BANCO MONTEPIO
1H2023 CONSOLIDATED RESULTS
Unaudited information

Lisbon, 7 August 2023

BANCO MONTEPIO REPORTS A RECURRING CONSOLIDATED NET INCOME OF €67.8MN (+191% YOY)

Capital ratios at historical highs in a semester marked by the deconsolidation of Finibanco Angola and maintenance of positive evolution in core profitability, efficiency, asset quality and liquidity

Banco Montepio recorded in the **first half of 2023** a **recurring consolidated net income of €67.8Mn**, which represents an **increase of €44.5Mn compared to the €23.3Mn recorded in the same period of 2022**, with the **Common Equity Tier 1 ratio** and the **Total Capital ratio (fully implemented) reaching 14.4% and 17.1%, respectively.**

With the **completion of the sale of 51%** of the share capital of **Finibanco Angola S.A. (FNBA)**, another **important commitment** under the Adjustment Programme **was successfully completed**, contributing to the **simplification of the corporate structure** and to the **strengthening of the focus on the domestic market**. As announced to the market on 5 July, in accordance with IAS 21, the deconsolidation of the entire holding implies the **accounting recording of an unfavourable non-recurring effect** resulting from the reclassification of the negative foreign exchange reserve in the amount of €116.1Mn, with no impact or change in the equity of the Banco Montepio Group, and which determined the recording of a negative consolidated net income of €48.3Mn.

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

Banco Montepio

Following the **significant reduction of non-performing assets**, the **strengthening of capital ratios** and the **successful completion of the operational adjustment plan targets**, the rating agencies have assigned successive rating upgrades to Banco Montepio, with Fitch, in particular, upgrading the rating of Banco Montepio's senior unsecured debt three consecutive times in 12 months.

Highlights:

Business

- **Core operating income** amounted to €259.7Mn, reflecting a positive change of 54.2% YoY, with net interest income increasing by €83.9Mn (+76.1%) and fees and commissions by €7.3Mn (+12.7%);
- **Gross loans to Customers** stood at €11.9Bn, with the Corporate segment accounting for 44% of the total;
- **Customer deposits** reached €12.9Bn, with the Individuals segment accounting for 72% of the total;
- **Penetration rate in Social and Solidarity Economy Customers** (with social purpose) of 27%, because of the strategy of continuous specialised monitoring of the Social Sector Customer base as a differentiating pillar
- The number of active **Customers using the Montepio24 service** (internet and mobile banking) increased by 7.4% YoY, and the number of transactions carried out increased by 7.9% YoY.

Asset quality

- **Cost of credit risk** of 0.1%, compared with -0.1% at the end of the same period in 2022;
- **Non-performing exposures (NPE)** totalled €531Mn, decreasing by €399Mn (-43% YoY), with the NPE ratio standing at 4.5% and comparing favourably with the 7.5% recorded at the end of June 2022;

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- **NPE ratio, net of impairments** for credit risks, stood at 1.8%;
- **Reinforcement of NPE coverage levels** by impairments to 60.0% (53.0% on 30 June 2022) and to 106.7% (94.6% at the end of the 1st half 2022) when considering collateral and related financial guarantees;
- **Reduction of exposure to real estate** by €166Mn (-33% YoY), to a total of €333Mn, representing 1.8% of net assets (2.5% at the end of June 2022).

Capital and liquidity

- **Common Equity Tier 1 (CET1) ratio**[1] at 14.5% (+1.4 p.p. YoY) under phasing-in and at 14.4% (+1.8 p.p. YoY) fully implemented;
- **Total capital ratio**[1] at 17.2% (+1.7 p.p. YoY) under phasing-in and at 17.1% (+2.1 p.p. YoY) fully implemented;
- **Liquidity buffer** of €3.7Bn, reflecting a comfortable liquidity position;
- **Liquidity Coverage Ratio (LCR)** stood at 245.2%;
- **Net Stable Funding Ratio (NSFR)** stood at 123.9%.

