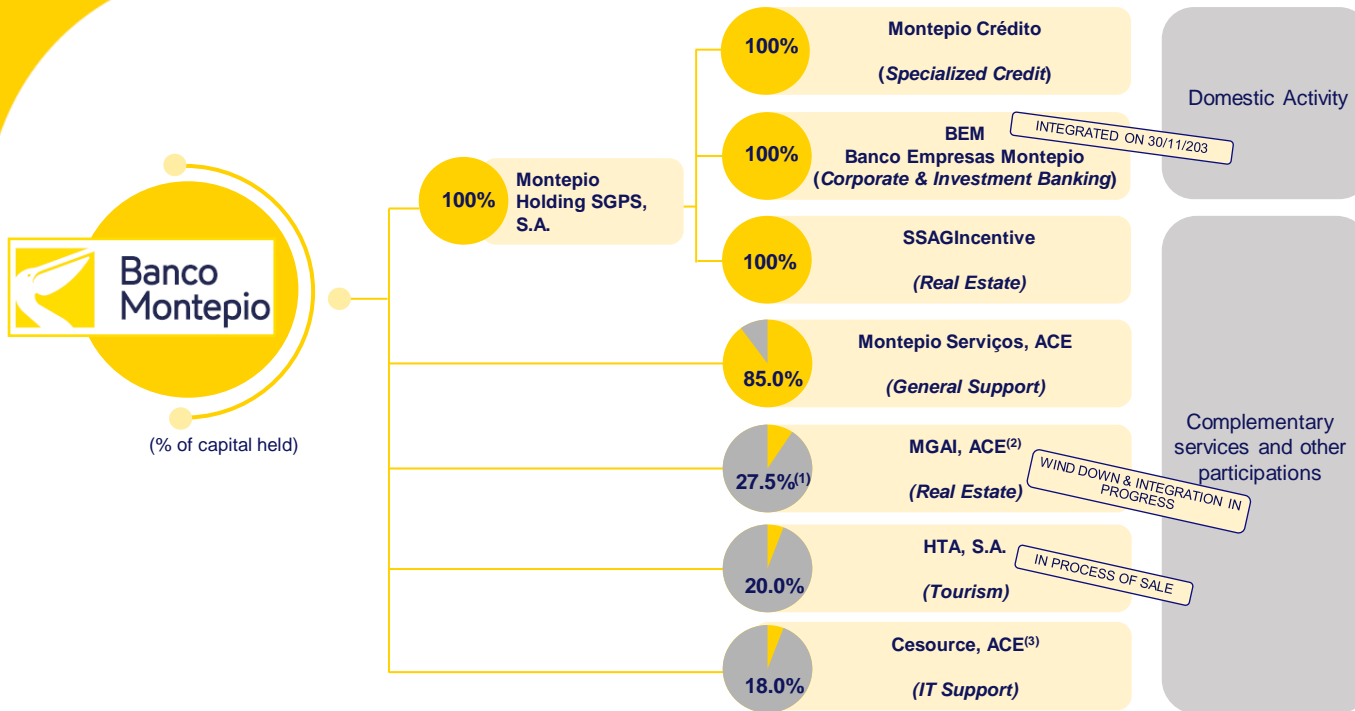
1st Rep Office (Paris)
183 Branches

Banco Montepio changed its legal status to a savings bank (*caixa económica bancária*) incorporated as a public limited liability company (*sociedade anónima*), under the supervision of Banco de Portugal, being its capital represented by common shares.
324 Branches

Implementation of a successful strategy leading to the simplification of the Group's structure (with the sale of international participations), the reduction of the branch network and the adjustment of the workforce, the significant reduction of NPAs and the strengthening of capital ratios and profitability.

The Pelican is the symbol of altruism and mutual aid

Banco Montepio focuses on domestic activity while seeking to simplify the group



✓ Group simplification

The sale of Finibanco Angola to Access Bank was completed on 10 August 2023. As a result, there is no longer any international exposure

✓ Focus on Individuals, SME and Social Economy

(1)CEMG 26.0%, Montepio Investimento 1.0% and SSAGIncentive 0.5%. (2)MGA, ACE – a Complementary Company Group (Agrupamento Complementar de Empresas) established within the Montepio Group in order to manage the Group's Real Estate assets more efficiently. (3)CESource, ACE – a Complementary Company Group established within the Montepio Group in order to provide IT specialized services.

