

Banco Comercial  
Português, S.A.



**M**  
**Earnings  
Presentation**  
**2023**

Millennium  
bcp

# Disclaimer

- | The information in this presentation has been prepared under the scope of the International Financial Reporting Standards ('IFRS') of BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002, as amended.
- | The figures presented do not constitute any form of commitment by BCP in regard to future earnings.
- | The figures for 2023 were not audited.
- | In the fourth quarter of 2022, the Bank proceeded to the restatement of the amount related to potential costs resulting from credit holidays policy in Poland, enacted in July 2022, previously booked in other impairments and provisions. These costs are now booked in results on modification item. This item also started to include contractual modifications, in accordance with IFRS9, namely those negotiated with Customers holding foreign exchange mortgage loans. The amounts regarding 2022 quarters were restated.
- | The information in this presentation is for information purposes only, and should be read in conjunction with all other information made public by the BCP Group.
- | The Group owns 49% of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), accounted for under the equity method, as Investments in associated companies. On 1 January 2023 Mbcp Ageas adopted simultaneously IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts. Taking into account that the initial adoption of IFRS 17 and IFRS 9 requires comparative information, Mbcp Ageas Grupo Segurador made the transition exercise on 1 January 2022. The impacts resulting from this implementation by Mbcp Ageas led to the restatement of the accounts of the Group referring to 2022.

# AGENDA



Highlights

01

Group

02

Portugal

03

International  
operations

04



01

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# Highlights

# Highlights: A Bank prepared for the future



## Profitability

- **Net income of 856 million in 2023**
- **Group's core operating profit increased 31.7% to 2,434.8 million, supported by the increase of 23.1% on core income and adequate management of operating costs, which grew 8.3% compared to 2022**
  - **Effects related with Bank Millennium: 779.7<sup>1</sup> million of costs related with CHF mortgage loan portfolio**, out of which 623<sup>2</sup> million related with provisions, resulting from the application of more conservative adjustments to the provisioning model after the European Court of Justice ruling; **Results benefited from 139,1<sup>3</sup> million related with the sale of 80% of Millennium Financial Services stake** as a result of the strategic partnership in the bancassurance business
  - **Net income of 724.9 million in Portugal in 2023**, which corresponds to an increase of 381.4 million compared to 2022



## Business model

- **Substantial strengthening of capital ratios. CET1<sup>4</sup> ratio stood at 15.4% and total capital ratio<sup>4</sup> at 19.9%**, representing an increase of 293bp and 310bp compared with the same period of last year, reflecting the strong capacity to generate organic capital
- **Liquidity indicators well above regulatory requirements: LCR<sup>5</sup> at 276%, NSFR<sup>5</sup> at 167% and LtD<sup>5</sup> at 71%**. Eligible assets available to discount at ECB of 25.8 billion
- **Group's on-balance sheet Customer funds grew 2.5% year on year to 79.2 billion**
- **Significant decrease of non-performing assets** compared with December 2022: 266 million in NPEs, 83 million in foreclosed assets and 45 million in restructuring funds
- **Despite the challenging environment, the cost of risk stood at 42bp<sup>6</sup> at the group and 54bp in Portugal**, which compares with 52bp and 54bp in 2022 respectively
- **Continued growth of the Customer base**, highlighting the 10% increase in mobile Customers, which represent 68% of the total
- **Investment grade by the 4 rating agencies**, after consecutive upgrade revisions, which reflect BCP's normalisation path

<sup>1</sup> Includes provisions for legal risk, costs with out-of-court settlements and legal advice (before taxes and non-controlling interests). Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale).

<sup>2</sup> Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale). Before taxes and non-controlling interests.

<sup>3</sup> Before taxes and non-controlling interests.

<sup>4</sup> Fully implemented ratio including unaudited net income for 2023.

<sup>5</sup> Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Loans to Deposits Ratio (LtD).

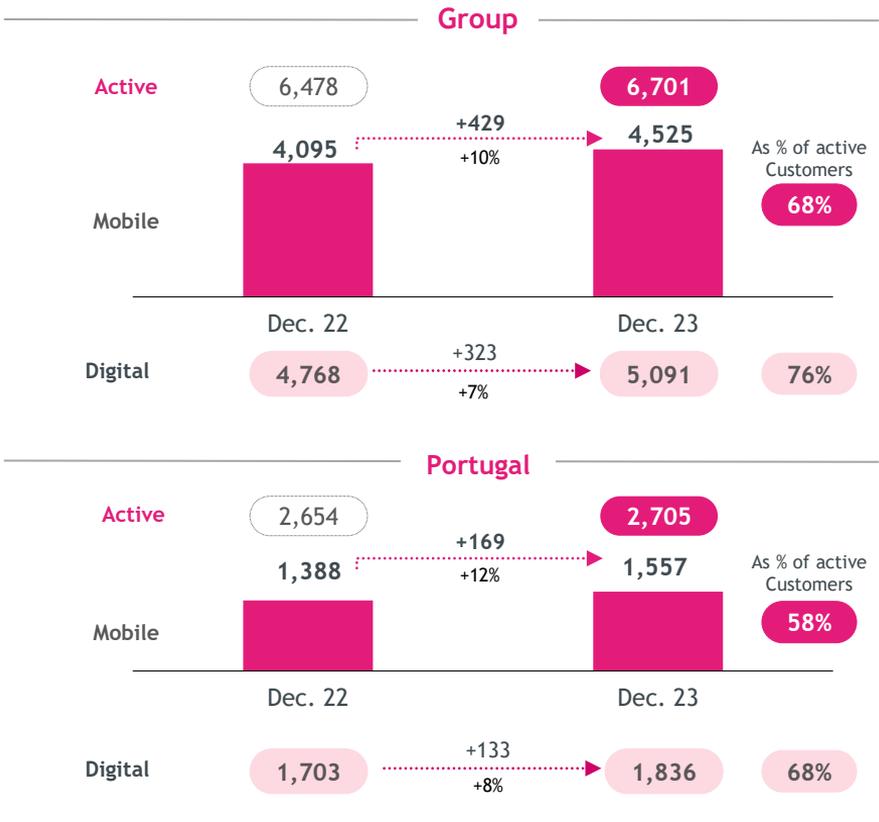
<sup>6</sup> Includes an Impairment reversal in international operations, without this effect the cost of risk would be 48bp.



# Customer base growth

## Based on the quality of the Teams and distinctive digital skills

'000 Customers



### Customer recognition



**DATAE**  
Barómetro Financeiro 2023

Melhor Banco para Empresas  
Banco Principal  
Banco Mais Inovador  
Banco Mais Eficiente  
Produtos Mais Adequados

These awards are the exclusive responsibility of the attributing entities.

Customer counting criteria used in the Strategic Plan.

# Innovation focused on Customer needs translates into accelerated growth in Mobile usage and sales

## Strong mobile growth Y/Y

(Number of operations, Jan-Dec 2023 vs Jan-Dec 2022)

**+26%**

Transactions<sup>1</sup>

**+41%**

P2P Transfers

**+23%**

National Transfers

**+16%**

Payments

**+37%**

Sales

**+29%**

Cards

**+15%**

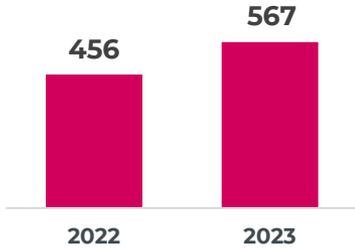
Personal loans

**+39%**

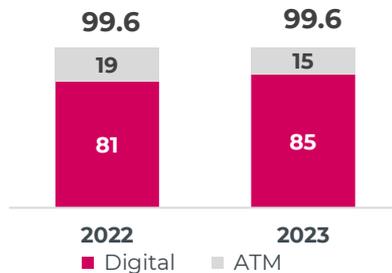
Savings



# Digital Interactions (mio)<sup>2</sup>



% Digital Transactions (#)<sup>3</sup>



% Digital Sales (#)<sup>4</sup>



App Millennium leads ratings

**4.8**



**4.8**



**4.6**



<sup>1</sup> Includes P2P transfers in Millennium app

<sup>2</sup> Interactions (Millennium website and app), individuals includes AB

<sup>3</sup> Includes mobile, online and ATMs, excludes branches and contact center that counts for 0.4% of total transactions

<sup>4</sup> Digital sales (Millennium website and app) in number of operations

# Net income of 856 million in 2023

(Million euros)	2022	2023	%	Δ
Net interest income	2,149.8	2,825.7	+31.4%	+676.0
Commissions	771.9	771.7	-0.0%	-0.2
<b>Core income</b>	<b>2,921.7</b>	<b>3,597.4</b>	<b>+23.1%</b>	<b>+675.7</b>
<b>Operating costs</b>	<b>-1,073.0</b>	<b>-1,162.6</b>	<b>+8.3%</b>	<b>-89.5</b>
<b>Core operating profit</b>	<b>1,848.7</b>	<b>2,434.8</b>	<b>+31.7%</b>	<b>+586.2</b>
Other income <sup>1</sup>	-64.3	172.3		+236.5
<i>Of which: sale of 80% of Millennium Financial Services</i>	-	139.1		+139.1
<i>Of which: Regulatory contributions</i>	-209.7	-85.9	-59.0%	+123.8
<b>Operating net income</b>	<b>1,784.4</b>	<b>2,607.1</b>	<b>+46.1%</b>	<b>+822.7</b>
Results on modification <sup>2</sup>	-309.9	-19.4		+290.4
Impairment and other provisions	-1,056.2	-1,099.8	+4.1%	-43.7
<i>Of which: Loans impairment</i>	-300.6	-240.0	-20.2%	+60.6
<i>Of which: legal risk on CHF mortgages (Poland) <sup>3</sup></i>	-393.8	-623.0	+58.2%	-229.1
<i>Of which: Bank Millennium goodwill</i>	-102.3	-		+102.3
<b>Net income before income tax</b>	<b>418.3</b>	<b>1,487.8</b>	<b>+255.6%</b>	<b>+1,069.5</b>
Income taxes, non-controlling interests and discontinued operations	-221.0	-631.8	+185.9%	-410.8
<b>Net income</b>	<b>197.4</b>	<b>856.0</b>	<b>+333.7%</b>	<b>+658.7</b>

<sup>1</sup> Dividends from equity instruments, other net operating income, net trading income and equity accounted earnings. | <sup>2</sup> Includes the result of contract changes from the renegotiation of CHF mortgages loans (previously booked on other Income) as well as the cost with PLN mortgage loans moratoria booked by Bank Millennium. | <sup>3</sup> Does not include provisions for legal risks on CHF mortgages of Euro Bank (guaranteed by Société Générale). Includes more conservative adjustments to provisioning model following the European Court of Justice decision in July 2023.



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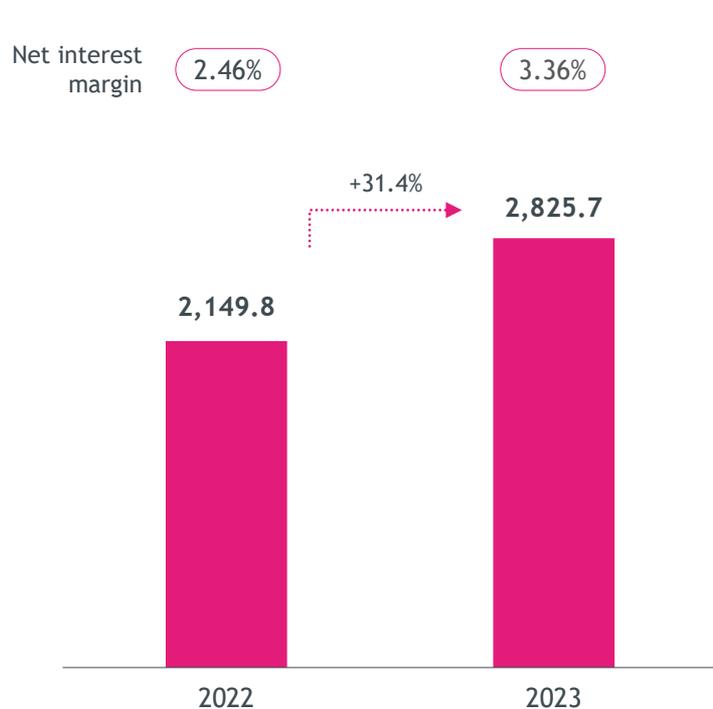
**Group**

**Profitability**

# Net interest income

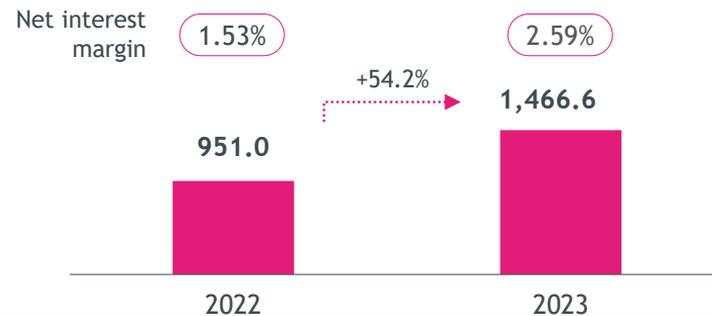
## Net interest income

(Consolidated, million euros)



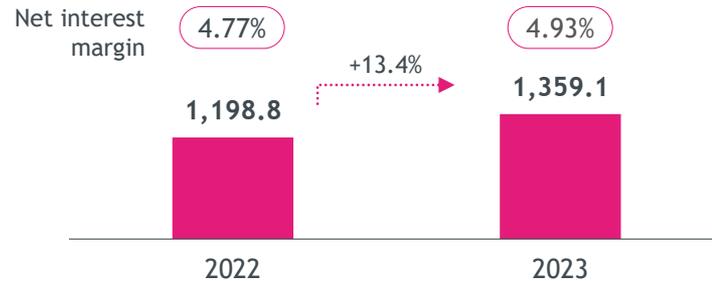
## Portugal

(Million euros)



## International operations

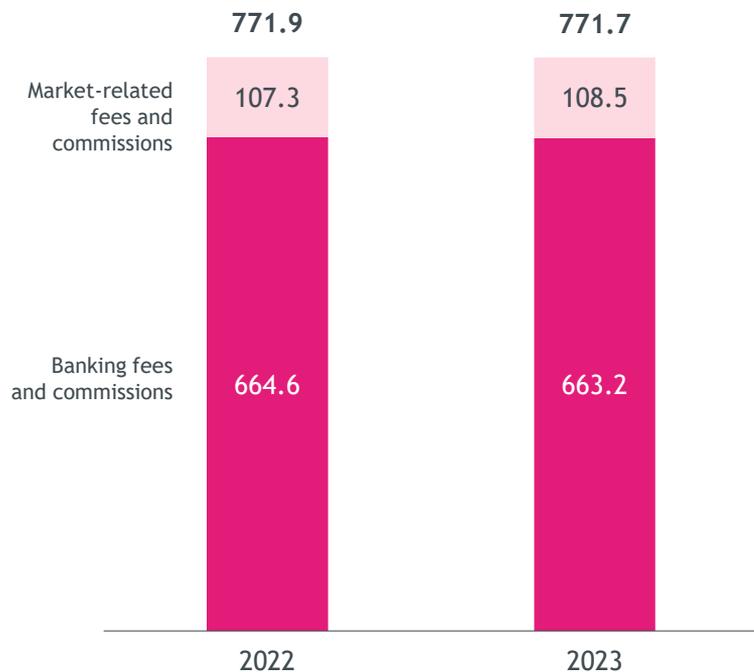
(Million euros)



# Fees and commissions

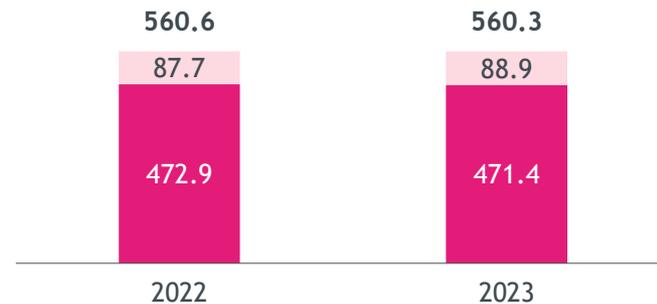
## Fees and commissions

(Consolidated, million euros)



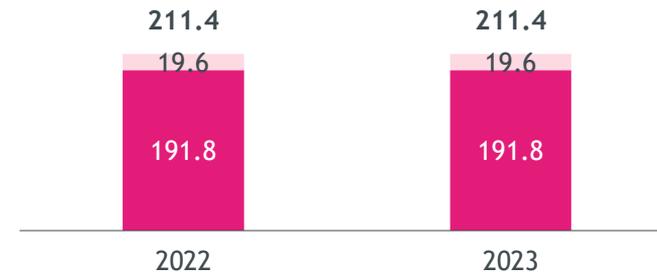
## Portugal

(Million euros)