Operational adjustment

- **Improvement of the efficiency ratio**[2] to 46.6% (68.0% in June 2022);
- **Optimisation of the retail network** in Portugal with the closure of 18 branches compared to the same period of 2022 (-7.1% YoY);
- **Reduction of Banco Montepio's headcount** by 136 (-4.4%) compared to the end of June 2022.

[1] Ratios calculated including the accumulated net results for the period.

[2] 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.

Simplification of the corporate structure

- Operational integration of Banco de Empresas Montepio (BEM) into Banco Montepio in progress in order to aggregate the offer to Corporate Customers of commercial banking and investment banking products and services.

The consolidated financial statements of the Banco Montepio Group as at 30 June 2023 consider the sale of the 51% stake held in Finibanco Angola to Access Bank.
Therefore, and in accordance with the applicable International Accounting Standards, the stake held in Finibanco Angola, recognised by the full consolidation method with the application of IFRS 5, was deconsolidated by derecognising all the assets and liabilities of the subsidiary entity and its non-controlling interests.

Results

Net interest income totalled €194.3Mn and registered an increase of 76.1% in the first half of 2023 compared to €110.4Mn in the same period of 2022. This evolution was driven by the increases in interest on loans and advances to Customers, due to the effect of the repricing of contracts in the context of rising interest rates, and in interest on securities investments, which offset the higher interest on Customer resources and on funding costs in the market.

Net commissions totalled €65.3Mn in the first half of 2023, €7.3Mn (+12.7%) higher than in the same period of 2022, benefiting from higher income from account maintenance and management and market commissions, having commissions in the second quarter of 2023 increased by €4.8Mn compared to the amount recorded in the same period of 2022.

Results from financial operations recorded in the first half of 2023 stood at -€15.5Mn, representing a €34.4Mn decrease when compared to the same period of the previous year due to the lower results from foreign exchange revaluation by €41.4Mn.

Other results stood at -€15.3Mn in the first half of 2023, showing a favourable evolution of €7.0Mn compared to the amount recorded in the same period of 2022, determined by the reduction in the cost of sector contributions (IFRIC 21) by €6.6Mn and by the decrease in the cost of the revaluation of the liability related to TLTRO III by €11.9Mn, despite the lower income from the sale of other assets by €8.0Mn.

Operating costs totalled €126.8Mn in the first half of 2023, compared to €115.1Mn in the same period of 2022, an increase of 5.3% if we exclude €5.5Mn of costs related to the headcount adjustment programme.

Staff costs, excluding the impact of accounting for non-recurring costs related to the adjustment programme, increased by €2.7Mn (+3.9%) reflecting the effect of salary increases.

General administrative expenses, incorporating the effect of outsourcing services to support the Bank's information systems, increased to €31.4Mn, compared to €29.4Mn in the first six months of 2022.

Depreciation and amortisation rose by 8.0% to €18.0Mn, reflecting the efforts made to implement the global strategy of investment in information technology and digitalisation, aimed at continuous improvement in automation and process reengineering.

Efficiency, measured by the **Cost-to-income ratio**, and excluding the Results from financial operations, the Other results and the costs related to the adjustment programme, performed favourably to 46.6% at the end of the first half of 2023, compared to the 63.2% recorded in December 2022.

The Banco Montepio Group had a reduction of 287 employees in the first half of 2023, to which contributed the deconsolidation of FNBA with 213 and the domestic activity with 74. The branch network decreased by 23 branches, of which 20 from FNBA and 3 from domestic activity.

The aggregate of **Impairments and Provisions** reached a net amount of €15.6Mn in the first half of 2023, representing an increase of €12.9Mn when compared to the same period of the previous year.

Loan impairment for the first half of 2023 totalled €8.4Mn, representing a cost of risk of 0.1%, which compares with an impairment of -€6.5Mn and a cost of risk of -0.1% in the same period of 2022.

Impairment charges on other financial assets, **other assets** and **Other provisions** totalled €7.1Mn at the end of the first half of 2023, compared to €9.2Mn in the same period of 2022, reflecting the increase in impairment charges on properties held for sale and the lower allocations made to other financial assets and other provisions.