Governing bodies

4-year term
2022-2025

General Meeting Board

Chairman: António Manuel Lopes Tavares

Statutory Auditor⁽¹⁾

Board of Directors

Chairperson:

Manuel Ferreira Teixeira

Non-executive Members:

Clementina Maria Dâmaso de Jesus Silva Barroso
 Florbela dos Anjos Frescata Lima
 Maria Cândida de Carvalho Peixoto
 Maria Lúcia Ramos Bica
 Eugénio Luis Correia Martins Baptista

Audit Committee

(Chairperson)
(Member)
(Member)
(Member)

Chief Executive Officer:
Executive Members:

Pedro Manuel Moreira Leitão (CEO)
 Ângela Isabel Sancho Barros (CRO)
 Helena Catarina Gomes Soares de Moura Costa Pina (CPO)
 Isabel Cristina dos Santos Pereira da Silva (CBO)
 Jorge Paulo Almeida e Silva Baião (CTO)
 José Carlos Sequeira Mateus (CFO)

- The Management and Supervisory Boards took office on 25 July 2022, with the Board of Directors having been reduced from 15 to 12 members;
- As a bank majority owned by a mutual benefits association and one of the main players in the Social sector, Banco Montepio promotes gender equality: the Board is composed of 7 women and 5 men, in full compliance with the SDG 5;
- The Board is focused on improving efficiency and profitability, as well as maintaining the reduction of the risk exposure.

⁽¹⁾ PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda, registered at CMVM with the number 20161485, was elected for the mandate 2023-2025 in the General meeting held on 28 April 2023.

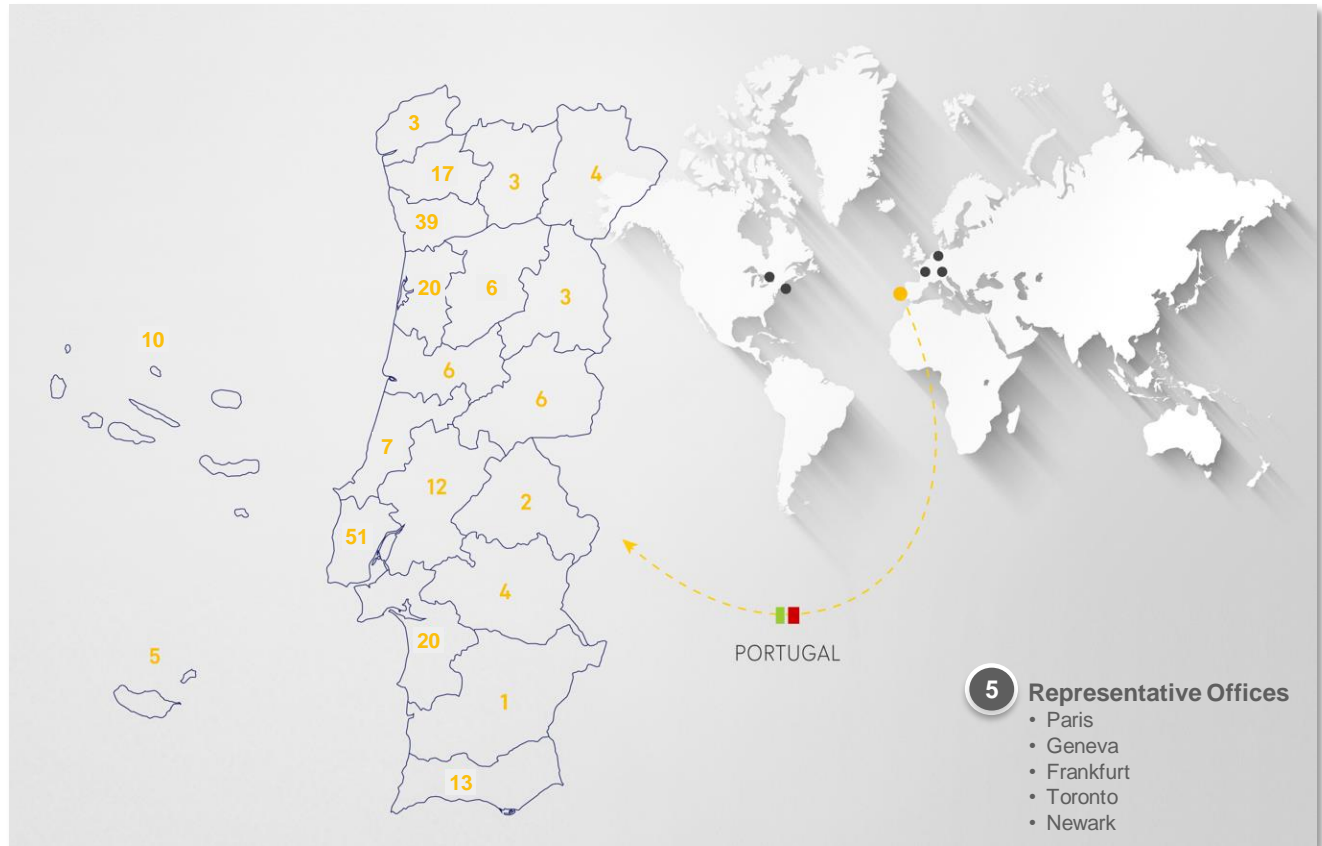
Branches in all districts and autonomous islands



As of Dec-23

232

**BANCO MONTEPIO
RETAIL BRANCHES**



Banco Montepio is successfully delivering on its strategy...