## International operations

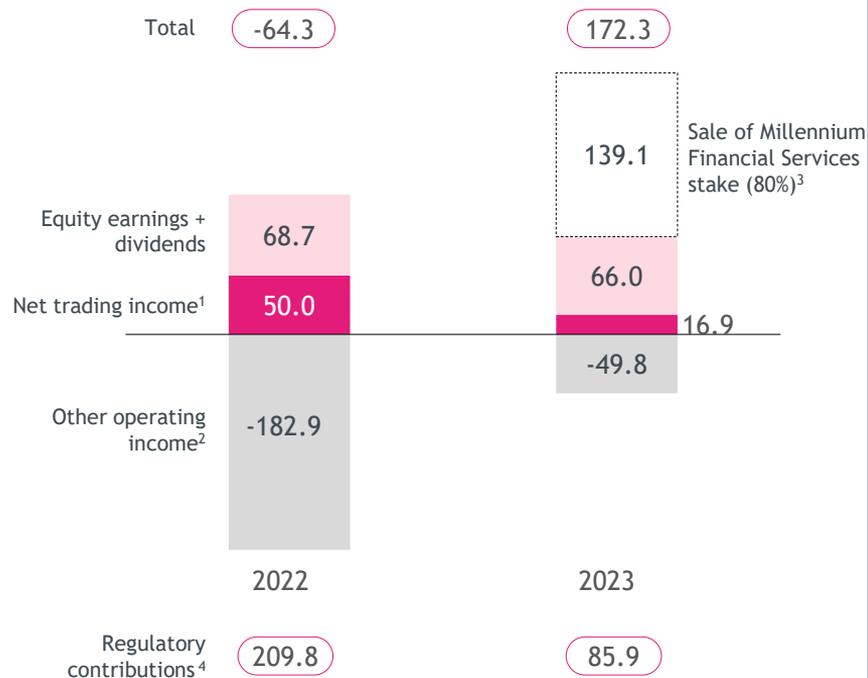
(Million euros)



# Other income

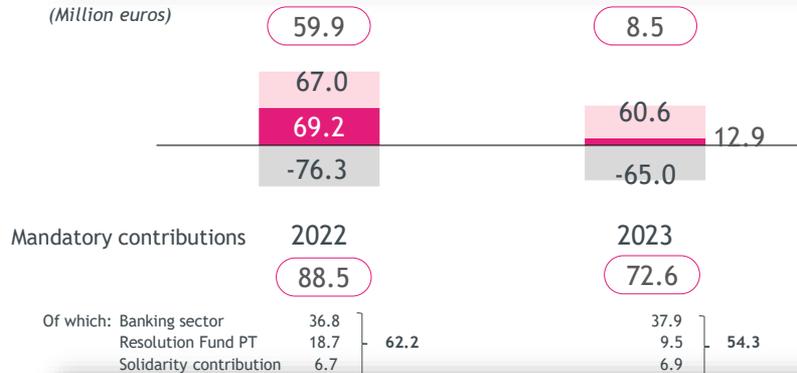
## Other income

(Consolidated, million euros)



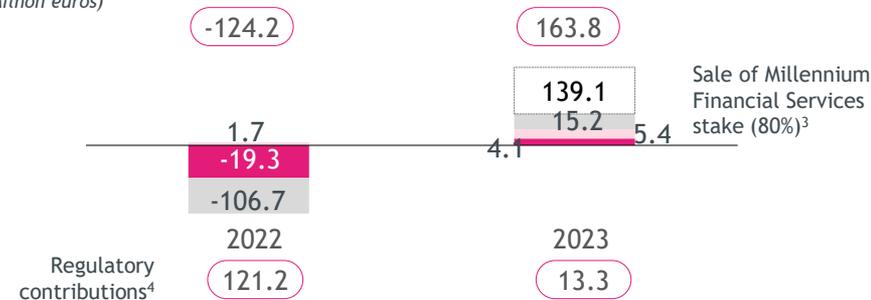
## Portugal

(Million euros)



## International operations

(Million euros)



<sup>1</sup> Net trading income includes -82.0 million in 2022 and -60.3 million in 2023 of costs related to out-of-court settlements with Customers related with CHF loans portfolio.

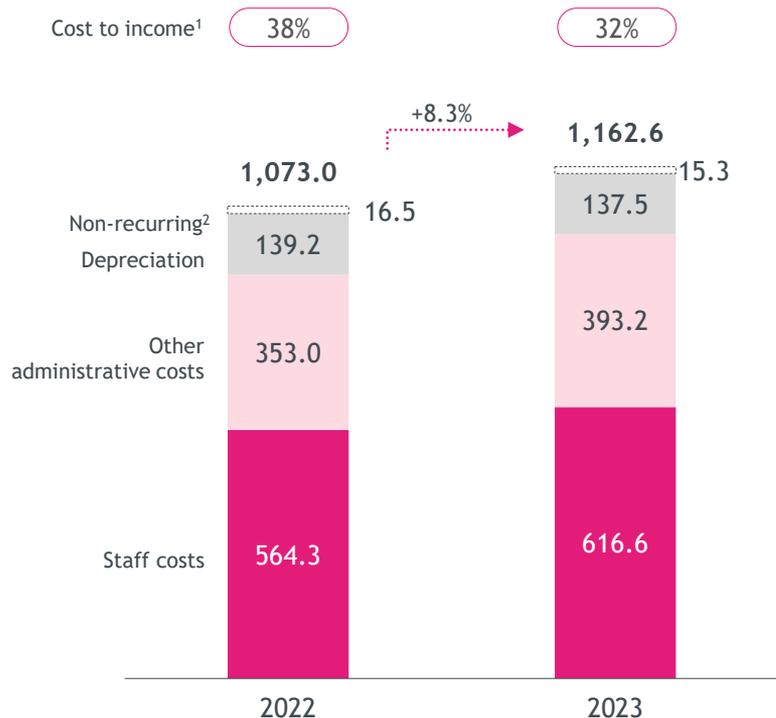
<sup>2</sup> Other operating income includes +37.0 million in 2022 and +52.3 million in 2023 related with the compensation for provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale).

<sup>3</sup> Positive one-off effect of 139.1 million (127.9 million booked in net trading income and 11.2 million booked in other operating income) related with the sale of Millennium Financial Services stake (80%) as a result of the strategic partnership in the bancassurance business. <sup>4</sup> Includes 59 million in 2022 related with the IPS contribution.

# Operating costs

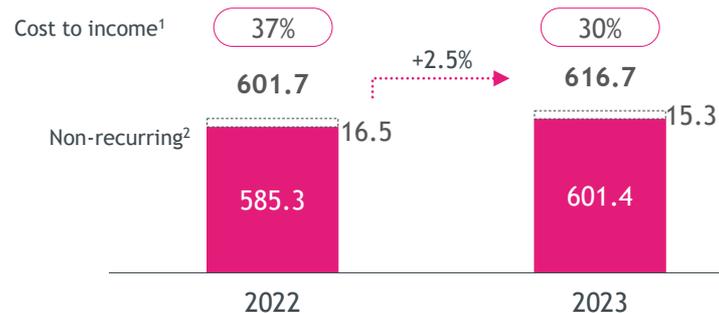
## Operating costs

(Consolidated, million euros)



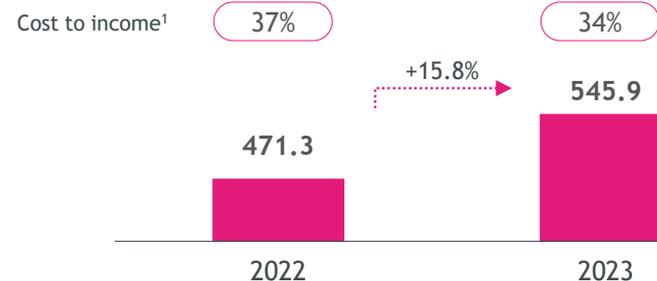
## Portugal

(Million euros)



## International operations

(Million euros)

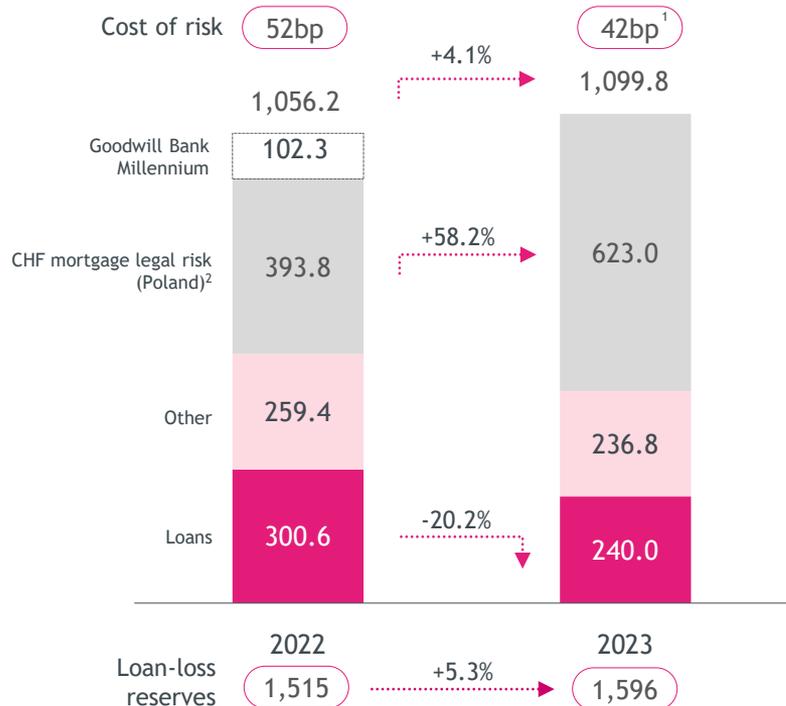


<sup>1</sup>Adjusted cost to income: without the positive one-off effect related with the sale of 80% of Millennium Financial Services stake (international operations) and without costs mainly related with the compensation for the temporary reduction of remuneration in the period 2014/2017 in Portugal. | <sup>2</sup> Includes mainly costs related with the compensation for the temporary reduction of remuneration in the period 2014/2017.

# Cost of risk and provisions

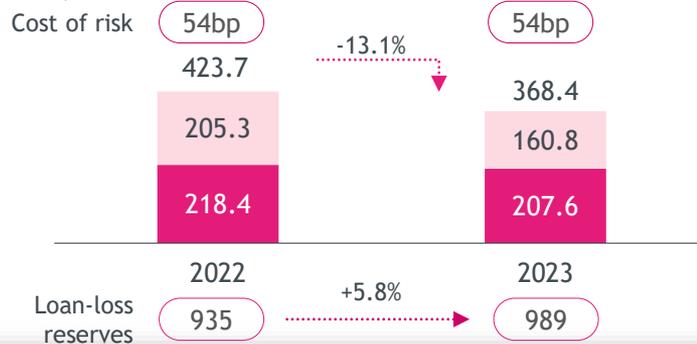
## Impairment and provision charges

(Consolidated, million euros)



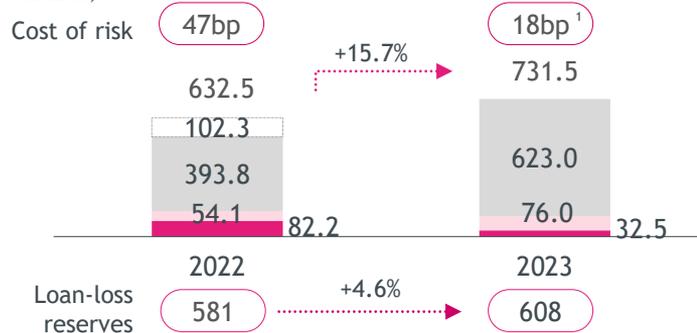
## Portugal

(Million euros)



## International operations

(Million de euros)



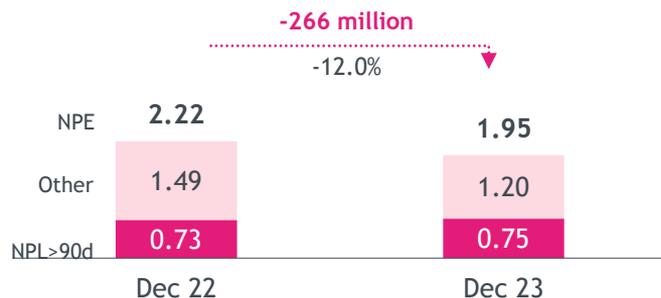
<sup>1</sup> Includes an impairment reversal in international operations, without this effect the cost of risk would be 48bp at the group level and 37bp in the International operations.

<sup>2</sup> Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by Société Générale): 37.0 million in 2022 and 52.3 million in 2023. Includes the application of more conservative adjustments to the provisioning model following the ECJ decision in July 2023.

# Relevant reduction of NPEs

## Credit quality

(Consolidated, billion euros)

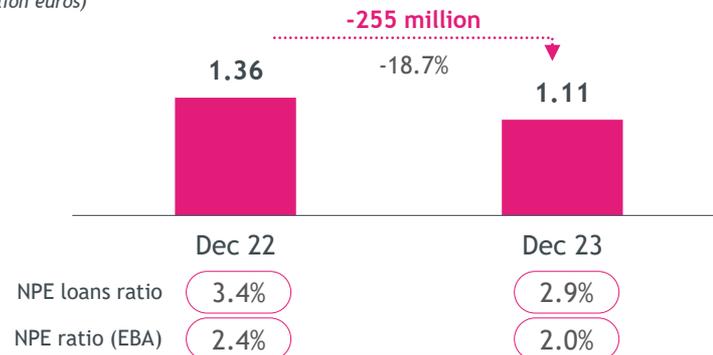


	Dec 22	Dec 23
NPE total coverage*	114.8%	122.5%
NPE coverage by LLRs	68.3%	81.8%
NPE specific coverage	45.6%	52.7%
NPL>90 days ratio	1.3%	1.3%
NPE ratio (loans only)	3.8%	3.4%
NPE ratio inc. securities and off-BS (EBA)	2.6%	2.2%

\*By loan-loss reserves and collaterals.  
NPE include loans to Customers only.

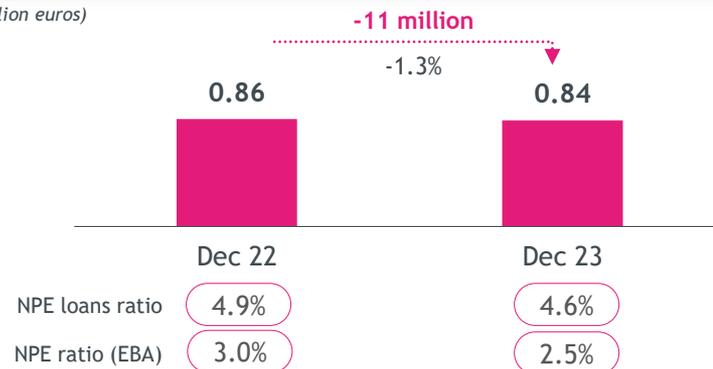
## Portugal

(Billion euros)



## International operations

(Billion euros)





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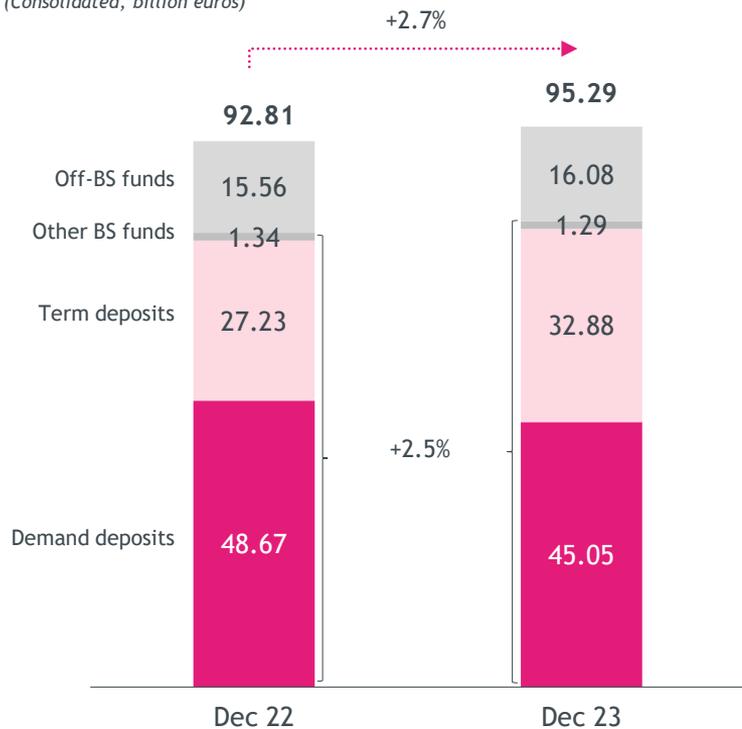
**Group**

**Business activity**

# Customer funds

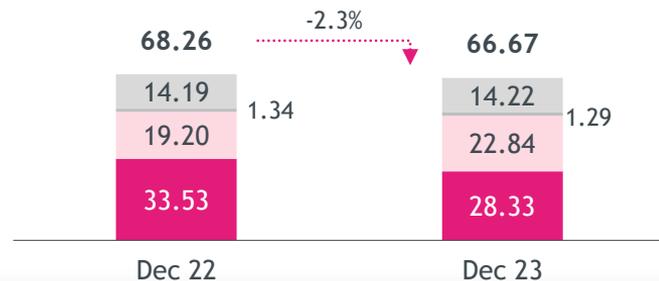
## Total Customers Funds\*

(Consolidated, billion euros)