Balance sheet

Total assets amounted to €18,094Mn on 30 June 2023, compared to €19,106Mn recorded at the end of 2022, reflecting the evolution in the headings “Cash and deposits at central banks” and “Non-current assets held for sale - discontinued operations”, the latter related to the deconsolidation of FNBA.

Gross Loans and advances to Customers totalled €11,875Mn on 30 June 2023, reflecting the strategy aimed at the continued reduction of non-performing exposures, with non-performing loans decreasing by €399Mn (-42.9%) compared with the amount at the end of June 2022.

Securities portfolio totalled €4,428Mn, an increase of €58Mn (+1.3%) compared with the end of 2022, mainly due to increases of €29Mn in positions held in debt of other issuers and of €21Mn in public debt. The securities portfolio as at 30 June 2023 was comprised of 94% sovereign public debt securities, compared with 95% at the end of 2022.

Liabilities decreased by €1,034Mn compared to the end of 2022, mainly reflecting the €1,140Mn decrease in the heading “Deposits from central banks”.

Customer deposits totalled €12,867Mn at the end of June 2023, a positive change of €189Mn (+1.5%) compared with the end of March 2023. Compared with the end of the same period in 2022, the change was unfavourable by €65Mn (-0.5%), due to the transfer of funds to alternative products and to early repayments of loans following the continued rise in interest rates. This evolution was due to the change in deposits of Individual Customers (-€295Mn), as deposits of Corporate Customers increased by €230Mn. The mix of sight and term deposits evolved to 48%/52% at the end of June 2023, compared with 51%/49% at the end of 2022.

Equity totalled €1,541Mn at the end of June 2023, evolving favourably compared to the €1,519Mn recorded at the end of 2022.

Own funds and capital ratios

As at 30 June 2023, the **capital ratios** maintained the favourable evolution when compared to the same period of 2022, as a result of the continued reduction of risk-weighted assets (RWA).

(Million euro)	Jun-22 [1]	Jun-23 [1]	Change YoY
Common Equity Tier I Capital (CET1)	1,137	1,133	(4)
Tier I Capital	1,138	1,133	(5)
Total Capital	1,345	1,339	(6)
Risk-weighted assets (RWA)	8,695	7,793	(902)
CRD IV / CRR - Phasing-in ratios[2]			
Common Equity Tier I ratio (CET1)	13.1%	14.5%	1.4 p.p.
Tier I ratio	13.1%	14.5%	1.4 p.p.
Total Capital ratio	15.5%	17.2%	1.7 p.p.
CRD IV / CRR - Fully implemented ratios			
Common Equity Tier I ratio (CET1)	12.6%	14.4%	1.8 p.p.
Tier I ratio	12.6%	14.4%	1.8 p.p.
Total Capital ratio	15.0%	17.1%	2.1 p.p.
Leverage ratio			
Leverage ratio - Phasing-in	5.7%	6.2%	0.5 p.p.
Leverage ratio - Fully Implemented	5.5%	6.1%	0.6 p.p.

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

[2] Phasing-in ratios in compliance with the rules on the reference date.

At the end of the first half of 2023, the **Common Equity Tier 1 ratio (CET1)**, based on the phasing-in rules stood at 14.5%, comfortably above the regulatory minimum requirement of 9.09%. This ratio recorded a positive change of 1.4 p.p. compared to the CET1 at the end of the same period of 2022. Taking into account the fully implemented rules, the CET1 stood at 14.4%, compared with a ratio of 12.6% at the end of June 2022.

The **Total Capital ratio** in phasing-in reached 17.2%, compared to 15.5% at the end of June 2022, also comfortably above the regulatory minimum requirement of 14.02%, and stood at 17.1% fully implemented (15.0% at the end of the first half of 2022).

Risk Weighted Assets (RWA) decreased by €902Mn when compared to the same period of 2022 as a result of the reduction in non-performing assets, the completion of two synthetic securitisations at the end of 2022 and in May 2023, and the deconsolidation of the stake held in FNBA.

