Millennium bcp

30 October 2024

Millennium bcp Earnings release as at 30 September 2024

A Solid and Efficient Bank

Profitability

- **Group's net income of EUR 714.1 million in the first nine months of 2024, 9.7% above** the first nine months of 2023, with core operating profit reaching EUR 1,765.9 million.
- **In Portugal, net income amounted to EUR 606.0 million in the first nine months of 2024**, corresponding to an **increase of 8.8%** compared to the same period in 2023.
- **Bank Millennium net income stood at EUR 127.0 million in the first nine months of 2024**, despite **charges of EUR 550,0[1] million** related with **CHF mortgage loan portfolio** (out of which **EUR 347.6 million in provisions**) and costs related to the extension of **credit holidays (mortgage in Zlotys) which totalled EUR 36.6[2] million**.
- **Millennium bim net income stood at EUR 63.6 million** in the first nine months of the year.

Business model

- **Solid capital ratios. CET1[3] ratio stood at 16.5%** (official ratio, without the Q3'24 net income, of 16.2%) and **total capital ratio[3] at 20.8%** (official ratio, without the Q3'24 net income, of 20.5%), corresponding to **increases of 152 bp and 134 bp**, respectively, compared with the same period last year, reflecting the capacity to generate organic capital.
- **Liquidity indicators[4] well above regulatory requirements: LCR at 314%, NSFR at 175%** and LtD at 68%.
- **Group's total Customer funds grew 9.1% year on year to EUR 100.8 billion.**
- **Reduction in non-performing assets** compared to September 2023: **EUR 92 million in NPE** and **EUR 60 million in foreclosed assets.**
- **Cost of risk[5] of the Group stood at 39 bp in the first nine months of 2024**, which compares with 50 bp in the same period of last year.
- **Customer base grew 4%**, highlighting the **increase in mobile Customers** (**11%** from September 2023), which represent 71% of total active Customers at the end of September 2024.

[1] Before taxes and non-controlling interests. Includes provisions for legal risk, costs with out-of-court settlements and legal advice. Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by a third party). [2] Before taxes and non-controlling interests. Reduction of EUR 10 million compared to Q2´24 due to the revision of the estimated rate of adherence to the credit holidays. [3] Fully implemented ratio including unaudited net income of the first nine months of 2024. [4] Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Loans to Deposits Ratio (LtD). 5 Includes the impact of certain impairments reversal in the second quarter of 2024. Excluding this impact, the cost of risk in the first nine months of 2024 stood at 49 bp.

BANCO COMERCIAL PORTUGUÊS, S.A.,
having its registered office at Praça D. João I, 28, Oporto,
registered at the Commercial Registry of Oporto, with the
single commercial and tax identification number 501 525 882
and the share capital of EUR 3,000,000,000.00.
LEI: JU1U6SODG9YLT7N8ZV32

INVESTOR RELATIONS
Bernardo Collaço
Phone +351 211 131 084
investors@millenniumbcp.pt
bernardo.collaco@millenniumbcp.pt
alexandre.moita@millenniumbcp.pt

MEDIA CONTACTS
Erik T. Burns
Phone +351 211 131 242
Mobile +351 917 265 020
erik.burns@millenniumbcp.pt
cintia.barbas@millenniumbcp.pt

Millennium bcp

FINANCIAL HIGHLIGHTS (1)