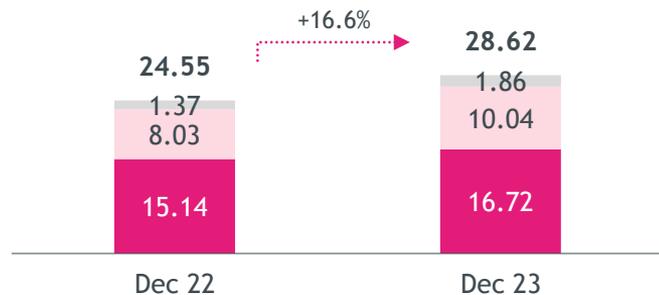
## Total Customers Funds\* Portugal

(Billion euros)



## Total Customers Funds\* international operations

(Billion euros)

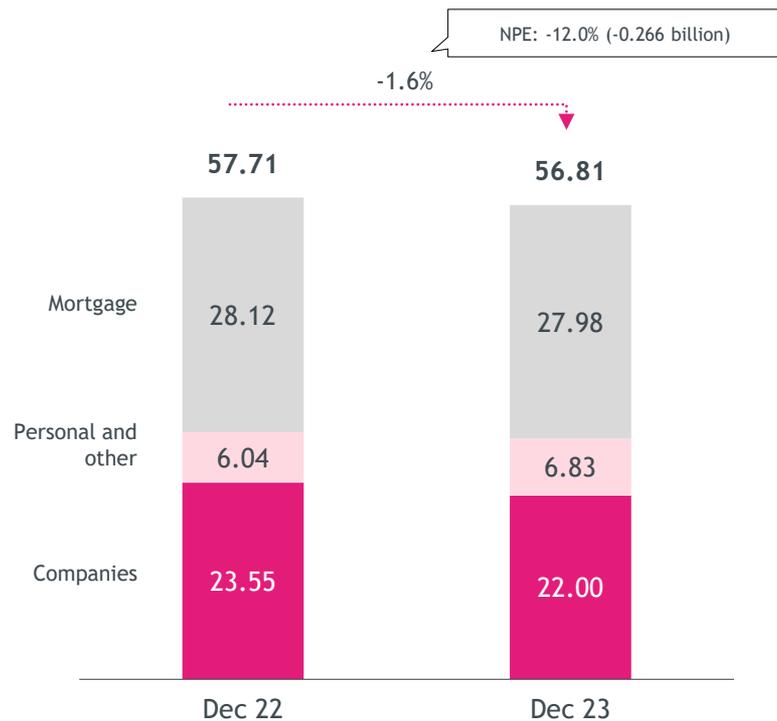


\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

# Loan portfolio

## Loans to Customers (gross)

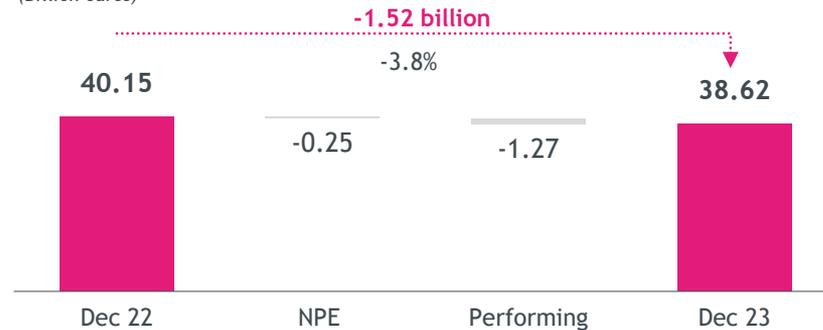
(Consolidated, billion euros)



NPE include loans to Customers only, except if otherwise indicated.

## Portugal

(Billion euros)



## International operations

(Billion euros)





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**Group**

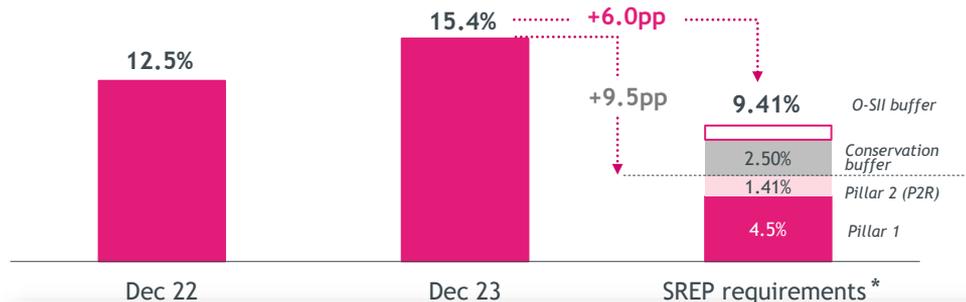
Capital and liquidity

# Robust capital ratios

## Common equity tier 1 (CET1)

(Fully implemented)

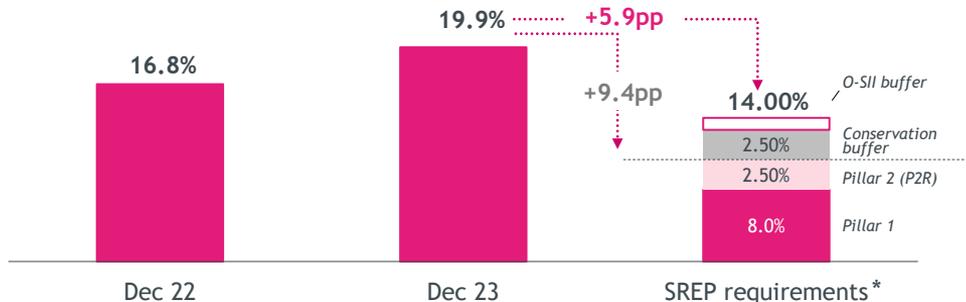
Fully implemented vs requirement



## Total capital ratio

(Fully implemented)

Fully implemented vs requirement



- Significant strengthening of capital ratios. CET1 ratio stood at 15.4% and total capital ratio at 19.9%, representing an increase of 293bp and 310bp compared with the same period of last year, reflecting the strong capacity to generate organic capital
- Capital ratios comfortably above SREP requirements even considering the reserve for sectorial systemic risk notified by the BdP\*\* which aims to reinforce the resilience of the banking sector of a potential deterioration in economic conditions and/or unexpected significant correction in residential property prices. With reference to December 2023, this reserve on a pro forma basis results in an estimated increase in capital requirements of 28bp from October 2024
- Surplus of 6.0pp between CET1 ratio and the SREP requirements without the capital conservation and the O-SII buffers, and of 9.5pp if such buffers are considered (5.9 and 9.4, respectively for the total capital ratio)
- Buffers for which there are limitations to results distribution: 601bp to CET1, 526bp to T1 and 590bp to total capital

Including unaudited net income for 2023. Includes the implementation of CRR (Capital Requirements Regulation) 352 (2) following the ECB approval in March 2023.

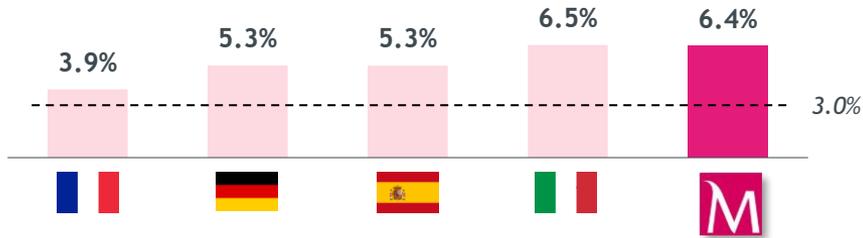
\*Minimum prudential requirements since January 1, 2023.

\*\*The Banco de Portugal's decision translates into the requirement to comply with a reserve for sectorial systemic risk of 4% on the amount of risk exposures on the retail portfolio of loans to individuals collateralized by residential properties located in Portugal, calculated in pursuant to paragraph 3 of article 92 of Regulation (EU) 575/2013, from October 1, 2024, onwards, at the highest level of consolidation in Portugal, considering the applicable legal framework

# Stronger capital position

## Leverage ratio

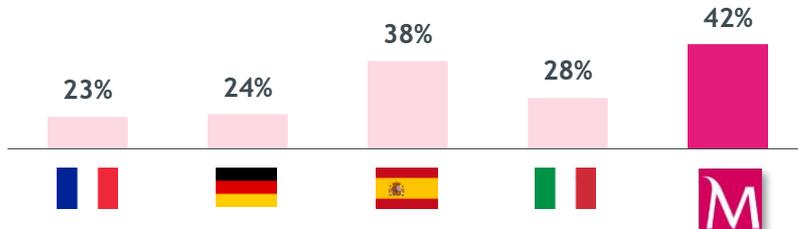
(Fully implemented, latest available data)



Leverage ratio in comfortable levels (6.4% as of December 2023) higher when comparing to European banks

## RWA density

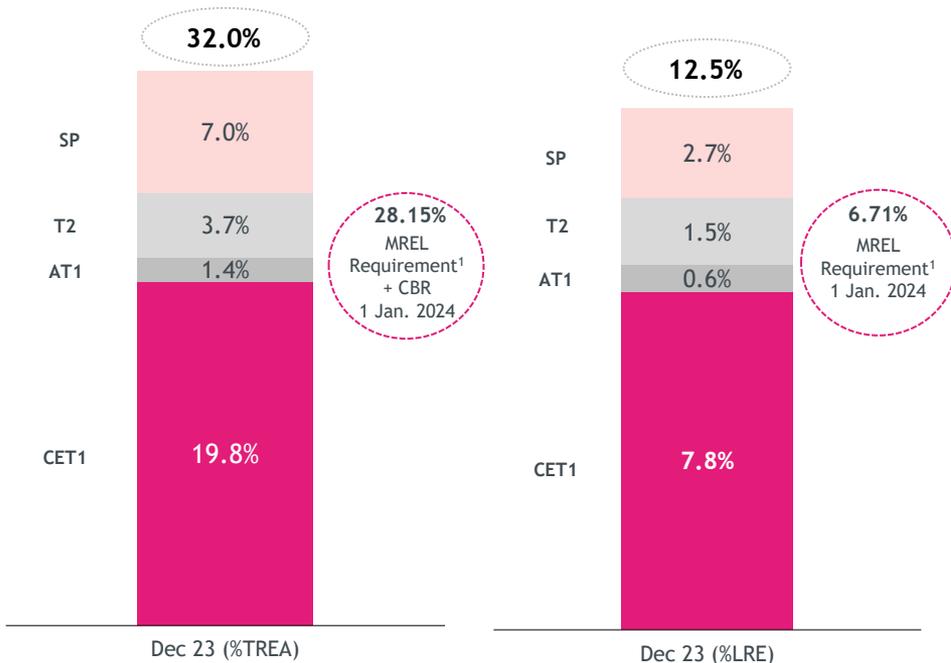
(RWAs as a % of assets, latest available data)



RWAs density in conservative values (42% as of December 2023), comparing favourably with the values registered by most of the European markets

# MREL requirements and execution of the Funding Plan

## MREL position (BCP Resolution Group - 31 Dec 2023)



- **Resolution strategy: MPE (Multi Point of Entry)<sup>2</sup>.**
- BCP Resolution Group : Perimeter centred in Portugal
- **Preferred Resolution Measure:** Bail-in
- **No subordination requirements have been applied** to the BCP Resolution Group
- **As of December 31, 2023, BCP complied with MREL requirement, including CBR, applicable from January 1, 2024 (with a buffer of 4.16%)**
- **Funding Plan** execution
  - 500 million SP on 2 October 2023 3NC2
  - Exercise of the option for early repayment of the entire AT1 issue issued on January 31, 2019, with a coupon of 9.25%, on January 31, 2024
  - 400 million of AT1 on January 11, 2024, with a coupon of 8.125% during the first 5.5 years
  - Benchmark issue of Senior Preferred Notes in the **2nd half of 2024**

MREL - Minimum Requirement for own funds and Eligible Liabilities | TREA - Total Risk Exposure Amount; LRE - Leverage Ratio Exposure; CBR - Combined Buffer Requirements

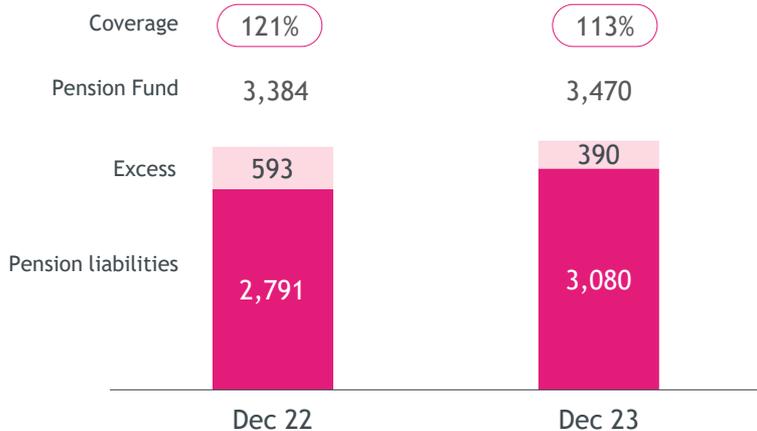
<sup>1</sup> Requirements covered by the 2022 Resolution Planning Cycle. MREL requirements are subject to periodic review by the SRB and changes in the regulatory framework.

<sup>2</sup> In addition to the resolution perimeter centered in Portugal, BIM in Mozambique and Bank Millennium in Poland were established as additional groups. With regard to Mozambique, as European rules do not apply, no minimum MREL requirement has been set. With regard to Bank Millennium the reference date of 31 December 2023 was set, minimum requirements of MREL - TREA of 18.89% and MREL - TEM of 5.91%.

# Pension fund

## Pension fund coverage

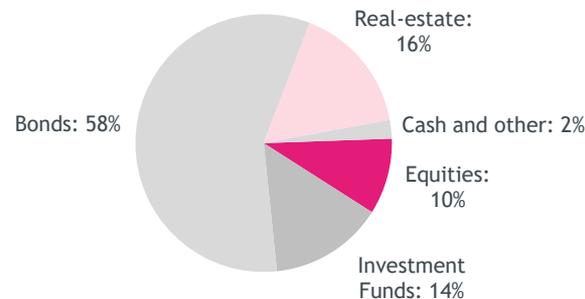
(Million euros)



Pension fund	Dec 22	Dec 23
Fund's profitability	-5.1%	+7.1%
Effect of actuarial differences in liabilities* (includes discount rate)	+17.4%	-11.6%

\*Actuarial differences of the pension fund / balance at the beginning of the period

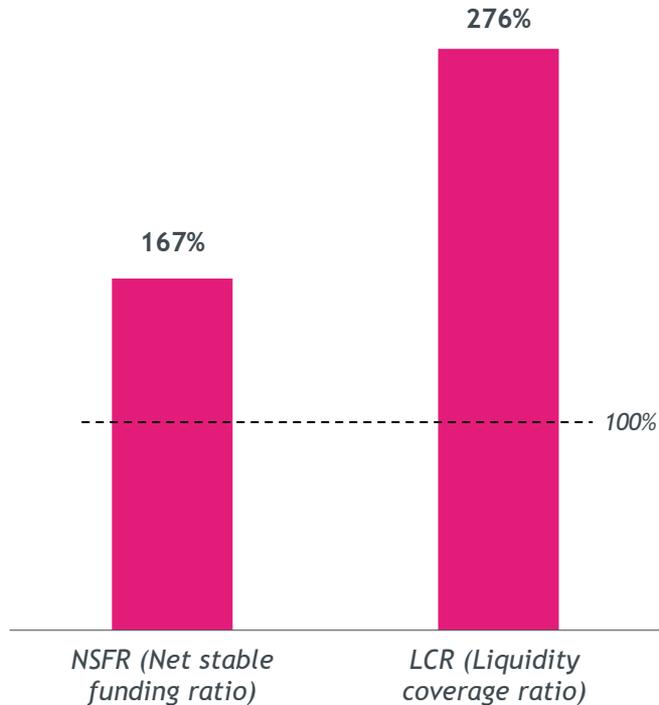
## Structure of pension fund



- Discount rate revised to 3.53%
- Liabilities covered at 113%
- The level of coverage of pension fund liabilities by assets provides room to absorb adverse impacts in the pension fund of up to 390 million with no impact on capital ratios