UPDATING THE BUSINESS MODEL

- ✓ STRENGTHENING OF CUSTOMER-CENTRIC BANKING SERVICES AND PROXIMITY APPROACH - CHANNEL MIX
- ✓ DEVELOPMENT OF DISTRIBUTION CAPACITY & COMPLEMENTARY MARGIN
- ✓ SUPPORT THE FINANCIAL NEEDS OF SMEs AND HOUSEHOLDS & STRENGTHEN GOVERNMENT GUARANTEED CREDIT LINES
- ✓ APPLY THE SUSTAINABILITY STRATEGY TO THE BUSINESS MODEL



CAPITAL MAINTENANCE

- ✓ RWA EFFICIENCY (LOANS & SECURITIES)
- ✓ REINFORCEMENT OF OWN FUNDS
- ✓ SECURITIZATIONS
- ✓ NON-PERFORMING ASSETS REDUCTION



DIGITAL TRANSFORMATION & OPERATIONAL ADJUSTMENT

- ✓ SPEED UP THE DIGITAL TRANSITION
- ✓ BRANCH NETWORK OPTIMIZATION

Non exhaustive list



GROUP SIMPLIFICATION & GOVERNANCE

- ✓ INTERNAL REGULATORY SIMPLIFICATION AND ELIMINATION OF REDUNDANCIES
- ✓ CONSOLIDATE AND IMPLEMENT SUSTAINABILITY STRATEGY



5

APPENDIX

- Key Indicators
- Consolidated Income Statement
- Balance Sheet
- Ratings
- Milestones
- Portuguese Macro economy overview
- Glossary

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%	130.4%	5.4 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)	5.4%	11.8%	6.4 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.

Consolidated Income Statement

(million euros)	Dec-22	Dec-23	Change YoY	
			€Mn	%
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%)

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%)

Ratings

DBRS	Last review in December 2023
Intrinsic Assessment (IA)	BB
Long-Term Issuer Rating	BB
Trend	Stable
Short-Term Issuer Rating	R-4
Trend	Stable
Long-Term Senior Debt	BB
Trend	Stable
Short-Term Debt	R-4
Trend	Stable
Subordinated Debt	B (high)
Trend	Stable
Long-Term Deposits	BB (high)
Trend	Stable
Short-Term Deposits	R-3
Trend	Stable

Moody's	Last review in November 2023
Baseline Credit Assessment (BCA)	ba2
Adjusted Baseline Credit Assessment (BCA)	ba2
Senior Unsecured MTN	Ba2
Outlook	Stable
Subordinated Debt	Ba3
Long Term Bank Deposits	Baa3
Outlook	Stable
Short Term Bank Deposit Rating	P-3
Long Term Counterparty Risk	Baa2
Covered Bonds	Aaa
Fitch Ratings	Last review in March 2024
Viability Rating (VR)	bb
Long Term Issuer Default Rating (IDR)	BB
Outlook	Stable
Short Term Issuer Default Rating (IDR)	B
Government Support	No Support
Long-term Senior Preferred Debt Rating	BB
Short-term Senior Preferred Debt Rating	B
Long-Term Senior Non-Preferred Debt Rating	BB-
Subordinated Debt Rating	B+
Long-Term Deposits Rating	BB+
Short-Term Deposits Rating	B
Covered Bonds	AAA
Outlook	Stable

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



- ✓ Banco Montepio has been awarded the #1 Consumer Choice Brand in the Mortgage Loan category, for the third consecutive year, recording a final score of 79% and a recommendation score of 81%, leading in the 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") and in "Brand Love" ("Amor à Marca").

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 reduces the minimum spread on variable-rate mortgage loans 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.

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



- ✓ The Five Stars methodology 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.

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.

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 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



- ✓ Banco Montepio has 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.

The first Portuguese financial institution to join the "Forward Faster" initiative



- ✓ Banco Montepio continues to make its way towards Sustainability, having been the first Portuguese financial institution to join the "Forward Faster" initiative recently launched by the UN Global Compact, 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 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.**



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.



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.

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.

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).

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.

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