million EUR

	30 Sep. 24	30 Sep. 23 (restated [2])	Chg. 24/23
BALANCE SHEET			
Total assets	100,226	91,160	9.9 %
Equity	8,038	6,839	17.5 %
Loans to customers (net)	55,951	55,112	1.5 %
Total customer funds	100,776	92,379	9.1 %
Balance sheet customer funds	83,525	76,876	8.6 %
Deposits and other resources from customers	82,239	75,534	8.9 %
Loans to customers (net) / Deposits and other resources from customers (3)	68.0 %	73.0 %	
Loans to customers (net) / Balance sheet customer funds	67.0 %	71.7 %	
RESULTS			
Net interest income	2,110.8	2,117.5	(0.3) %
Net operating revenues	2,692.2	2,792.7	(3.6) %
Operating costs	946.6	854.6	10.8 %
Operating costs excluding specific items (4)	943.9	842.4	12.0 %
Results on modification	(62.4)	(14.8)	<-200%
Loan impairment charges (net of recoveries)	166.5	211.4	(21.3 %)
Other impairment and provisions	460.9	602.4	(23.5) %
Income taxes	262.8	387.4	(32.2) %
Net income	714.1	650.7	9.7 %
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (3)	3.7 %	4.1 %	
Return on average assets (ROA)	1.1 %	1.1 %	
Income before tax and non-controlling interests / Average net assets (3)	1.4 %	1.6 %	
Return on equity (ROE)	14.9 %	16.0 %	
Return on tangible equity (ROTE)	15.4 %	16.6 %	
Income before tax and non-controlling interests / Average equity (3)	19.5 %	24.5 %	
Net interest margin	3.05 %	3.39 %	
Cost to core income (4)	34.8 %	31.2 %	
Cost to income (3)	35.2 %	30.6 %	
Cost to income (3)(4)	35.1 %	31.6 %	
Cost to income - Activity in Portugal (3)(4)	32.4 %	30.3 %	
Staff costs / Net operating revenues (3)(4)	19.3 %	17.1 %	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.) (5)	39	50	
Non-Performing Exposures (loans to customers) / Loans to customers	3.4 %	3.6 %	
Total impairment (balance sheet) / NPE (loans to customers)	79.8 %	76.6 %	
Restructured loans / Loans to customers	2.8 %	3.1 %	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	314 %	244 %	
Net Stable Funding Ratio (NSFR)	175 %	160 %	
CAPITAL (6)			
Common equity tier I phased-in ratio	16.5 %	14.9 %	
Common equity tier I fully implemented ratio	16.5 %	14.9 %	
Total ratio fully implemented	20.8 %	19.4 %	
BRANCHES			
Activity in Portugal	397	400	(0.7 %)
International activity	805	811	(0.7 %)
EMPLOYEES			
Activity in Portugal	6,275	6,275	0.0 %
International activity (7)	9,441	9,458	(0.2 %)

Notes:

(1) Some indicators are presented according to management criteria of the Group, with concepts being described and detailed at the glossary.
(2) On 1 January 2023, Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), an entity 49.9% owned by the Group and accounted for under the equity method, adopted simultaneously IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts. During the first half of 2024, Mbcp Ageas reviewed the transition adjustments relating to the adoption of those IFRS, which resulted in a reduction in the amount of the participation by EUR 9.1 million against reserves.
The investments in Lusofundo – Fundo de Investimento Imobiliário Fechado (42.5%) and Fundo Especial de Investimento Imobiliário Eurofundo (35.1%), received at the end of 2022 as part of the sale process designated as project Crow (sale of hospitality assets and of all the units in two corporate restructuring funds), were reclassified to investments in associates with reference to the end of that year. The book value of shares in these two entities on 30 September 2024 totalled EUR 26.6 million (EUR 28.4 million on 30 September 2023), with the contribution of these entities to equity accounted earnings being EUR 0.4 million in the first nine months of 2024 (EUR -1.9 million in the first nine months of 2023, previously recognised in net trading income).
(3) According to Instruction from Banco de Portugal no. 16/2004, as the currently existing version.
(4) Excludes the impact of specific items: negative impact of EUR 2.7 million in the first nine months of 2024 and positive impact in the amount of EUR 114.7 million in the same period of 2023. In the first nine months of 2024, specific items include costs with employees terminations, namely indemnities and early retirements and income recognised after an agreement related to liabilities with former directors of the Bank. In the first nine months of 2023, specific items include income of EUR 127.0 million recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. and costs of EUR 12.2 million recognised as staff costs in the activity in Portugal [(i) costs related to the compensation for the temporary reduction in employee remunerations during 2014-2017, as distribution of part of the Bank's results obtained in 2022; (ii) costs with mortgage financing to former employees; (iii) costs with employees terminations and (iv) income recognised after an agreement related to liabilities with former directors of the Bank].
(5) Includes the impact of certain impairments reversal in the second quarter of 2024. Excluding this impact, the cost of risk in the first nine months of 2024 stood at 49 bp.
(6) The capital ratios as at 30 September 2024 are estimated, including the positive cumulative net income.
(7) Of which, in Poland: 6,819 employees as at 30 September 2024 (corresponding to 6,696 FTE - Full-time equivalent) and 6,899 employees as at 30 September 2023 (corresponding to 6,776 FTE - Full-time equivalent).