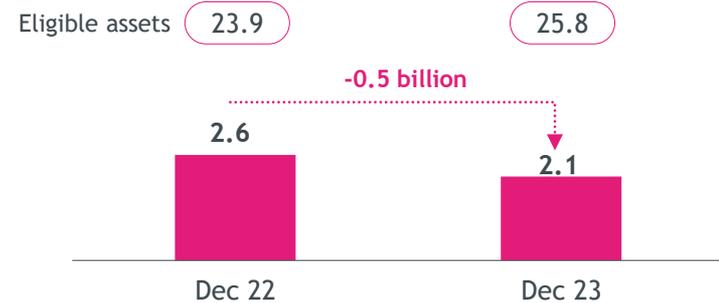
# Robust liquidity position

## Liquidity ratios (CRD/CRR)

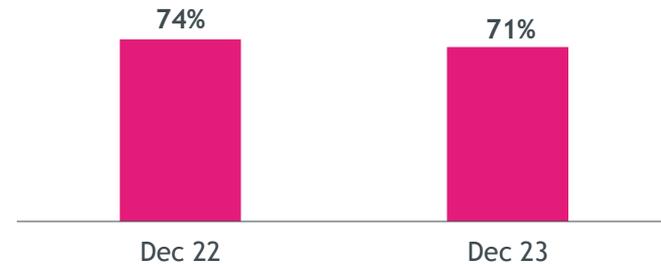


## Liquidity excess in ECB

(Billion euros)



## Net loans to deposits ratio





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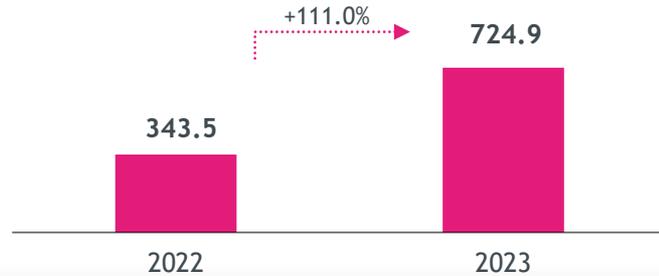
Portugal

# Profitability in Portugal



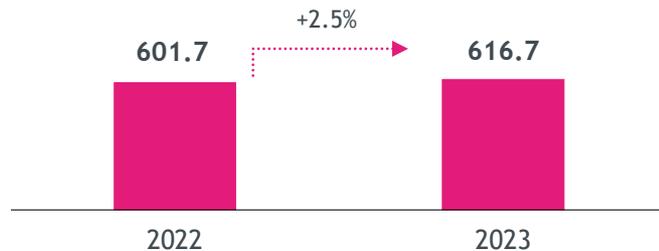
## Net income

(Million euros)



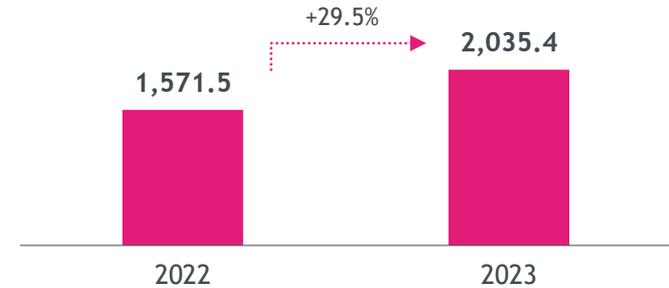
## Operating costs

(Million euros)



## Net operating revenue

(Million euros)

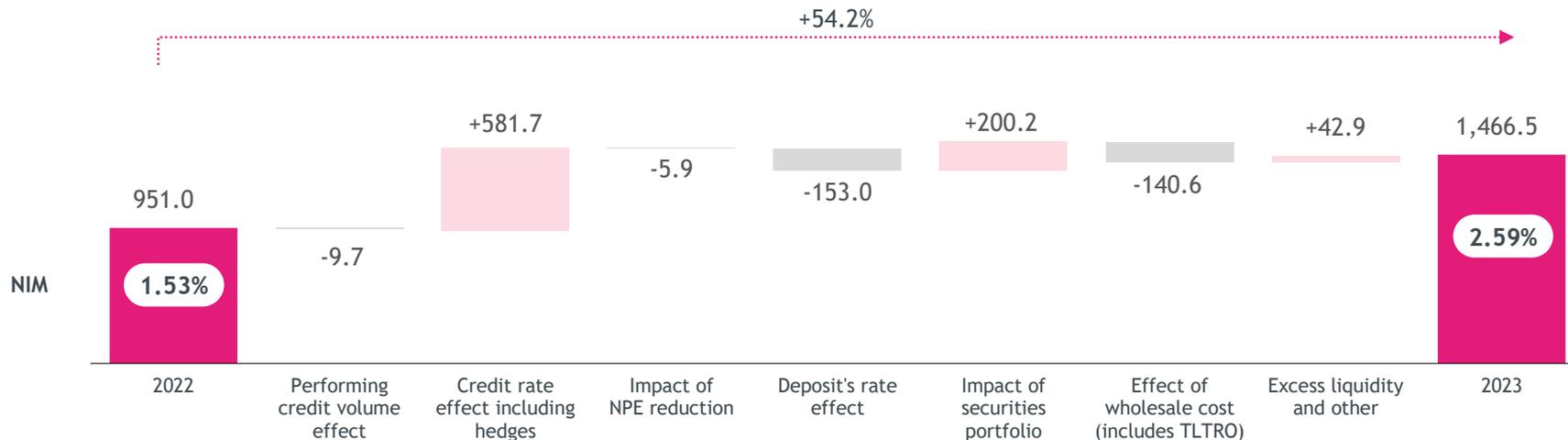


- Net income reached 724.9 million in 2023, representing an increase of 111.0% from 2022
- Net income was driven by the increase in net interest margin, strict management of operating costs and loans impairment decrease

# Net interest income



(Million euros)



The normalization of interest rate provided a positive effect on the repricing of the loan book that together with the higher yield from securities portfolio, more than compensated the negative effects related with cost of deposits and the wholesale funding, resulting in a net interest income increase of 54.2% (+515.7 million) year-on-year

# Commissions and other income



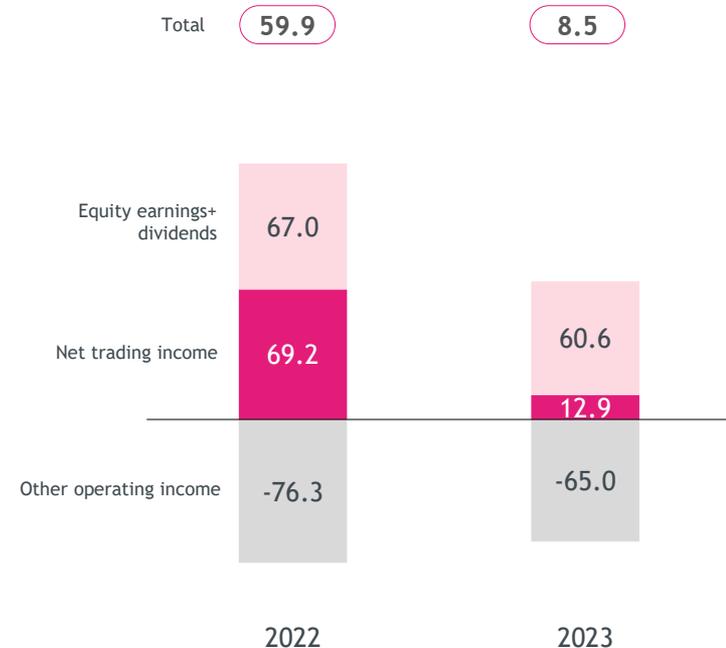
## Commissions

(Million euros)

	2022	2023	YoY
<b>Banking fees and commissions</b>	<b>472.9</b>	<b>471.4</b>	<b>-0.3%</b>
Cards and transfers	147.7	158.3	+7.2%
Loans and guarantees	95.6	81.5	-14.8%
Bancassurance	84.5	84.4	-0.1%
Customer account related	140.3	142.3	+1.4%
Other fees and commissions	4.7	4.8	+2.8%
<b>Market related fees and commissions</b>	<b>87.7</b>	<b>88.9</b>	<b>+1.4%</b>
Securities operations	36.7	34.1	-7.0%
Asset management and distribution	51.0	54.8	+7.4%
<b>Total fees and commissions</b>	<b>560.6</b>	<b>560.3</b>	<b>-0.0%</b>

## Other income

(Million euros)

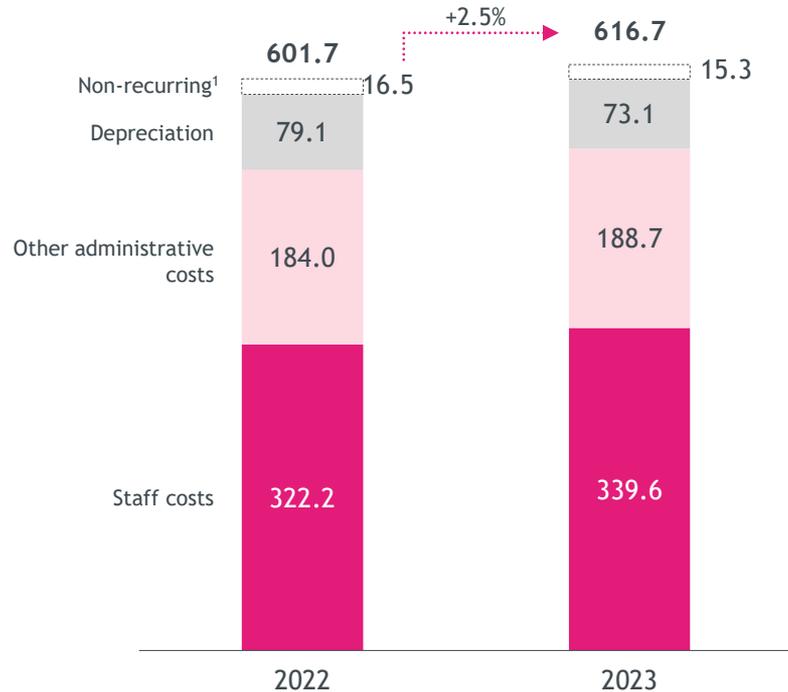


# Operating costs

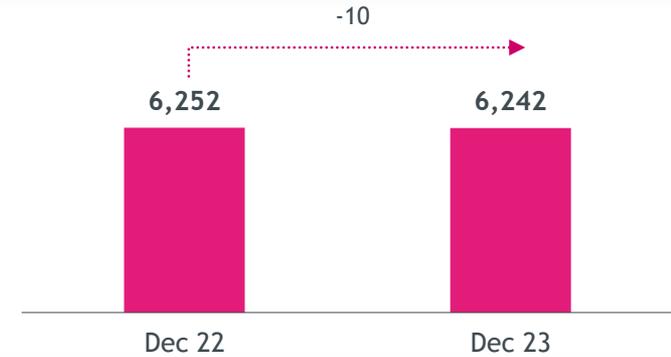


## Operating costs

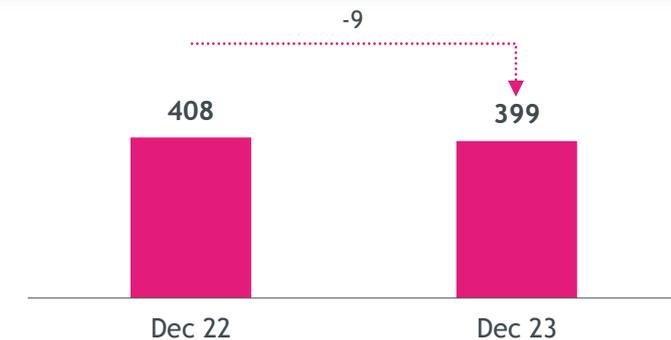
(Million euros)



## Employees



## Branches



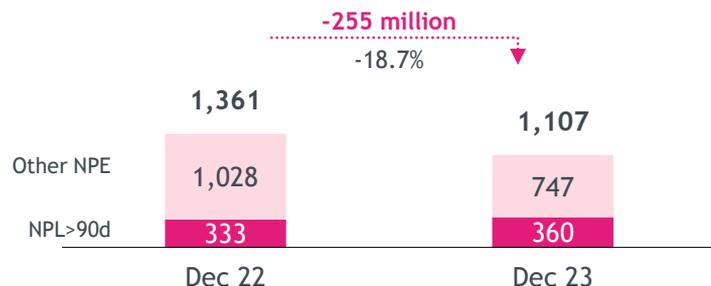
<sup>1</sup> Includes mainly costs related with the compensation for the temporary reduction of remuneration in the period 2014/2017

# Continued decrease of NPEs



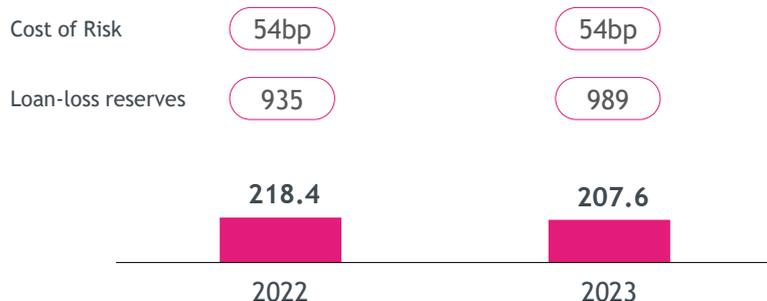
## Non-performing exposures (NPE)

(Million euros)



## Loan impairment (net of recoveries)

(Million euros)



NPE include loans to Customers only.

## NPE build-up

(Million euros)

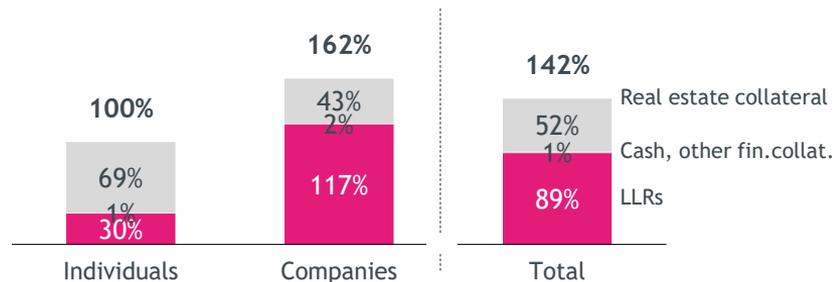
	Dec 23 vs. Dec 22	Dec 23 vs. Sep 23
Opening balance	1,361	1,192
Net outflows/inflows	-20	-31
Write-offs	-94	-6
Sales	-141	-48
<b>Ending balance</b>	<b>1,107</b>	<b>1,107</b>

- NPEs in Portugal total 1,107 million at the end of December 2023, a decrease of 255 million from December 2022
- The decrease from December 2022 results from sales of 141 million, write-offs of 94 million and outflows of 20 million
- The decrease of NPEs from December 2022 is attributable, mainly, to a 281 million reduction of other NPE
- Cost of risk of 54bp in 2023 (54bp in 2022), with a NPE coverage by loan-loss reserves of 89% and 69%, respectively

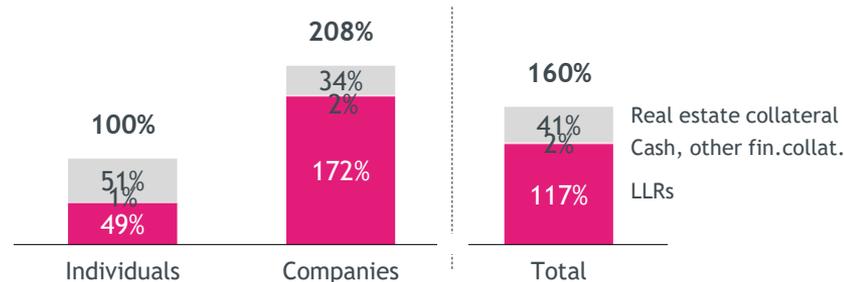
# NPE coverage



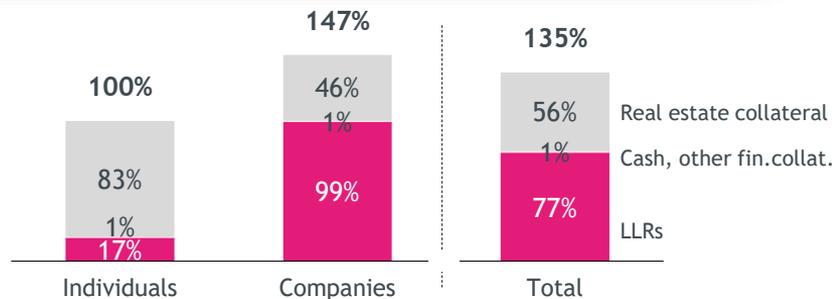
## NPE total coverage\*



## NPL>90d total coverage\*



## Other NPE total coverage\*



- Total coverage\*  $\geq 100\%$ , for both individuals and companies, and for both NPE categories (NPL>90d and other NPE)
- Coverage by loan-loss reserves are stronger in loans to companies, where real-estate collateral, usually more liquid and with a more predictable market value, accounts for a lower coverage than in loans to individuals: coverage by loan-losses was 117% for companies NPE as of December 2023, reaching 172% for companies NPL>90d

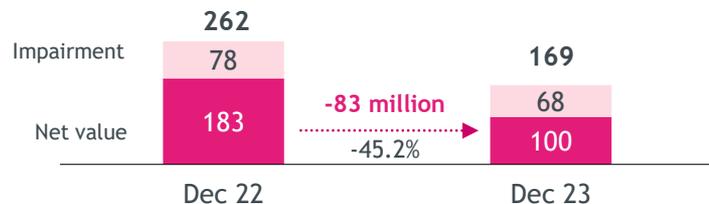
NPE include loans to Customers only.  
\*By loan-loss reserves and collaterals.