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Liquidity

The strategy adopted by Banco Montepio has focused on the adoption of measures aimed at maintaining a **solid liquidity position**, with a **LCR ratio** of 245.2% and an **NSFR ratio** of 123.9%, both above the minimum regulatory requirement of 100% and reflecting a stable and comfortable funding base.

On 30 June 2023, the total **Debt issued** reached €774Mn, which compares to the €824Mn recorded at the end 2022, mainly reflecting the €44Mn decrease in Debt securities issued, following the amortization of securitization bonds.

The amount of **funding from the European Central Bank (ECB)** obtained through TLTRO-III amounted to €1,745Mn at the end of the first half of 2023, with a reduction of €1,185Mn since the end of 2022 due to the early amortisations in February 2023 (€585Mn) and to the payment of €600Mn of the tranche matured in June.

As at 30 June 2023 the value of the portfolio of **assets eligible for Eurosystem monetary policy liquidity-providing** operations amounted to €4,894Mn, which is in line with the amount recorded at the end of the same period of 2022 (€4,982Mn).

The value of the eligible unencumbered collateral portfolio totalled €3,056Mn, up 50.8% from €2,027Mn at the end of the same period of last year.

ESG

Banco Montepio is more than ever a "Bank of Causes", with particular emphasis on the support it provides to the various IPSS - Private Institutions of Social Solidarity, proudly leading the presence and contribution to the development of the social economy in Portugal.

In its continuous path to achieve indicators of equality, diversity, inclusion and pay equity, Banco Montepio is currently the national banking entity with the most equal top management: 57% of women on the Board of Directors and 40% of women in the first lines of decision; having also exceeded, in 2023, the national target for the integration of people with disabilities (2.9%).

The 2022 Sustainability Report, released last July and available for reference here, presents the achievements, challenges and objectives in key areas: environmental impact, social responsibility, governance, sustainable investment and supply, and sustainable finance. This Report highlights Banco Montepio's almost bicentennial journey alongside many generations and its strict respect for ethics, transparency, responsible banking practices and the necessary collective effort in support of a more sustainable and inclusive future.

Through close collaboration with stakeholders and the commitment of its teams, Banco Montepio moves towards strengthening its performance in the environmental, social and governance areas, accelerating its path towards a more conscious performance aligned with global challenges.

Digital transition

In the first half of 2023, Banco Montepio continued to adjust its service model, optimise Customer journeys and automate its internal operations as part of the implementation of processes leading to the digital transition, with new cybersecurity models and increasing developments in advanced analytics, without neglecting principles of ethics and responsibility in the handling of information.

Among the various initiatives developed during this period, the following stand out: the installation in the branches of the first 50 new ATM machines, of the latest generation, in the Chave 24 internal network; the launch of a renewed Mortgage Loan simulation journey, simpler and more intuitive; the provision to Corporate Customers of new management capabilities for their international business through the Montepio24 service (internet and mobile banking).

Throughout this semester, Banco Montepio maintained the growth in the usage levels of its remote channels and increased the importance and relevance of the digital offer. As at 30 June 2023, the Montepio24 service recorded a 7.4% YoY increase in the number of active Customers, totalling 466,256 users, of which 396,250 in the Individuals segment (+8.0%) and 70,006 in the Corporate segment (+4.2%).

The number of transactions carried out through the Montepio24 service increased in the first half of 2023 to 40.7 million, comparing favourably with 37.7 million in the same period of 2022, an increase of 7.9%.

Since May 2021, the release date of APProva, the app for authentication and approval of operations, more than 345,000 profiles have been registered and more than 21 million operations have been approved, 89% of which are related to Montepio24.

Pension Fund

The liabilities for post-employment and long-term benefits at the end of the first half of 2023, considering also the provisions recognised in the balance sheet, were fully funded, with the **coverage ratio standing at 118%**.