PROFITABILITY ANALYSIS

NET INCOME

In the first nine months of 2024, the consolidated net income of Millennium bcp amounted to EUR 714.1 million, showing a 9.7% growth from the EUR 650.7 million achieved in the same period of the previous year.

This evolution benefited from the favourable performance of both the activity in Portugal and the international activity, corresponding to a return on equity (ROE) of 14.9% in the first nine months of 2024.

It should be noted that this performance compared to the same period of the previous year was strongly influenced by the extraordinary gain, recorded in the first quarter of that year in the amount of EUR 127.0[1] million resulting from the sale, by Bank Millennium, of 80% of the shares of Millennium Financial Services sp. z o.o., within the scope of the strategic partnership in the bancassurance business.

On the other hand, the growth of net income of the Group, in the period under review, benefited largely from the favourable evolution of impairments and provisions and, although less significant, also from the income from loan sales and from the growth in core income. These positive impacts were, however, offset by the increase in operating costs and in costs associated with foreign exchange mortgage portfolio in the Polish subsidiary (excluding provisions) and also by the recognition in the second quarter of 2024 of cost resulting from the extension of credit holidays, associated with mortgage loans denominated in Zlotys, also in the Polish subsidiary.

In this sense, it should be noted the strong contribution to the performance of net income of the Group from the reduction, in the amount of EUR 135.0[2] million (from EUR 482.5 million in the first nine months of 2023 to EUR 347.6 million in the same period of this year) in the additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio in the Polish subsidiary.

Although the amount of these provisions was lower than the amount recognised in the first nine months of 2023, the remaining costs associated with foreign exchange mortgage portfolio have increased in the same period, leading to a reduction of the overall cost amount of only EUR 39.6[3] million (from EUR 589.6 million to EUR 550.0 million), which continue to heavily penalise the results of the Group.

On the other hand, the favourable performance of net income of the Group also benefited from the reduction in loans impairment charges (net of recoveries), which, in consolidated terms, decreased EUR 44.9 million (-21.3%), totalling EUR 166.5 million at the end of September 2024, benefiting from the reversal of impairments in the second quarter of the year in the activity in Portugal.

Net income of the Group was also positively influenced, although in a less expressive way, by the core income evolution, from EUR 2,695.9 million to EUR 2,712.5 million (+0.6%) mainly reflecting the performance of net commissions, which grew by 4.0% compared to the first nine months of 2023, totalling EUR 601.8 million at the end of September 2024. Both in the activity in Portugal and in the international activity, net commissions reached a higher level than a year earlier, with the growth in the activity in Portugal being determined by the increase in commissions related to the bancassurance activity following the update of the insurance distribution fees. Net interest income of the Group, in turn, was in line (-0.3%) with the amount recorded in the same period of the previous year, rising to EUR 2,110.8 million at the end of September 2024. This evolution was due, however, to different dynamics, since the impact of the increase in the contribution of the international activity was fully offset by the reduction in the activity in Portugal.

The positive impacts mentioned above were offset by the increase in operating costs, mainly regarding international activity. In fact, despite the disciplined management of costs by the Group, operating costs were 10.8% above the EUR

[1] Before taxes and non-controlling interests. In addition to this gain, an additional gain of EUR 12.2 million was also recognised in the fourth quarter of the previous year, associated with this operation.
[2] Net of the amount related to loans originated by Euro Bank S.A., to be reimbursed by a third party recognised in other net operating income. Before taxes and non-controlling interests.
[3] Before taxes and non-controlling interests.