# Foreclosed assets and corporate restructuring funds



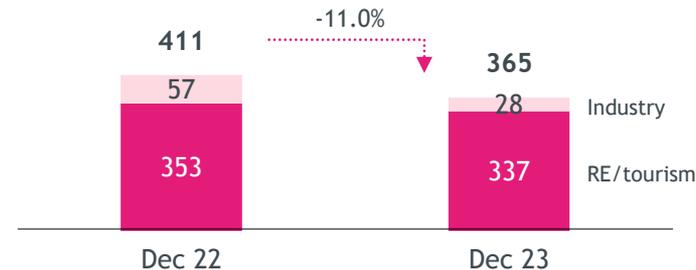
## Foreclosed assets

(Million euros)



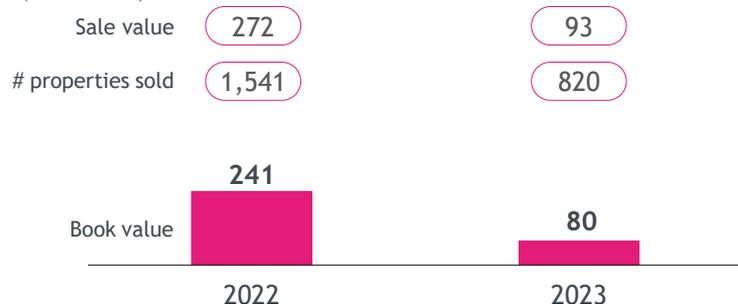
## Corporate restructuring funds

(Million euros)



## Sales of foreclosed assets

(Million euros)



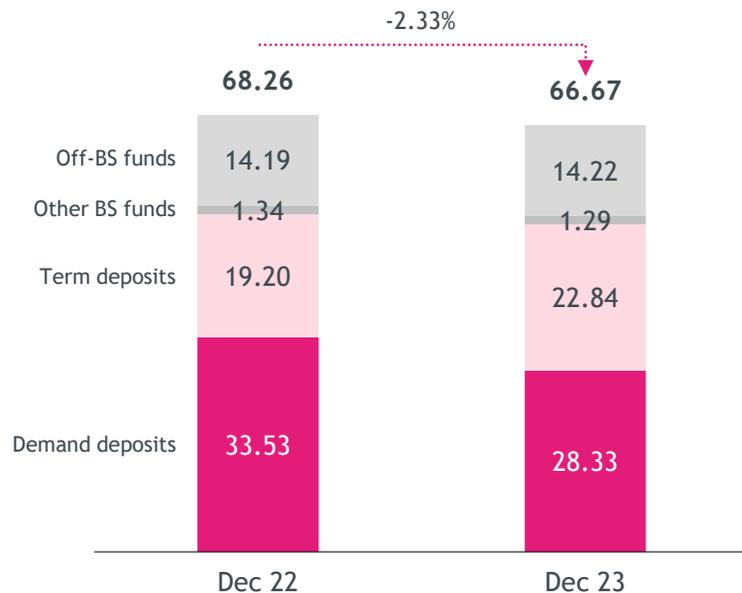
- Net foreclosed assets were down by 45% between December 2022 and December 2023. Valuation of foreclosed assets by independent providers exceeded book value by 39%
- 820 properties were sold in 2023 (1,541 properties in 2022), with sale values exceeding book value by 13 million
- Significant reduction of restructuring funds of 11% from 2022

# Customer funds and loans to Customers



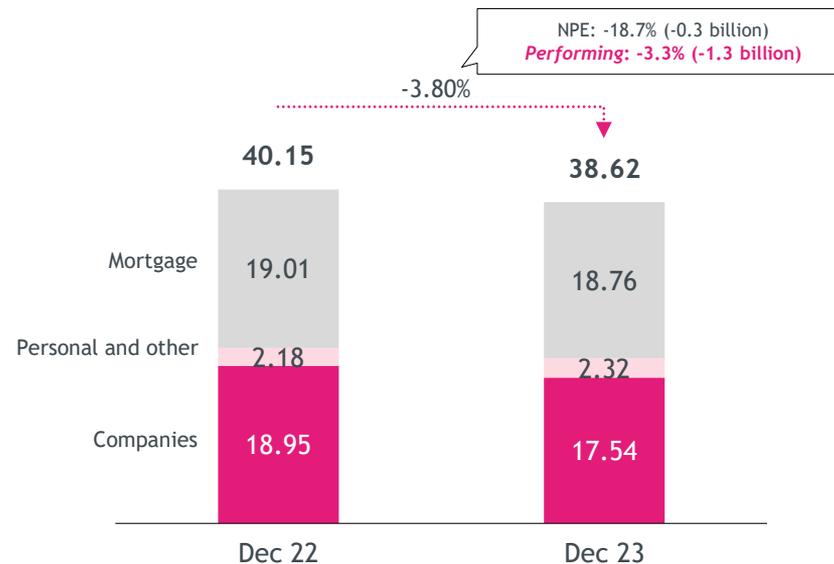
## Total Customers Funds\*

(Billion euros)



## Loans to Customers (gross)

(Billion euros)



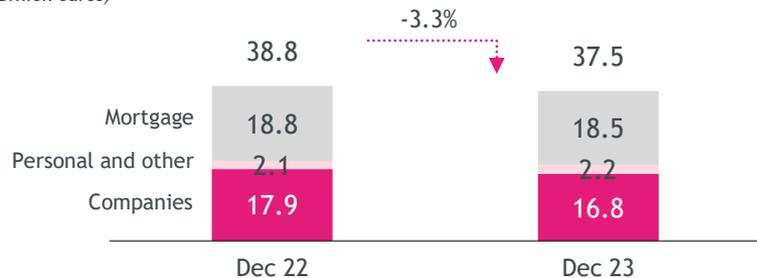
\*Deposits, debt securities, assets under management, assets placed with Customers and insurance products (savings and investments).

# Performing loans in Portugal



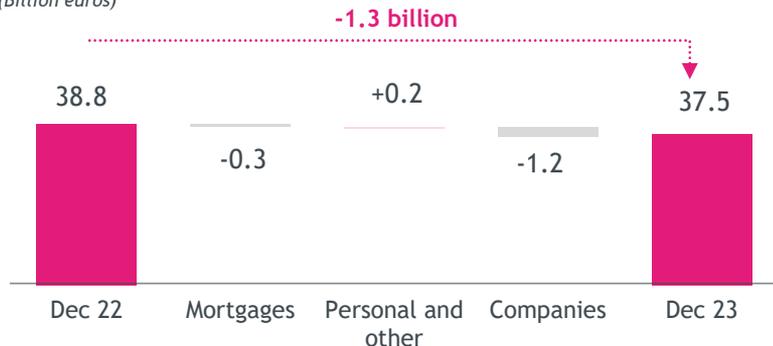
## Performing loans portfolio

(Billion euros)



## Evolution of performing loans

(Billion euros)



\*Source: ALF (September 2023).

\*\*Source: SWIFT messages market share (December 2023).

\*\*\*Source: ALF (June 2023).

### The Bank maintains a prominent position in the corporate segment:

- ✓ **Leadership in PME Leader programme** for the 6<sup>th</sup> consecutive year with a 32% market share
- ✓ **Leadership in Inovadora COTEC** programme for the 3<sup>rd</sup> consecutive year, supporting 422 companies, which represents a market share of 54%
- ✓ **Leading Bank in Satisfaction:** Best Bank for companies, Main Bank, Most innovative Bank, Most efficient Bank and Bank with the Most Appropriate Products according to DATAE 2023
- ✓ **Leading Bank in Factoring and Confirming,** with factoring invoicing of more than 10 billion in 2023 and a market share of 23%\*
- ✓ **Leading Bank in International Business:** Leadership in Trade Finance, with a market share of 26,3%\*\*
- ✓ **Leading Bank in Leasing,** with 597 millions of new leasing business in 2023 and market share of 24%\*\*\*
- ✓ **Leading Bank in EIF/EIB:** #1 Commercial bank of the EIB in Portugal with the execution of a new 400 million contract. **Commercial Bank #1 of the EIF** in Europe with 405 millions available of the new EIF INVEST EU Guarantee.
- ✓ **Distinct digital offer:** Digital Account Opening, availability of M2030 for European Funds, iziBizi for ERP/Accounting and digital subscription of business products

These awards are the exclusive responsibility of the attributing entities.



04

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**International operations**

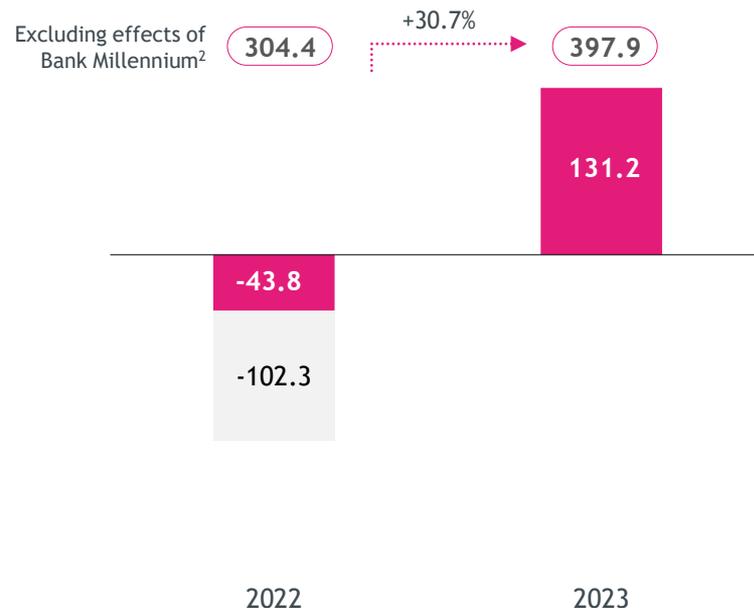
# Contribution from operations to consolidated net income

(Million euros\*)

	2022	2023
Poland	-223.5	126.8
Mozambique	103.4	105.1
Other	-4.7	-0.7
<b>Net income international operations</b>	<b>-124.8</b>	<b>231.2</b>
Discontinued Operations <sup>1</sup>	1.4	-2.8
Non-controlling int. (Poland+Mozambique)	77.1	-97.1
Exchange rate effect	2.5	--
<b>Contribution from international operations</b>	<b>-43.8</b>	<b>131.2</b>
<b>Bank Millennium goodwill impairment</b>	<b>-102.3</b>	<b>--</b>

## Contribution from international operations

(Million euros)



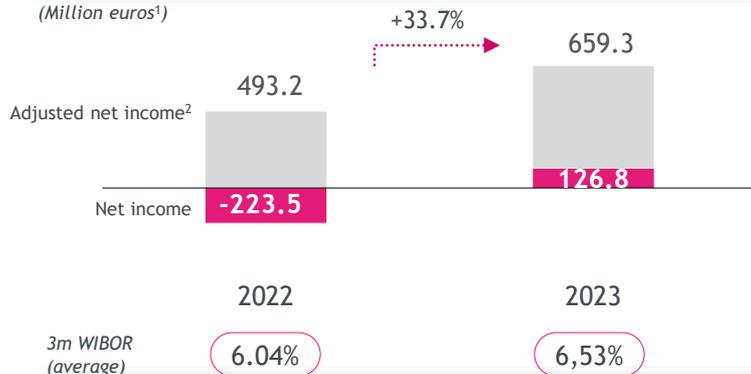
\*Subsidiaries' net income presented for 2022 reflect the same exchange rate as of 2023 for comparison purposes. <sup>1</sup>Includes the results from the discontinued operations namely, the sale of Banque Privée's capital and the sale of SIM by Millennium bim. <sup>2</sup>Excludes FX-mortgage legal risk provisions, costs of litigations and settlements with Clients, credit holidays related with PLN mortgage moratoria, profit from the sale of 80% stake in Millennium Financial Services, linear distribution of BFG resolution fund fee and hypothetical bank tax. Not including in 2022 Bank Millennium impairment.

# Positive evolution of net income



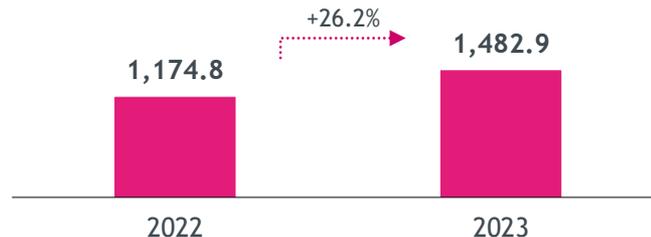
## Net income

(Million euros<sup>1</sup>)



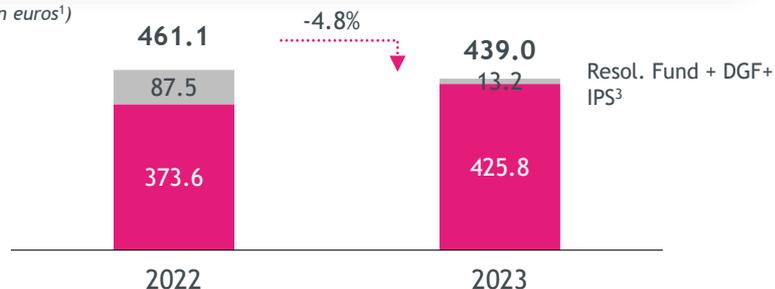
## Net operating revenue

(Million euros<sup>1</sup>)



## Operating costs

(Million euros<sup>1</sup>)



- Net income of 126.8 million in 2023 which compares with -223.5 million in 2022
- Bank Millennium delivers a positive net income for the 5<sup>th</sup> consecutive quarter
- Net income influenced by costs related with CHF mortgage loan portfolio (which include the impact of the application of a more conservative adjustments to the provisioning model for legal risks), by the positive one-off effect related with the sale of Millennium Financial Services stake (80%), by the contribution to the Institutional Protection Scheme in H1'22 and by the cost related with credit moratoria in Q3'22
- Adjusted<sup>2</sup> net income up by 33.7% (+166 million) compared with the same period of last year
- Net operating revenue growth influenced by 12.9% increase in net interest income
- CET1 ratio of 14.7% and total capital ratio of 18.1%, above the minimum requirements (8.1% and 12.2% respectively)

<sup>1</sup> FX effect excluded. €/Złoty constant at December 2023 levels: Income Statement 4.54; Balance Sheet 4.34.

<sup>2</sup> Excludes FX-mortgage legal risk provisions, costs of litigations and settlements with Clients, credit holidays related with PLN mortgage moratoria, profit from the sale of 80% stake in Millennium Financial Services, linear distribution of BFG resolution fund fee and hypothetical bank tax.

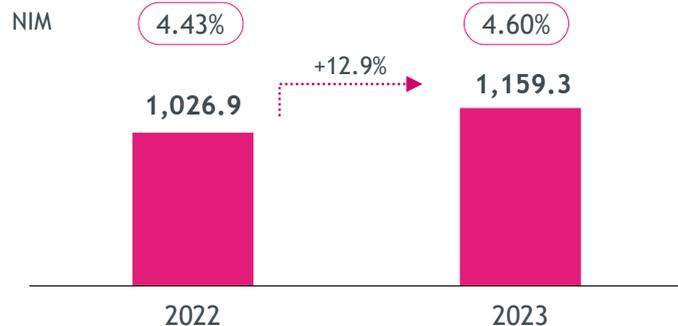
<sup>3</sup> Institutional Protection Scheme

# Net interest income increase significantly



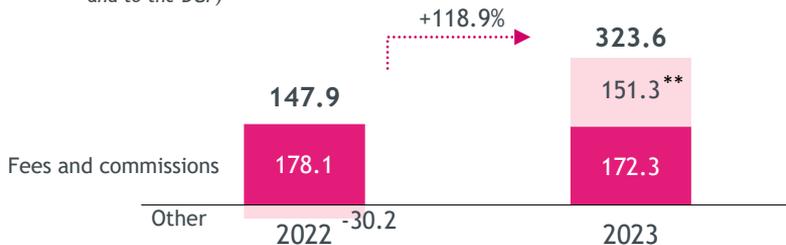
## Net interest income

(Million euros\*)



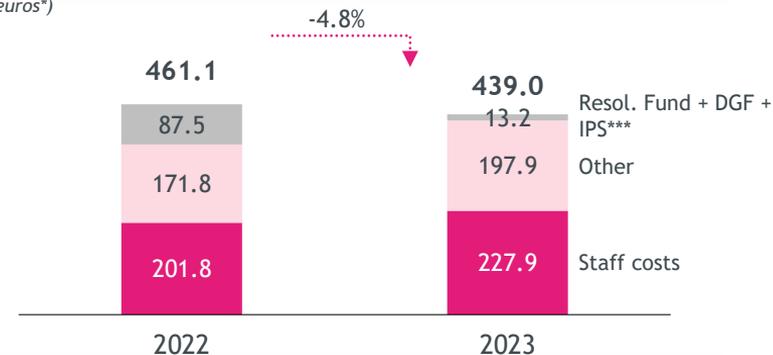
## Commissions and other income

(Million euros\*; does not include tax on assets and contribution to the resolution fund and to the DGF)



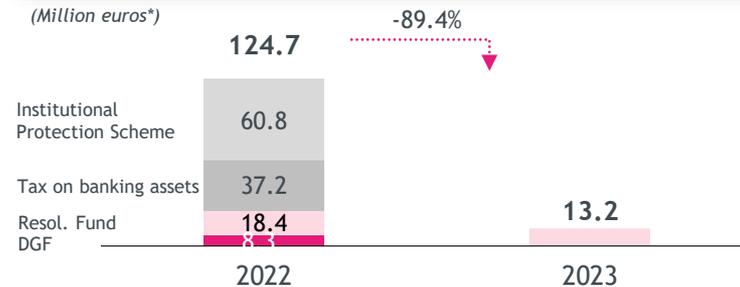
## Operating costs

(Million euros\*)



## Contributions

(Million euros\*)



\*FX effect excluded. €/Zloty constant at December 2023 levels; Income Statement 4.54; Balance Sheet 4.34.