On 30 June 2023, liabilities with the Pension Fund amounted to €679.9Mn, showing an increase of €31.4Mn compared to the amount recorded at the end of 2022, due to the change in the discount rate.

The Pension Fund's assets at the end of the first half of 2023 amounted to €799.1Mn and compared favourably with the €787.0Mn booked at 31 December 2022 as it included the impact of the positive profitability generated in the first half of 2023.

Rating

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

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

The successive upgrades since 2021 reflect Banco Montepio's significant progress in reducing non-performing and/or non-strategic assets; the strengthening of capital ratios to levels above regulatory requirements; the successful achievement of the objectives of the operational adjustment plan, namely with regard to the optimisation of the branch network, digitalisation and the reduction of the workforce, with the aim of reducing balance sheet risk and increasing productivity levels.

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

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

(1) Conditional Pass-through Covered Bond Programme.
(2) Fitch's Issuer Default Rating (IDR), Moody's Baseline Credit Assessment (BCA) and DBRS's Intrinsic Assessment (IA).

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

Milestones of the 1H2023

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

Banco Montepio's General Meeting was held on 10 February 2023 in the presence of shareholders holding 99.997% of the respective share capital, having unanimously approved to rearrange the equity items with the special purpose of reinforcing the funds susceptible of regulatory qualification as distributable, in order to cover the negative retained earnings, through the reduction of share capital by €1,210,000,000.00, without changing the number of existing shares and without altering the total equity, by reducing the nominal value per share from €1.00 to €0.50.

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

Banco Montepio is awarded the #1 Consumer Choice Brand in the 2023 Mortgage Loan category, for the second consecutive year, recording a global score of 77.5% and a satisfaction score of 77.4%.

Among the 12 banks assessed, Banco Montepio's mortgage loans obtained the best final score, in the global assessment of the ten attributes most valued by consumers: flexible credit term; trust; detailed explanation of products; ease of delivering documents; spread; benefits in amortization; offer of 1% of the loan value; speed of the process; interest rate; no obligation to subscribe certain products.

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

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

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

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

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

Superbrands 2023

This is the 14th time that Banco Montepio has been awarded the Superbrands seal, a distinction that, every year, recognises the most relevant brands in the Portuguese market.

Superbrands status is also a mirror of our uniqueness. We are a different bank, a bank with a people's soul. This award means a reinforcement of the consumer vote of satisfaction, a reason that fills us with pride.

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

Banco Montepio was awarded Five Stars 2023 in the Banking - Sustainability category, an award of the exclusive responsibility of Five Stars Consulting.

Banco Montepio, whose DNA is based on principles that today contribute to a demanding performance matrix in sustainability, has had the capacity to transform itself to respond to the evolution of society and the economy, aware of the need to manage the impacts arising from its activities on the environment.

Within the scope of **ESG - Environmental, Social and Governance**, the following initiatives were carried out during the 1st Half of 2023:

From 17 to 21 April, the 2nd edition of **ESG WEEK | Environmental, Social, Governance** took place, an initiative organised by the Portuguese Association of Business Ethics (APEE), which had Banco Montepio as Main Sponsor and Host for the 2nd consecutive year.

In partnership with Banco Montepio, **ubbu** (junior variant of the Code Academy (*Academia de Código*) in which Banco Montepio is a social investor) celebrated, on 27 April, "**Girls in ICT Day**", a campaign that aims to inspire and empower girls and young women to pursue careers in technology.

The XVI National Competition of the Programme The Corporate (*Competição Nacional do Programa A Empresa*), the most important event of **Junior Achievement Portugal (JAP)**, was held on 31 May, bringing together the 25 mini-companies of students of the programme that have demonstrated the most innovative projects, determined in the intermediate competition phases. Banco Montepio, as an associate and partner of JAP, provided mentoring to the students and integrated the panel of judges.