854.6 million recorded a year earlier, amounting to EUR 946.6 million at the end of September 2024. Both staff costs and other administrative costs were higher than in the first nine months of 2023, in the activity in Portugal and mainly in the international activity. Regarding amortisations and depreciations, although they were also higher than the amount recorded in the same period of the previous year, reflecting the performance of the international activity, their impact on the evolution of operating costs was not significant.

The performance of net income of the Group continues to be influenced by extraordinary effects associated with the Polish subsidiary, such as the upfront recognition of the costs arising from the moratoriums program (credit holidays). In fact, following the signing by the President of the Republic of Poland and the announcement in the Journal of Laws of the Republic of Poland of an act on changes to the act on support for mortgage borrowers who are in challenging financial situation and the act on crowdfunding for business ventures and assistance to borrowers, introducing, among others, an extension of credit holidays for Zlotys mortgage borrowers by four more months in 2024, Bank Millennium had recorded in the second quarter of 2024 the estimated total cost resulting from the act in the amount of EUR 46.6 million, recognised as results on modification. In the third quarter of the year, taking into account the participation of eligible mortgage borrowers in credit holidays, Bank Millennium lowered the estimated impact it had recognised, from a cost of EUR 46.6 million in the first half of the year to a cost of EUR 36.6 million at the end of September.

Influenced by the aforementioned increase in operating costs, core operating profit of the Group amounted to EUR 1,765.9 million, in the first nine months of 2024, standing 4.1% below the EUR 1,841.3 million achieved in the same period of the previous year.

The previous analysis does not exclude the impact of specific items considered in each period. In the first nine months of 2024, specific items had a negative impact of EUR 2.7 million (before taxes), recognised in staff costs in the activity in Portugal, while, in the same period of 2023, the impact was positive, in the amount of EUR 114.7 million (before taxes and non-controlling interests), including income of EUR 127.0 million recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. (EUR 117.8 million recognised as net trading income and EUR 9.2 million recognised as other net operating income) and costs of EUR 12.2 million recognised as staff costs in the activity in Portugal.

Excluding specific items in both periods, core operating profit of the Group amounted to EUR 1,768.6 million, 4.6% below the EUR 1,853.5 million accounted for in the first nine months of the previous year.

In the activity in Portugal, net income, in the first nine months of 2024 amounted to EUR 606.0 million, growing 8.8% from the EUR 556.8 million achieved in the same period of the previous year.

This evolution was largely due to the reduction in impairments and provisions with the reversal of impairments in the second quarter of 2024 and the improvement in the risk profile of the credit portfolio allowing a reduction of 38.2% (EUR -60.2 million) in loans impairment (net of recoveries), to EUR 97.5 million, at the end of September of the current year. Other impairments and provisions, in turn, showed a reduction of 11.0% (EUR -8.2 million) in the same period, standing at EUR 66.1 million at the end of September 2024.

The performance of the activity in Portugal also benefited from the favourable evolution of net trading income, from a negative amount of EUR 16.0 million to a EUR 28.4 million income, mainly reflecting the income recognised from loan sales in the first nine months of 2024, contrasting with the costs recorded in the same period of the previous year.

The reduction, in the amount of EUR 32.5 million, of the costs associated with mandatory contributions borne by the Bank also contributed to the favourable evolution of the net income of the activity in Portugal compared to the first nine months of 2023. This reduction was due, on the one hand, to the fact that no contribution to the Single Resolution Fund was collected as the fund had reached its target level and, on the other, to the reduction of the Bank's liabilities that took place at the end of 2022, with an impact on the calculation of the amount of contributions payable in the current year. Gains recognised with the sale of non-current assets held for sale, although to a lesser extent, were also higher than the amount recognised in the first nine months of 2023, thus contributing to the favourable performance of the activity in Portugal.