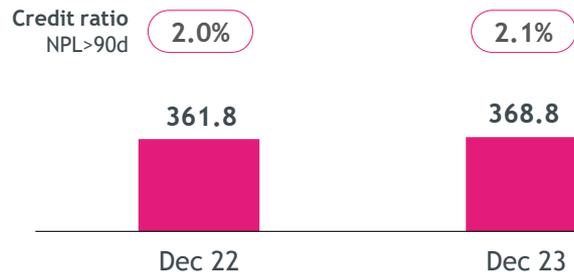
\*\*Includes a profit of 139 million from the sale of 80% stake in Millennium Financial Services

\*\*\*Institutional Protection Scheme



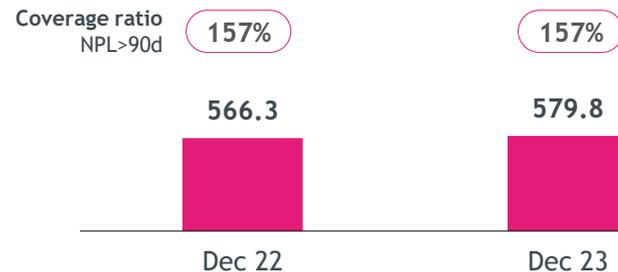
## NPL>90d

(Million euros\*)



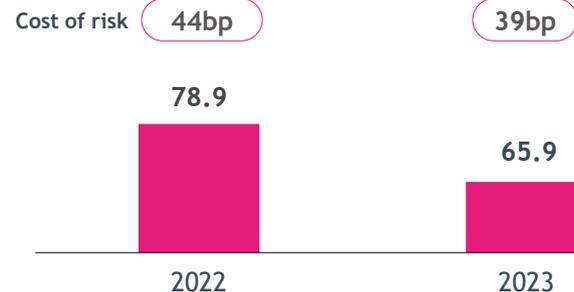
## Loan-loss reserves

(Million euros\*)



## Loan impairment (net of recoveries)

(Million euros\*)



- NPL>90d accounted for 2.1% of total credit as of December 2023 (2.0% as of December 2022)
- Coverage of NPL>90d by loan-loss reserves at 157% as of December 2023 and 2022
- Cost of risk of 39bp, compared to 44bp in 2022

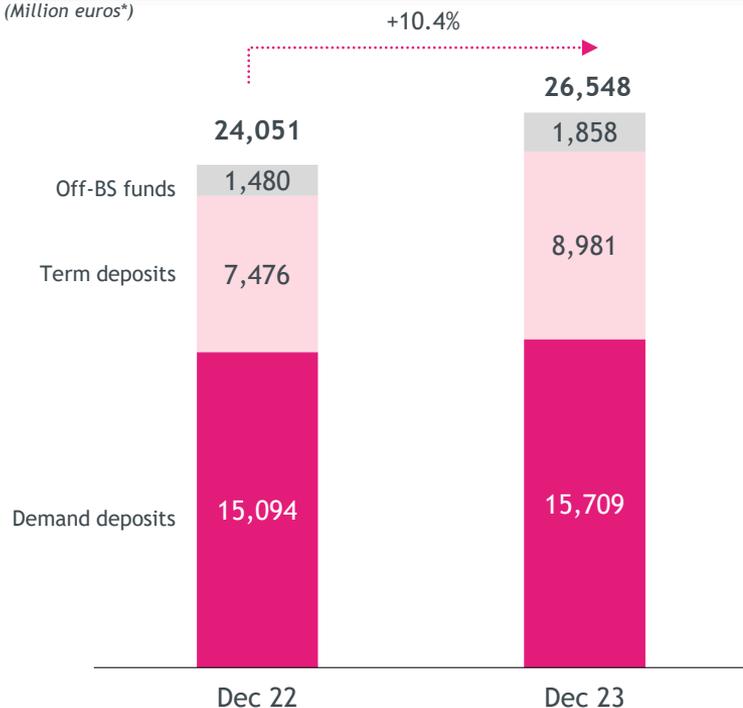
\*FX effect excluded. €/Zloty constant at December 2023 levels: Income Statement 4.54; Balance Sheet 4.34.

# Customers funds and loans to Customers



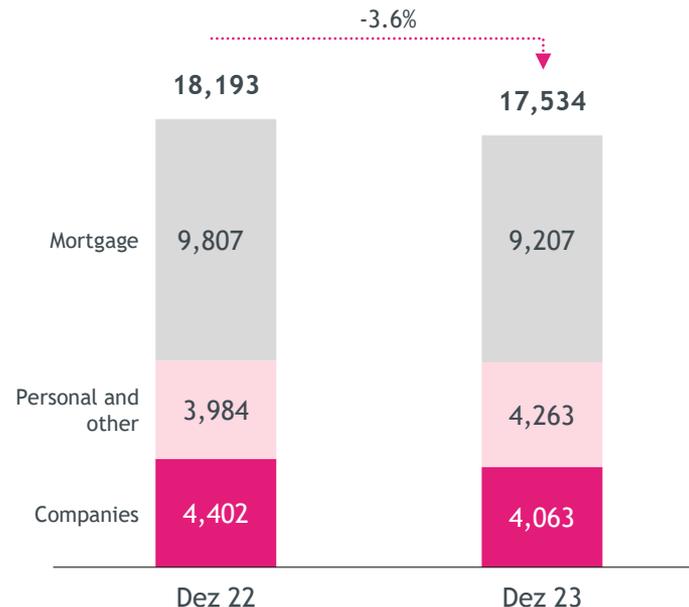
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)

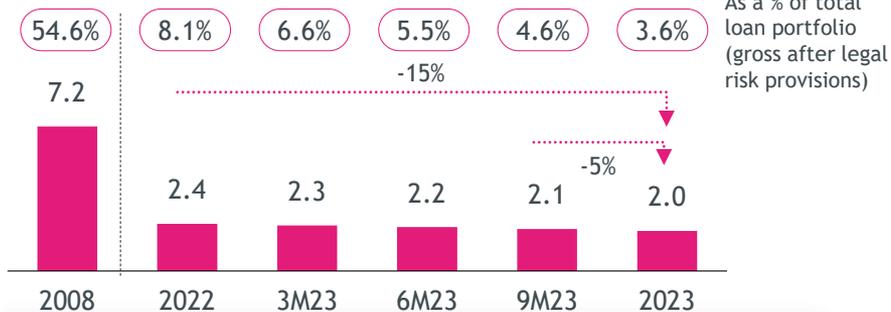


\*FX effect excluded. €/Zloty constant at December 2023 levels: Income Statement 4.54; Balance Sheet 4.34.



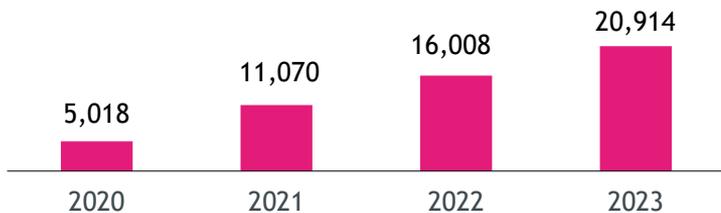
## CHF mortgage portfolio (gross w/o legal risk provisions)

(Billion euros\*)



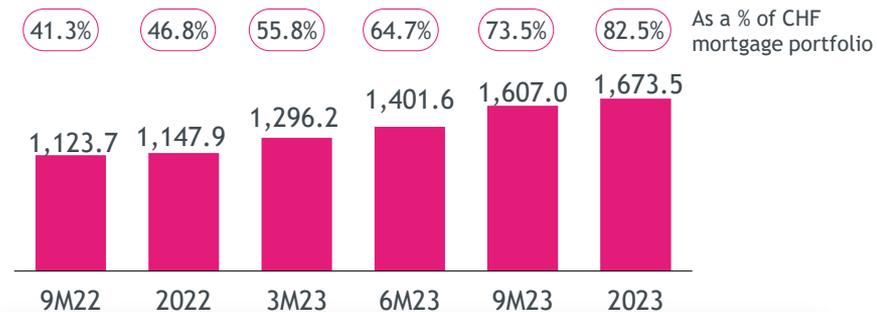
## Individual lawsuits

(Number of cases)

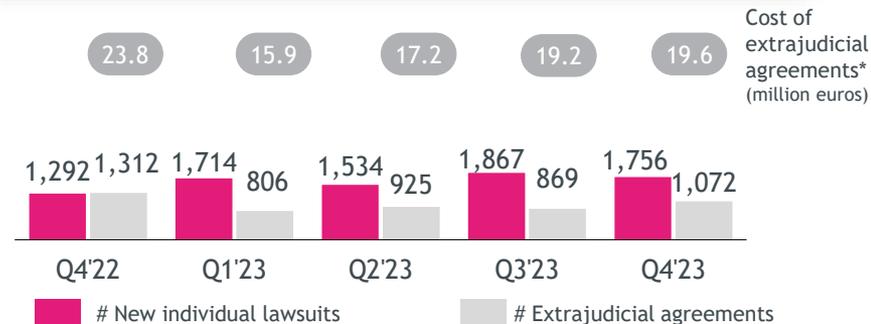


## Cumulative provisions for legal risks\*\*

(Million euros\*)



## New individual lawsuits and extrajudicial agreements\*\*\*

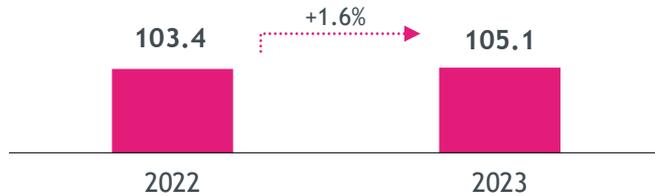


# Net income reflects resilience in challenging environment



## Net income

(Million euros\*)



MIMO rate  
(average)

15.26%

17.25%

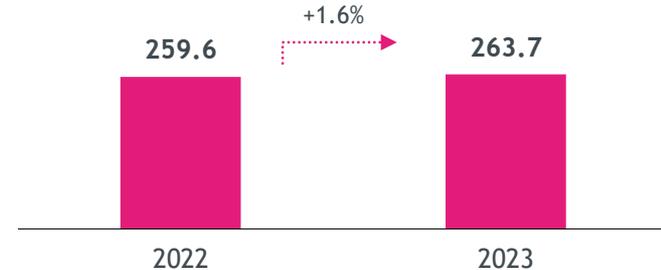
## Operating Costs

(Million euros\*)



## Net operating revenue

(Million euros\*)



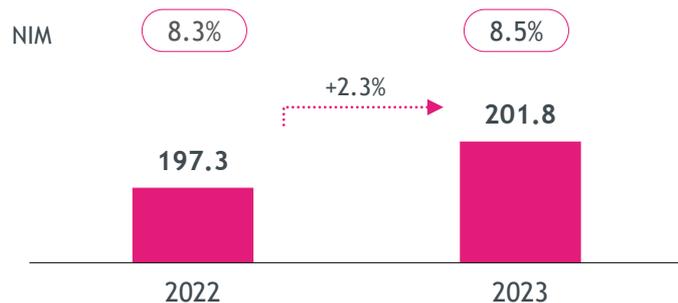
- Net income of 105.1 million in 2023, a 1.6% increase when compared with same period of last year
- Loans to Customers decreased by 0.9%; Customer funds decreased by 3.8%
- Capital ratio of 36.9%

# Increased net interest income



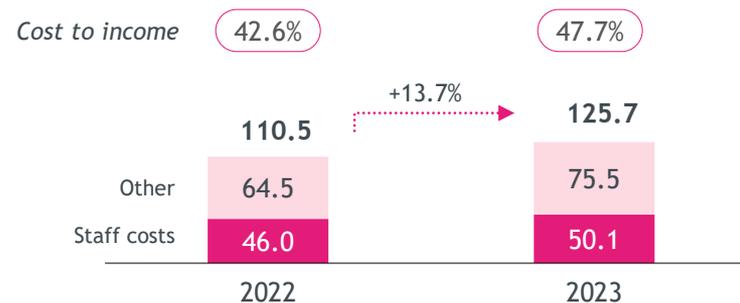
## Net Interest income

(Million euros\*)



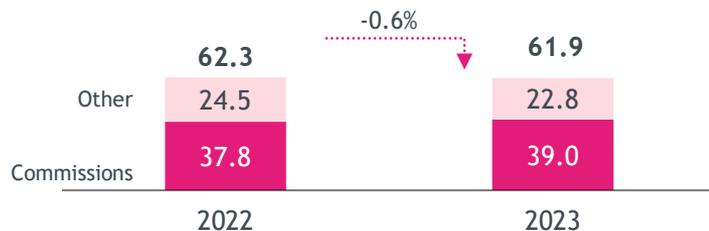
## Operating costs

(Million euros\*)

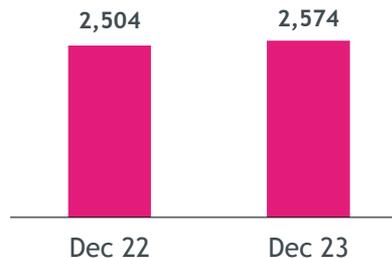


## Commissions and other income

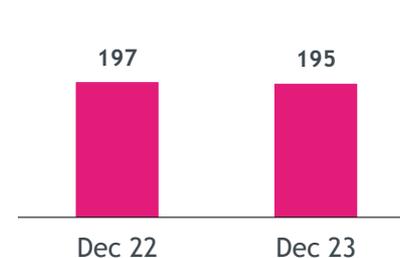
(Million euros\*)



## Employees



## Branches



\*FX effect excluded. €/Metical constant at December 2023 levels: Income Statement 69.25; Balance Sheet 70.57



## NPL>90d

(Million euros\*)

Credit ratio  
NPL>90d

8.2%

3.2%

54.4

21.0

Dec 22

Dec 23

## Loan-loss reserves

(Million euros\*)

Coverage ratio  
NPL>90d

98%

133%

53.5

27.9

Dec 22

Dec 23

## Loan impairment (net of recoveries)

(Million euros\*)

Cost of risk

118bp

-371bp

7.9

-24.7

2022

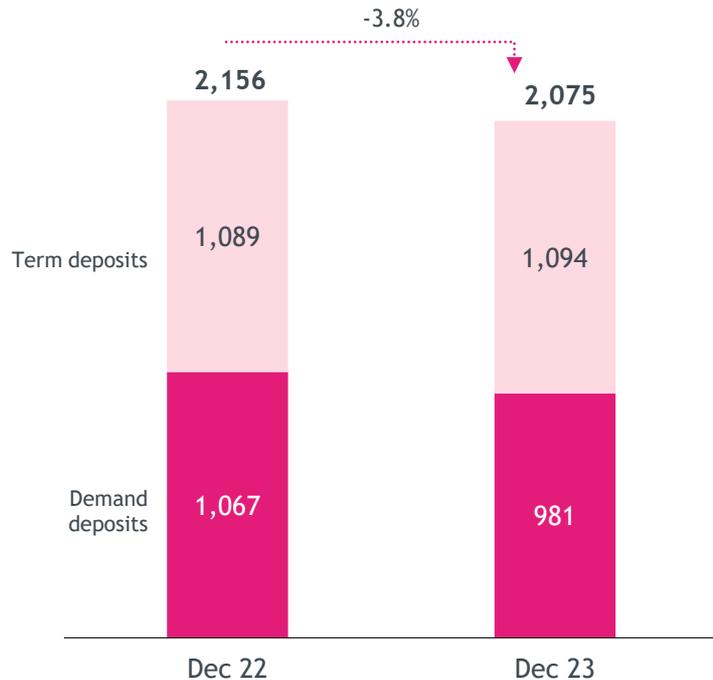
2023

- NPL>90d ratio of 3.2% as of December 2023, with coverage of 133% on the same date
- Cost of risk of -371bp in 2023 (118 bps in the same period of 2022) resulting from an impairment reversal, without this effect the cost of risk would be 161 bp