On 31 May, several dozen workers gathered at the Interpretation Centre of Monsanto Forest Park for the "**EPIS 2023 Volunteers Meeting**", an initiative of the EPIS Association - Entrepreneurs for Social Inclusion. Volunteers from Banco Montepio were responsible for collecting rubbish and debris, and in the end collected around 3,700kg of waste. The EPIS initiative achieved the established objectives, both in terms of the number of volunteers and the impact generated.

Banco Montepio was one of the four finalists of the 35th edition of the **IRGAwards**, promoted by Deloitte, in the "Sustainability Initiative Award" category with the project: "Equality, Inclusion and Citizenship".

The 2nd edition of the **Social Innovation Village** (*Aldeia da Inovação Social*) took place on 20 and 21 June. Banco Montepio was present on the Innovation stage with the presentation "Social

Innovation and Impact Investment", which addressed the relationship and offer of exclusive services to social economy entities, with examples of impact projects in which Banco Montepio was involved as a social investor: "Family Project" (*Projeto Família*) or the "Alentejo Innovation Centre" (*Centro de Inovação do Alentejo*).

Banco Montepio is one of the seven institutions that joined the **Pact against Violence**, an initiative that brings together partner companies of the Commission for Citizenship and Gender Equality (CIG - *Comissão para a Cidadania e a Igualdade de Género*) and supports the work of the structures of the National Support Network for Victims of Domestic Violence.

It should be noted that Banco Montepio approved, on 29 June 2023, the **Declaration of Commitment to Engagement with Stakeholders** (*Declaração Compromisso de Envolvimento com Stakeholders*), which recognises the importance of the different groups of stakeholders, relevant and / or holders of interests, for its business and for the positive impact it intends to have on society, the economy and the environment.

KEY INDICATORS

(Euro million)	Jun-22 As reported	Jun-22 Restated	Dec-22	Jun-23	Change YoY
ACTIVITY AND RESULTS (€ million)					
Total assets	19,842	19,842	19,106	18,094	(8.8%)
Gross Loans to customers	12,436	12,366	12,068	11,875	(4.0%)
Deposits from customers	13,036	12,932	13,115	12,867	(0.5%)
Equity	1,541	1,541	1,519	1,541	(0.0%)
Recurring net income (excluding the FX reserve reclassification)	23.3	23.3	33.8	67.8	>100%
FX reserve reclassification				(116.1)	-
Net income	23.3	23.3	33.8	(48.3)	<(100%)
SOLVENCY [(a)]					
Common Equity Tier 1 ratio	13.1%	13.1%	13.7%	14.5%	1.4 p.p.
Tier 1 ratio	13.1%	13.1%	13.7%	14.5%	1.4 p.p.
Total Capital ratio	15.5%	15.5%	16.2%	17.2%	1.7 p.p.
Leverage ratio	5.7%	5.7%	5.9%	6.2%	0.5 p.p.
Risk weighted assets (€ million)	8,695	8,695	8,276	7,793	(10.4%)
LIQUIDITY RATIOS					
Loans to customers (net) / Customers' deposits [(b)]	91.4%	91.8%	89.3%	89.8%	(2.0 p.p.)
LCR	262.7%	262.7%	249.6%	245.2%	(17.5 p.p.)
NSFR	121.1%	121.1%	125.0%	123.9%	2.8 p.p.
ASSET QUALITY					
Cost of credit risk	0.1%	(0.1%)	0.1%	0.1%	0.2 p.p.
Non-performing exposures (NPE) [(c)] / Gross Loans to customers	7.7%	7.5%	5.2%	4.5%	(3.0 p.p.)
NPE [(c)] coverage by credit risk impairments	53.8%	53.0%	56.1%	60.0%	7.0 p.p.
NPE [(c)] coverage by credit risk impairments and associated collaterals and financial guarantees	95.1%	94.6%	100.8%	106.7%	12.1 p.p.
PROFITABILITY AND EFFICIENCY					
Total operating income / Average total assets [(b)]	1.8%	1.7%	1.9%	2.5%	0.8 p.p.
Net income before income tax / Average total assets [(b)]	0.5%	0.5%	0.4%	0.9%	0.4 p.p.
Net income before income tax / Average total equity [(b)]	6.4%	7.0%	6.0%	11.6%	4.6 p.p.
Recurring net income / Average total equity	*3.3%*	3.3%	2.3%	8.8%	5.5 p.p.
Cost-to-income (Operating costs / Total operating income) [(b)]	68.0%	69.4%	66.6%	55.2%	(14.2 p.p.)
Cost-to-Income, excluding specific impacts [(d)]	67.0%	68.0%	63.2%	46.6%	(21.4 p.p.)
Staff costs / Total operating income [(b)]	40.8%	41.7%	41.2%	33.7%	(8.0 p.p.)
EMPLOYEES AND DISTRIBUTION NETWORK (Number)					
Employees					
Banco Montepio Group	3,474	3,474	3,406	3,119	(10.2%)
Banco Montepio	3,104	3,104	3,043	2,968	(4.4%)
Branches					
Domestic network - Banco Montepio	254	254	239	236	(7.1%)
International Network [(e)]	20	20	20	0	(100.0%)
Representation Offices - Banco Montepio	5	5	5	5	0.0%