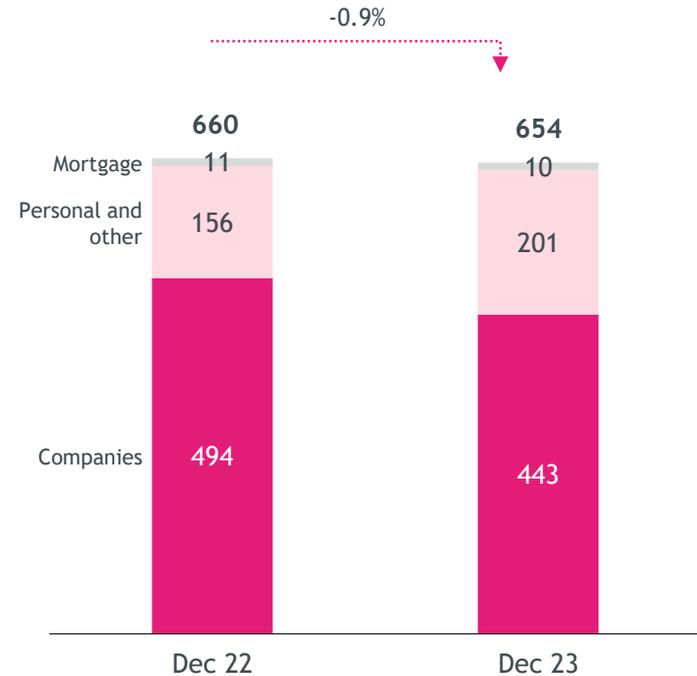
## Customers funds

(Million euros\*)



## Loans to Customers (gross)

(Million euros\*)





05

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**Key figures**



# Strategic Plan: Excelling 24

	2023		2024
C/I ratio	32% <sup>1</sup>	✓	≈ 40%
Cost of risk	42 bp <sup>2</sup>	✓	≈ 50 bp
RoE	16.0%	✓	≈ 10%
CET1 ratio	15.4%	✓	>12.5%
NPE ratio	3.4%	✓	≈ 4%
Share of mobile Customers	68%	✓	>65%
Growth of high engagement Customers <sup>3</sup> (vs 2020)	+13.5%	✓	+12%
Average ESG rating <sup>4</sup>	67%		>80%

<sup>1</sup>Adjusted cost to income: without the positive one-off effect related with the sale of 80% of Millennium Financial Services stake (international operations) and without the charge regarding mainly the compensation for the temporary reduction of remuneration in the period 2014/2017 in Portugal.

<sup>2</sup>Includes an impairment reversal in international operations, without this effect, the cost of risk would be 48 bps.

<sup>3</sup>Active Customers with card transactions in the previous 90 days or funds > €100 (>MZM 1,000 in Mozambique)

<sup>4</sup>Average of Top 3 indices (DJSI, CDP and MSCI) | NPE include loans to Customers only.

# COMMITMENT TO PEOPLE AND SOCIETY

## Fundação Millennium bcp



**Centro de Arte Oliva:** exhibition *The Revolution in the Night* - invites visitors to explore the influence of dreams, the role of the dream world, mythology and other elements in artistic creation and the vision of the world.



**Drawing Room:** 6<sup>th</sup> edition of the contemporary art fair dedicated to drawing. The Foundation presented the following awards: Outstanding Artistic Project Award, Millennium bcp Foundation Acquisition Award - Emerging Talent and Gallery Curatorial Project Award.



**Mosteiro dos Jerónimos:** restoration intervention in the Monastery's cloister, using ecological conservation practices; Conservation and enhancement of the silver tabernacle in the main chapel of the Monastery church.



**Ukrainian Hub - Programa Amarelo/Azul:** business camp aimed at Ukrainian women refugees in Portugal which, through training, legal support, mentoring and financing, aims to help them create their own business.

## Sociedade



Millennium Volunteers present at the Food Bank, for the 10<sup>th</sup> consecutive year, participated in 2023, at national level, in food collection campaigns carried out in May and November in favor of the most disadvantaged.



In 2023, within the framework of the annual Social Responsibility plan, more than 200 Millennium Volunteers and around 1,000 hours of volunteering will serve communities in outreach actions of a social and/or environmental nature.



In 2023, within the framework of the annual Social Responsibility and shared value creation plan, we signed new cooperation and partnership protocols with Bipp/SEMEAR, with CASA, with EPIS and with Entrajuda/virtual visits.



Social Responsibility Campaign "Millennium Solidário 2023", brought together the Bank's workers and the Mbcp Foundation in support of the IPO - Instituto Português de Oncologia and Alémr - Acreditar - Associação de Pais e Amigos das Crianças com Cancro.

## Sustentabilidade



Millennium bcp begins the process of installing micro photovoltaic plants in some of its Branches, contributing to the reduction of operational CO2 emissions and increasing its energy autonomy.



Millennium bcp and FEI - European Investment Fund signed a €405 M InvesEU agreement to support Portuguese SMEs in projects within the scope of sustainability, innovation and digitalization, social entrepreneurship and microfinance.



Millennium Talks Alentejo: Innovation for Sustainability, brought together hundreds of local businesspeople with whom solutions to support sustainable investment and the opportunities of the Portugal 2030 community framework were shared.



Millennium bcp, in 2023, was "Best Bank for Sustainable Finance in Portugal" for Global Finance magazine and one of "Europe's Climate Leaders" for the Financial Times and Statista, in recognition of its Sustainability policy and practices.

# Awards

new



**Millennium bcp:** Bank with the Best Service in Portugal in the treasury management category by the Euromoney magazine



**Millennium bcp:** “Best Digital Bank 2023” and “Best Investment Banking 2023” in Portugal



**Millennium bcp:** distinguished at the 12<sup>th</sup> edition of Euronext Lisbon Awards with “Local Market Member in Equity” award



**Millennium bcp** integrates, for the 4<sup>th</sup> consecutive year, the Bloomberg Gender-Equality Index



**Millennium bcp:** winner in the “Banca e Finanças” category, for the 5<sup>th</sup> time



**Millennium bcp:** Best Private Bank For Self- Directed Investments in Europe

new



**Bank Millennium:** 2<sup>nd</sup> position in Forbes’s “Companies Friendly Bank” ranking

new



**Bank Millennium:** winner of this year’s edition of the “Newsweek Friendly Banking” ranking



**Bank Millennium:** Distinguished with the “Golden Bank 2023” title

new



**Bank Millennium:** “Top Employer Polska 2024”, by “HR Best Practices Survey”



**Bank Millennium:** “Best Bank” and “Best Digital Bank 2023” in Poland



**Bank Millennium** highlighted on the Polish Contact Center Awards 2023



**Bank Millennium:** Second place in Forbes’s “Poland’s Best Employers 2023” ranking, in the Banks and Financial Services category



**Bank Millennium:** Awarded with the “Service Quality Star”, being the Millennium brand recommended by consumers



**Bank Millennium:** Distinguished with the CSR Golden Leaf Award for corporate social responsibility practices



**Millennium bim:** “The Best Consumer Digital Bank for Innovation and Transformation in Africa for 2023”; “Best Consumer Digital Bank 2023”; “Best Consumer Mobile App 2023” and “Best Digital Bank 2023” in Mozambique

new



**Millennium bim:** “Best Bank” and “Best Private Bank” in Mozambique

These awards are the exclusive responsibility of the attributing entities.

new



**Millennium bcp**  
2024 Consumer’s Choice, in the “Large Banks” category for the 4<sup>th</sup> consecutive year

new



**ActivoBank**  
2024 Consumer’s Choice, in the “Digital Bank” category for the 6<sup>th</sup> time

new



**Millennium bcp**  
Winner in the “Large Banks” category

new



**ActivoBank**  
Winner in the “Digital Banking” category



**App Millennium**  
“2023 Product of the Year”, in the “Banking Apps” category

new



**Millennium bcp**  
Market Leader do Trade Finance pela primeira vez

inovadora

**Millennium bcp**  
Leadership in the “inovadora COTEC” programme for the 3<sup>rd</sup> consecutive year



**Millennium bcp**  
Main Bank for Companies in the DATA E 2023 Study

# Appendix



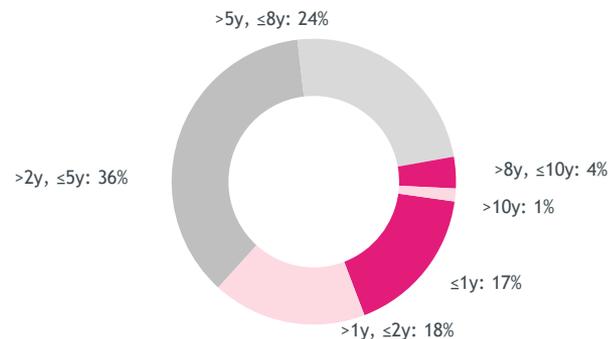
# Sovereign debt portfolio

## Sovereign debt portfolio

(Consolidated, million euros)

	Dec 22	Mar 23	Jun 23	Sep 23	Dec 23	YoY	QoQ
Portugal	6,295	6,908	6,534	6,188	5,656	-10%	-9%
T-bills and other	310	810	421	109	104	-67%	-5%
Bonds	5,985	6,098	6,113	6,079	5,552	-7%	-9%
Poland	3,320	3,204	3,461	3,881	4,949	+49%	+28%
Mozambique	526	527	530	533	544	+4%	+2%
Other	6,390	8,206	9,216	8,963	10,944	+71%	+22%
<b>Total</b>	<b>16,531</b>	<b>18,844</b>	<b>19,741</b>	<b>19,564</b>	<b>22,093</b>	<b>+34%</b>	<b>+13%</b>

## Sovereign debt maturity



- ✓ The sovereign debt portfolio totalled 22.1 billion, 14.5 billion of which maturing in more than 2 years
- ✓ The Portuguese sovereign debt portfolio totalled 5.7 billion, the Polish and Mozambican portfolios amounted to 4.9 billion and to 0.5 billion, respectively; “other” includes, among other, sovereign debt from France (3.8 billion), Spain (3.1 billion), Belgium (1.9 billion), Germany (1.3 billion) and Ireland (0.5 billion).

# Sovereign debt portfolio

(Million euros)

	Portugal	Poland	Mozambique	Other	Total
Trading book	156	25	0	193	375
≤ 1 year	107	1		193	301
> 1 year and ≤ 2 years	34	1			35
> 2 years and ≤ 5 years	6	16			22
> 5 years and ≤ 8 years	4	0			5
> 8 years and ≤ 10 years	1	7			8
> 10 years	3			0	4
Banking book*	5,500	4,923	544	10,750	21,718
≤ 1 year	27	639	133	2,652	3,451
> 1 year and ≤ 2 years	1,629	1,269	84	856	3,839
> 2 years and ≤ 5 years	2,806	2,144	220	2,853	8,022
> 5 years and ≤ 8 years	505	494	36	4,273	5,307
> 8 years and ≤ 10 years	213	377	71	117	778
> 10 years	320				320
Total	5,656	4,949	544	10,944	22,093
≤ 1 year	135	640	133	2,845	3,752
> 1 year and ≤ 2 years	1,663	1,270	84	856	3,874
> 2 years and ≤ 5 years	2,812	2,161	220	2,853	8,045
> 5 years and ≤ 8 years	509	495	36	4,273	5,312
> 8 years and ≤ 10 years	214	384	71	117	786
> 10 years	323			0	323

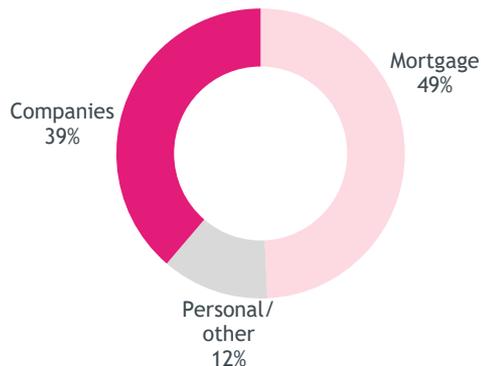
\*Includes financial assets at fair value through other comprehensive income (6,943 million) and financial assets at amortized cost (14,775 million).

# Diversified and collateralised portfolio

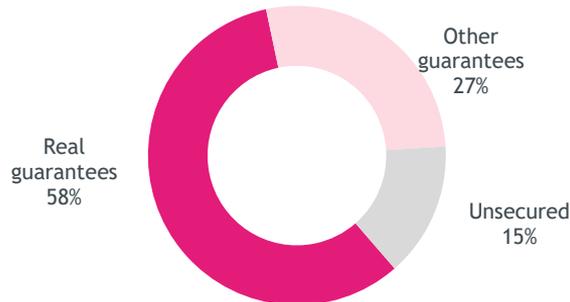
## Loan portfolio

(Consolidated)

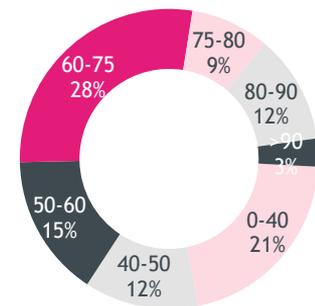
### Breakdown



### Loans per collateral



### LTV of the mortgage portfolio in Portugal



- Loans to companies accounted for 39% of the loan portfolio, including 6% to construction and real-estate sectors, as of December 2023
- Mortgage accounted for 49% of the loan portfolio, with low delinquency levels and an average LTV of 60%
- 85% of the loan portfolio is collateralised

# Consolidated net income

<i>(Million euros)</i>	2022	2023	YoY	Impact on earnings
Net interest income	2,149.8	2,825.7	+31.4%	+676.0
Net fees and commissions	771.9	771.7	-0.0%	-0.2
Other income*	-64.3	172.3		+236.5
<b>Net operating revenue</b>	<b>2,857.4</b>	<b>3,769.7</b>	<b>+31.9%</b>	<b>+912.3</b>
Staff costs	-580.8	-631.8	+8.8%	-51.0
Other administrative costs and depreciation	-492.2	-530.7	+7.8%	-38.5
<b>Operating costs</b>	<b>-1,073.0</b>	<b>-1,162.6</b>	<b>+8.3%</b>	<b>-89.5</b>
<b>Profit before impairment and provisions</b>	<b>1,784.4</b>	<b>2,607.1</b>	<b>+46.1%</b>	<b>+822.7</b>
Results on modification	-309.9	-19.4		+290.4
Loans impairment (net of recoveries)	-300.6	-240.0	-20.2%	+60.6
Other impairment and provisions	-755.6	-859.8	+13.8%	-104.3
<b>Results of modification, Impairment and provisions</b>	<b>-1,366.0</b>	<b>-1,119.3</b>	<b>-18.1%</b>	<b>+246.8</b>
<b>Net income before income tax</b>	<b>418.3</b>	<b>1,487.8</b>	<b>+255.6%</b>	<b>+1,069.5</b>
Income taxes	-304.3	-537.4	+76.6%	-233.1
Net income from discontinued or to be discontinued operations	5.5	-2.9	-151.5%	-8.4
Non-controlling interests	77.8	-91.6	-217.7%	-169.4
<b>Net income</b>	<b>197.4</b>	<b>856.0</b>	<b>+333.7%</b>	<b>+658.7</b>

\*Includes dividends from equity instruments, other net operating income, net trading income and equity accounted earnings

# Consolidated balance sheet

(Million euros)

	31 December 2023	31 December 2022 (restated)		31 December 2023	31 December 2022 (restated)
<b>ASSETS</b>			<b>LIABILITIES</b>		
Cash and deposits at Central Banks	4,545.5	6,022.0	Financial liabilities at amortised cost		
Loans and advances to credit institutions repayable on demand	337.7	213.5	Resources from credit institutions	829.1	1,468.4
Financial assets at amortised cost			Resources from customers	75,606.8	75,430.1
Loans and advances to credit institutions	908.5	963.4	Non subordinated debt securities issued	2,712.7	1,482.1
Loans and advances to customers	53,305.2	54,675.8	Subordinated debt	1,397.4	1,333.1
Debt instruments	17,579.1	13,035.6	Financial liabilities at fair value through profit or loss		
Financial assets at fair value through profit or loss			Financial liabilities held for trading	207.4	241.5
Financial assets held for trading	822.9	766.6	Financial liabilities at fair value through profit or loss	3,608.5	1,817.7
Financial assets not held for trading mandatorily at fair value through profit or loss	467.3	552.7	Hedging derivatives	67.8	178.0
Financial assets designated at fair value through profit or loss	32.0	-	Provisions	753.1	561.8
Financial assets at fair value through other comprehensive income	10,834.3	7,461.6	Current tax liabilities	197.1	23.7
Hedging derivatives	40.6	59.7	Deferred tax liabilities	8.8	11.7
Investments in associated companies	356.3	314.9	Other liabilities	1,691.6	1,392.0
Non-current assets held for sale	80.3	499.0	<b>TOTAL LIABILITIES</b>	<b>87,080.3</b>	<b>83,940.0</b>
Investment property	39.1	15.2	<b>EQUITY</b>		
Other tangible assets	606.4	574.7	Share capital	3,000.0	3,000.0
Goodwill and intangible assets	223.1	182.7	Share premium	16.5	16.5
Current tax assets	20.5	17.9	Other equity instruments	400.0	400.0
Deferred tax assets	2,554.3	2,939.0	Legal and statutory reserves	316.4	268.5
Other assets	1,626.7	1,582.5	Treasury shares	-	-
<b>TOTAL ASSETS</b>	<b>94,379.8</b>	<b>89,876.7</b>	Reserves and retained earnings	1,273.2	1,272.3
			Net income for the period attributable to Bank's Shareholders	856.1	197.4
			<b>TOTAL EQUITY ATTRIBUTABLE TO BANK'S SHAREHOLDERS</b>	<b>6,312.1</b>	<b>5,154.7</b>
			Non-controlling interests	987.4	782.1
			<b>TOTAL EQUITY</b>	<b>7,299.5</b>	<b>5,936.8</b>
			<b>TOTAL LIABILITIES AND EQUITY</b>	<b>94,379.8</b>	<b>89,876.7</b>