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

CONSOLIDATED INCOME STATEMENT

(Euro million)	Jun-22 Restated	Jun-23	Change YoY €Mn	Change YoY %
Interest and similar income	135.5	262.8	127.3	93.9%
Interest and similar expense	25.2	68.4	43.3	>100%
NET INTEREST INCOME	**110.4**	**194.3**	**84.0**	**76.1%**
Dividends from equity instruments	1.0	0.8	(0.1)	(15.2%)
Net fee and commission income	58.0	65.3	7.3	12.7%
Results from financial operations	18.9	(15.5)	(34.4)	<(100%)
Other results	(22.3)	(15.3)	7.0	31.3%
OPERATING INCOME	**165.8**	**229.6**	**63.8**	**38.5%**
Staff Costs	69.1	77.3	8.3	11.9%
General and administrative expenses	29.4	31.4	2.0	7.0%
Depreciation and amortization	16.7	18.0	1.3	8.0%
OPERATING COSTS	**115.1**	**126.8**	**11.6**	**10.1%**
Loan impairments	(6.5)	8.4	15.0	>100%
Other financial assets impairments	1.6	1.7	0.1	6.9%
Other assets impairments	10.3	9.7	(0.6)	(6.1%)
Provisions net of reversals and annulments	(2.7)	(4.2)	(1.6)	(59.1%)
Share of profit of associates under the equity method	(0.2)	(0.2)	(0.0)	(24.9%)
EARNINGS BEFORE TAX AND NON-CONTROLLING INTERESTS	**47.8**	**87.1**	**39.3**	**82.1%**
Tax	21.5	31.2	9.7	45.2%
EARNINGS BEFORE PROFIT/(LOSS) FROM DISCONT. OP. AND NON-CONTROLLING INTERESTS	**26.3**	**55.8**	**29.5**	**>100%**
Non-controlling interests	0.2	1.7	1.6	>100%
Profit/(loss) from discontinuing operations	(2.8)	13.7	16.5	>100%
RECURRING NET INCOME	**23.3**	**67.8**	**44.5**	**>100%**
FX reserve reclassification	0.0	(116.1)	(116.1)	-
NET INCOME	**23.3**	**(48.3)**	**(71.6)**	**<(100%)**