# Consolidated income statement per quarter

(Million euros)

	Quarterly				
	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23
<b>Net interest income</b>	<b>603.9</b>	<b>664.6</b>	<b>709.8</b>	<b>743.1</b>	<b>708.3</b>
Dividends from equity instruments	0.8	0.0	1.1	0.0	0.6
Net fees and commission income	198.1	195.4	191.6	191.4	193.2
Other operating income	-6.2	-6.4	-65.8	15.7	17.9
Net trading income	-25.0	131.6	-7.1	-20.1	40.4
Equity accounted earnings	21.0	14.9	14.5	18.2	16.7
<b>Banking income</b>	<b>792.7</b>	<b>1,000.1</b>	<b>844.2</b>	<b>948.3</b>	<b>977.0</b>
Staff costs	149.0	144.3	163.6	160.0	163.8
Other administrative costs	101.2	90.3	94.7	98.5	109.8
Depreciation	35.4	33.9	34.7	34.6	34.3
<b>Operating costs</b>	<b>285.6</b>	<b>268.5</b>	<b>293.0</b>	<b>293.1</b>	<b>307.9</b>
<b>Profit bef. impairment and provisions</b>	<b>507.1</b>	<b>731.6</b>	<b>551.2</b>	<b>655.2</b>	<b>669.1</b>
Results on modification	8.7	-5.9	-5.6	-3.2	-4.6
Loans impairment (net of recoveries)	59.4	80.4	65.1	65.9	28.6
Other impairm. and provisions	223.1	237.7	165.2	199.5	257.4
<b>Net income before income tax</b>	<b>233.3</b>	<b>407.5</b>	<b>315.2</b>	<b>386.6</b>	<b>378.5</b>
Income tax	95.7	156.2	89.8	141.4	150.0
<b>Net income (before disc. oper.)</b>	<b>137.6</b>	<b>251.3</b>	<b>225.5</b>	<b>245.2</b>	<b>228.5</b>
Net income arising from discount. operations	4.1	0.0	0.0	0.0	-2.8
Non-controlling interests	34.1	35.1	18.4	17.8	20.3
<b>Net income</b>	<b>107.6</b>	<b>216.1</b>	<b>207.1</b>	<b>227.5</b>	<b>205.3</b>

# Income statement

(Million euros)

For the 12-month periods ended December 31<sup>st</sup>, 2022 and 2023

International operations

	Group			Portugal			Total			Bank Millennium (Poland)			Millennium bim (Moz.)			Other int. operations		
	Dec 22	Dec 23	Δ %	Dec 22	Dec 23	Δ %	Dec 22	Dec 23	Δ %	Dec 22	Dec 23	Δ %	Dec 22	Dec 23	Δ %	Dec 22	Dec 23	Δ %
	Interest income	2,737	4,371	59.7%	1,078	2,216	>100%	1,659	2,155	29.9%	1,364	1,859	36.3%	295	296	0.4%	1	0
Interest expense	587	1,546	>100%	127	749	>100%	461	796	72.9%	368	702	90.7%	92	94	19%	0	0	-100.0%
<b>Net interest income</b>	<b>2,150</b>	<b>2,826</b>	<b>31.4%</b>	<b>951</b>	<b>1,467</b>	<b>54.2%</b>	<b>1,199</b>	<b>1,359</b>	<b>13.4%</b>	<b>996</b>	<b>1,157</b>	<b>16.2%</b>	<b>202</b>	<b>202</b>	<b>-0.2%</b>	<b>1</b>	<b>0</b>	<b>&lt;-100%</b>
Dividends from equity instruments	10	2	-82.3%	9	1	-88.9%	1	1	-6.8%	1	1	-6.8%	0	0	--	0	0	--
<b>Intermediation margin</b>	<b>2,160</b>	<b>2,828</b>	<b>30.9%</b>	<b>960</b>	<b>1,468</b>	<b>52.8%</b>	<b>1,200</b>	<b>1,360</b>	<b>13.4%</b>	<b>996</b>	<b>1,158</b>	<b>16.2%</b>	<b>202</b>	<b>202</b>	<b>-0.2%</b>	<b>1</b>	<b>0</b>	<b>&lt;-100%</b>
Net fees and commission income	772	772	-0.0%	561	560	-0.0%	211	211	0.0%	173	172	-0.2%	39	39	0.9%	0	0	-100.0%
Other operating income	-183	-39	78.9%	-76	-65	14.8%	-107	26	>100%	-109	22	>100%	2	5	87.3%	0	0	>100%
<b>Basic income</b>	<b>2,749</b>	<b>3,561</b>	<b>29.5%</b>	<b>1,445</b>	<b>1,963</b>	<b>35.9%</b>	<b>1,304</b>	<b>1,598</b>	<b>22.5%</b>	<b>1,060</b>	<b>1,352</b>	<b>27.6%</b>	<b>243</b>	<b>245</b>	<b>0.9%</b>	<b>1</b>	<b>0</b>	<b>&lt;-100%</b>
Net trading income	50	145	>100%	69	13	-81.4%	-19	132	>100%	-40	116	>100%	21	16	-21.7%	0	0	-100.0%
Equity accounted earnings	59	64	9.6%	58	60	3.3%	1	5	>100%	0	0	--	2	2	5.5%	-1	3	>100%
<b>Banking income</b>	<b>2,857</b>	<b>3,770</b>	<b>31.9%</b>	<b>1,571</b>	<b>2,035</b>	<b>29.5%</b>	<b>1,286</b>	<b>1,734</b>	<b>34.9%</b>	<b>1,020</b>	<b>1,468</b>	<b>43.9%</b>	<b>266</b>	<b>264</b>	<b>-0.9%</b>	<b>0</b>	<b>3</b>	<b>&gt;100%</b>
Staff costs	581	632	8.8%	339	355	4.8%	242	277	14.4%	194	227	16.7%	47	50	6.5%	1	0	<-100%
Other administrative costs	353	393	11.4%	184	189	2.6%	169	205	21.0%	118	147	24.3%	51	58	14.1%	0	0	<-100%
Depreciation	139	137	-1.3%	79	73	-7.6%	60	64	7.0%	45	47	4.4%	16	18	14.6%	0	0	-100.0%
<b>Operating costs</b>	<b>1,073</b>	<b>1,163</b>	<b>8.3%</b>	<b>602</b>	<b>617</b>	<b>2.5%</b>	<b>471</b>	<b>546</b>	<b>15.8%</b>	<b>357</b>	<b>420</b>	<b>17.7%</b>	<b>113</b>	<b>126</b>	<b>11.0%</b>	<b>1</b>	<b>0</b>	<b>&lt;-100%</b>
<b>Profit bef. impairment and provisions</b>	<b>1,784</b>	<b>2,607</b>	<b>46.1%</b>	<b>970</b>	<b>1,419</b>	<b>46.3%</b>	<b>815</b>	<b>1,188</b>	<b>45.9%</b>	<b>663</b>	<b>1,048</b>	<b>58.1%</b>	<b>153</b>	<b>138</b>	<b>-9.7%</b>	<b>-1</b>	<b>3</b>	<b>&gt;100%</b>
Results on modification	-310	-19	93.7%	0	0	--	-310	-19	93.7%	-310	-19	93.7%	0	0	--	0	0	--
Loans impairment (net of recoveries)	301	240	-20.2%	218	208	-5.0%	82	32	-60.5%	74	57	-22.8%	8	-25	<-100%	0	0	<-100%
Other impairm. and provisions	756	860	13.8%	205	161	-21.7%	550	699	27.0%	435	682	56.8%	7	14	>100%	109	3	-96.8%
<b>Net income before income tax</b>	<b>418</b>	<b>1,488</b>	<b>&gt;100%</b>	<b>546</b>	<b>1,050</b>	<b>92.4%</b>	<b>-128</b>	<b>437</b>	<b>&gt;100%</b>	<b>-156</b>	<b>289</b>	<b>&gt;100%</b>	<b>138</b>	<b>149</b>	<b>8.0%</b>	<b>-110</b>	<b>-1</b>	<b>99.3%</b>
Income tax	304	537	76.6%	208	331	59.5%	97	206	>100%	61	162	>100%	36	44	21.7%	0	0	--
<b>Net income (before disc. oper.)</b>	<b>114</b>	<b>950</b>	<b>&gt;100%</b>	<b>338</b>	<b>719</b>	<b>&gt;100%</b>	<b>-224</b>	<b>231</b>	<b>&gt;100%</b>	<b>-217</b>	<b>127</b>	<b>&gt;100%</b>	<b>102</b>	<b>105</b>	<b>3.2%</b>	<b>-110</b>	<b>-1</b>	<b>99.3%</b>
Net income arising from discont. operations	6	-3	<-100%	0	0	--	6	-3	<-100%				4	0	-100.0%			
Non-controlling interests	-78	92	>100%	-5	-6	-11.3%	-73	97	>100%	0	0	--	0	0	--	-73	97	>100%
<b>Net income</b>	<b>197</b>	<b>856</b>	<b>&gt;100%</b>	<b>343</b>	<b>725</b>	<b>&gt;100%</b>	<b>-146</b>	<b>131</b>	<b>&gt;100%</b>	<b>-217</b>	<b>127</b>	<b>&gt;100%</b>	<b>106</b>	<b>105</b>	<b>-0.9%</b>	<b>-37</b>	<b>-98</b>	<b>&lt;-100%</b>

# Glossary (1/2)

**Assets placed with Customers** - amounts held by Customers in the context of the placement of third-party products that contribute to the recognition of commissions.

**Balance sheet Customer funds** - deposits and other resources from Customers and debt securities placed with Customers.

**Business Volumes** - corresponds to the sum of total Customer funds and loans to Customers (gross).

**Commercial gap** - loans to Customers (gross) minus on-balance sheet Customer funds.

**Core income** - net interest income plus net fees and commissions income.

**Core net income** - net interest income plus net fees and commissions income deducted from operating costs.

**Cost of risk, net (expressed in basis points)** - ratio of loans impairment (P&L) accounted in the period to loans to Customers at amortized cost and debt instruments at amortized cost related to credit operations before impairment at the end of the period.

**Cost to core income** - operating costs divided by core income.

**Cost to income** - operating costs divided by net operating revenues.

**Coverage of non-performing exposures by impairments** - loans impairments (balance sheet) divided by the stock of NPE.

**Coverage of non-performing loans by impairments** - loans impairments (balance sheet) divided by the stock of NPL.

**Coverage of overdue loans by impairments** - loans impairments (balance sheet) divided by overdue loans.

**Coverage of overdue loans by more than 90 days by impairments** - loans impairments (balance sheet) divided by overdue loans by more than 90 days.

**Debt instruments** - non-subordinated debt instruments at amortized cost and financial liabilities measured at fair value through profit or loss (debt securities and certificates).

**Debt securities placed with Customers** - debt securities issued by the Bank and placed with Customers.

**Deposits and other resources from Customers** - resources from Customers at amortized cost and Customer deposits at fair value through profit or loss.

**Dividends from equity instruments** - dividends received from investments classified as financial assets at fair value through other comprehensive income and from financial assets held for trading.

**Equity accounted earnings** - results appropriated by the Group related to the consolidation of entities where, despite having some influence, the Group does not control the financial and operational policies.

**Insurance products** - includes unit linked saving products and retirement saving plans (“PPR”, “PPE” and “PPR/E”).

**Loans impairment (balance sheet)** - balance sheet impairment related to loans to Customers at amortized cost, balance sheet impairment associated with debt instruments at amortized cost related to credit operations and fair value adjustments related to loans to Customers at fair value through profit or loss.

**Loans impairment (P&L)** - impairment (net of reversals and net of recoveries - principal and accrual) of financial assets at amortized cost for loans to Customers and for debt instruments related to credit operations.

**Loans to Customers (gross)** - loans to Customers at amortized cost before impairment, debt instruments at amortized cost associated to credit operations before impairment and loans to Customers at fair value through profit or loss before fair value adjustments.

**Loans to Customers (net)** - loans to Customers at amortized cost net of impairment, debt instruments at amortized cost associated to credit operations net of impairment and balance sheet amount of loans to Customers at fair value through profit or loss.

**Loan to Deposits ratio (LTD)** - loans to Customers (net) divided by deposits and other resources from Customers.

**Loan to value ratio (LTV)** - mortgage amount divided by the appraised value of property.

**Net commissions** - net fees and commissions income.

**Net interest margin (NIM)** - net interest income for the period as a percentage of average interest earning assets.

**Net operating revenues** - net interest income, dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

# Glossary (2/2)

**Net trading income** - results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations, results from derecognition of financial assets and financial not measured at fair value through profit or loss.

**Non-performing exposures (NPE)** non-performing loans and advances to Customers (includes loans to Customers at amortised cost, loans to Customers at fair value through profit or loss and, from 2023, debt instruments at amortised cost associated to credit operations before impairment ) more than 90 days past-due or unlikely to be paid without collateral realisation, if they recognised as defaulted or impaired.

**NPE Specific coverage** - NPE impairments (balance sheet) divided by the stock of NPE.

**NPE total coverage** - Impairments (balance sheet) and NPE collaterals divided by the stock of NPE.

**NPE total specific coverage** - NPE impairments (balance sheet) and NPE collaterals divided by the stock of NPE.

**Non-performing loans (NPL)** - overdue loans (loans to Customers at amortised cost, loans to Customers at fair value through profit or loss and, from 2023, debt instruments at amortised cost associated to credit operations before impairment) more than 90 days past due including the non-overdue remaining principal of loans, i.e. portion in arrears, plus non-overdue remaining principal.

**Off-balance sheet Customer funds** - assets under management, assets placed with Customers and insurance products (savings and investment) subscribed by Customers.

**Operating costs** - staff costs, other administrative costs and depreciation.

**Other impairment and provisions** - impairment (net of reversals) for loans and advances of credit institutions classified at amortized cost, impairment for financial assets (classified at fair value through other comprehensive income and at amortized cost not associated with credit operations), impairment for other assets, namely assets received as payment in kind, investments in associated companies and goodwill of subsidiaries and other provisions.

**Other net income** - dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings.

**Other net operating income** - net gains from insurance activity, other operating income/(loss) and gains/(losses) arising from sales of subsidiaries and other assets.

**Overdue loans** - total outstanding amount of past due loans to Customers (loans to Customers at amortized cost, debt instruments at amortized cost associated to credit operations and loans to Customers at fair value through profit or loss), including principal and interests.

**Overdue loans by more than 90 days** - total outstanding amount of past due loans to Customers by more than 90 days (loans to Customers at amortized cost, debt instruments at amortized cost associated to credit operations and loans to Customers at fair value through profit or loss), including principal and interests.

**Profit before impairment and provisions** - net operating revenues deducted from operating costs.

**Resources from credit institutions** - resources and other financing from Central Banks and resources from other credit institutions.

**Return on average assets (Instruction from the Bank of Portugal no. 16/2004)** - net income (before tax) divided by the average total assets (weighted average of the average of monthly net assets in the period).

**Return on average assets (ROA)** - net income (before minority interests) divided by the average total assets (weighted average of the average of monthly net assets in the period).

**Return on equity (Instruction from the Bank of Portugal no. 16/2004)** - net income (before tax) divided by the average attributable equity + non-controlling interests (weighted average of the average of monthly equity in the period).

**Return on equity (ROE)** - net income (after minority interests) divided by the average attributable equity, deducted from preference shares and other capital instruments (weighted average of the average of monthly equity in the period).

**Securities portfolio** - debt instruments at amortized cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to Customers and trading derivatives), financial assets at fair value through other comprehensive income and assets with repurchase agreement.

**Spread** - increase (in percentage points) to the index used by the Bank in loans granting or fund raising.

**Total Customer funds** - balance sheet Customer funds and off-balance sheet Customer fund.

**Total Customer funds** - balance sheet Customer funds and off-balance sheet Customer funds.

# Millennium

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