Banco Montepio

CONSOLIDATED BALANCE SHEET

(Euro million)	Jun-22 As reported	Jun-22 Restated	Dec-22	Jun-23	Change YoY €Mn	Change YoY %
Cash and deposits at central banks	1,810.9	1,789.0	1,383.8	630.1	(1,158.9)	(64.8%)
Loans and advances to credit institutions repayable on demand	48.6	40.8	52.3	127.1	86.3	>100%
Other loans and advances to credit institutions	170.4	115.1	106.4	168.9	53.8	46.8%
Loans and advances to customers	11,921.0	11,865.6	11,713.1	11,556.4	(309.2)	(2.6%)
Financial assets held for trading	17.6	17.6	23.1	85.7	68.1	>100%
Financial assets at fair value through profit or loss (FVPL)	151.9	151.9	147.8	146.4	(5.5)	(3.6%)
Financial assets at fair value through other comprehensive income (FVOCI)	121.8	121.7	97.2	85.7	(36.0)	(29.6%)
Hedging derivatives	5.3	5.3	0.0	0.0	(5.3)	(100.0%)
Other financial assets at amortised cost	4,127.8	4,049.8	4,119.4	4,123.4	73.6	1.8%
Investments in associates	3.7	3.7	4.4	4.0	0.3	8.8%
Non-current assets held for sale	0.0	0.0	0.0	10.1	10.1	>100%
Non-current assets held for sale - Discontinued operations	0.1	296.1	199.7	0.0	(296.1)	(100.0%)
Investment properties	84.7	84.7	72.7	65.3	(19.4)	(23.0%)
Property and equipment	242.2	198.0	192.0	191.6	(6.4)	(3.2%)
Intangible assets	43.6	41.2	47.6	49.7	8.5	20.6%
Current tax assets	7.4	7.4	6.0	1.8	(5.6)	(76.0%)
Deferred tax assets	447.9	448.9	413.6	385.3	(63.6)	(14.2%)
Other Assets	637.4	605.4	527.2	462.2	(143.2)	(23.7%)
TOTAL NET ASSETS	**19,842.2**	**19,842.2**	**19,106.2**	**18,093.7**	**(1,748.5)**	**(8.8%)**
Deposits from central banks	2,902.6	2,902.6	2,890.0	1,749.7	(1,152.9)	(39.7%)
Deposits from other financial institutions	361.1	359.4	341.6	859.9	500.5	>100%
Deposits from customers	13,035.7	12,931.7	13,115.4	12,866.5	(65.2)	(0.5%)
Debt securities issued	1,462.1	1,462.1	606.7	562.6	(899.5)	(61.5%)
Financial liabilities held for trading	12.7	12.7	17.7	13.6	0.9	6.7%
Non-current liabilities held for sale – Discontinued operations	0.1	120.1	101.7	0.0	(120.1)	(100.0%)
Provisions	31.8	25.9	30.8	26.1	0.2	1.0%
Current tax liabilities	7.3	7.2	4.4	1.0	(6.2)	(86.8%)
Hedging derivatives	0.5	0.5	0.0	0.0	(0.5)	(100.0%)
Other subordinated debt	211.3	211.3	217.0	211.3	0.0	0.0%
Other liabilities	276.0	267.7	261.5	262.1	(5.6)	(2.1%)
TOTAL LIABILITIES	**18,301.2**	**18,301.2**	**17,586.8**	**16,552.9**	**(1,748.3)**	**(9.6%)**
Share Capital	2,420.0	2,420.0	2,420.0	1,210.0	(1,210.0)	(50.0%)
Other reserves and retained earnings	(920.0)	(920.0)	(945.7)	379.1	1,299.1	>100%
Consolidated net profit/ (loss) for the period attributable to the shareholders	23.3	23.3	33.8	(48.3)	(71.6)	<(100%)
Total equity attributable to the shareholders	1,523.3	1,523.3	1,508.0	1,540.9	17.6	1.2%
Non-controlling interests	17.6	17.6	11.4	0.0	(17.6)	(100.0%)
TOTAL EQUITY	**1,541.0**	**1,541.0**	**1,519.5**	**1,540.9**	**(0.1)**	**(0.0%)**
TOTAL LIABILITIES AND EQUITY	**19,842.2**	**19,842.2**	**19,106.3**	**18,093.7**	**(1,748.5)**	**(8.8%)**

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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.

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

LCR - Liquidity Coverage Ratio.

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

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

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

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

NSFR - Net Stable Funding Ratio

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

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

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

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

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

RWA - Risk-Weighted Assets.

Securities portfolio - 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".

TLTRO - Targeted Longer Term Refinancing Operations.

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

YoY - Year-on-year.