Conversely, net income of the activity in Portugal was influenced by the reduction in core income, which evolved from EUR 1,517.6 million at the end of September 2023 to EUR 1,438.3 million at the end of September of the current year, mainly reflecting the decrease of 8.6% (EUR -94.3 million) in net interest income, to EUR 1,003.4 million, in the first nine months of 2024. Net commissions, in turn, totalled EUR 434.9 million in the first nine months of the current year, growing 3.6% (EUR +15.0 million) in the same period, reflecting the increase in commissions related to the bancassurance activity.

The performance of net income in the activity in Portugal was also influenced, albeit to a lesser extent, by the increase of 5.0% (EUR +23.2 million) recorded in operating costs, which totalled EUR 483.2 million at the end of September 2024. The evolution of operating costs was due to the increase in both staff costs and other administrative costs, while amortisations and depreciations, in turn, remained in line with the amount recorded a year earlier.

The impact of the evolution of core income together with operating costs in the activity in Portugal resulted in a reduction of 9.7% in core operating profit last year, from EUR 1,057.6 million in the first nine months of 2023, to EUR 955.2 million in the same period of the current year.

Excluding the specific items mentioned above, core operating profit in the activity in Portugal decreased by 10.5% from EUR 1,069.8 million to EUR 957.9 million at the end of September 2024.

In the international activity, net income of the first nine months of 2024 stood at EUR 108.1 million, improving 15.1% from the EUR 93.9 million recorded in the same period of the previous year.

This evolution was determined by the performance of Bank Millennium, whose net income amounted to EUR 127.0 million in the first nine months of 2024, which compares to EUR 100.7 million in the same period of the previous year, with this subsidiary presenting the eighth quarter in a row with positive results. Millennium bim in Mozambique, in turn, showed a net income of EUR 63.6 million, 5.4% below the amount recorded at the end of September of the previous year.

The performance of the Polish subsidiary was influenced, on one hand by the reduction in the additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio and by the increase in core income and, on the other, by the increase in other costs associated with the portfolio of foreign exchange mortgage loans (excluding provisions), by the increase in operating costs, by the estimated cost of credit holidays and by the increase in costs associated with mandatory contributions. Compared with the same period of 2023, this performance was also influenced by the recognition, in the first half of that year, of the extraordinary gain resulted from the sale of 80% of the shares of Millennium Financial Services sp. z o.o.

The performance of Millennium bim in Mozambique, in turn, mainly reflects the increase in provisions to face contingencies of local activity and the increase in operating costs benefiting, on the other hand, from the reduction in loans impairments (net of recoveries) resulting from the improvement in the risk profile of the credit portfolio.

Despite its smaller relative weight within the scope of this analysis, it is worth mentioning the increase of the contribution of the Angolan operation through the appropriation of the results of Banco Millennium Atlântico recognised in equity accounted earnings.

Reflecting the aforementioned performance in each of the geographies, core operating profit of international activity grew by 3.5%, from EUR 783.7 million in the first nine months of 2023 to EUR 810.8 million in the same period of 2024, benefiting from the increase in core income, despite the increase in operating costs.

NET INTEREST INCOME

In the first nine months of 2024, net interest income of the Group reached EUR 2,110.8 million, in line (-0.3%) with the amount posted in the same period of the previous year, with the reduction recorded in the activity in Portugal being almost offset by the increase in the international activity.

In fact, in the activity in Portugal, net interest income totalled EUR 1,003.4 million, standing 8.6% below the EUR 1,097.7 million recorded in the first nine months of 2023.

This performance reflects, in a large extent, the increase in costs associated with the remuneration of the deposit portfolio, mainly due to the evolution of interest rates in the last year, but also influenced, albeit to a lesser extent, by the increase in the average balance of interest-bearing deposits compared to the first nine months of 2023. On the other hand, the increases in interest rates resulted in an increase in the income generated by the customer loan portfolio, despite the decrease in the average balance of the portfolio recorded in the period under review.

The evolution of net interest income in the last year also benefited from the positive impact resulting due to the active management of the securities portfolio, with particular emphasis on the increased contribution of the income generated by the sovereign debt portfolio, reflecting on the one hand, the evolution of interest rates and on the other, the increased size and turnover of the portfolio.

Although on a smaller scale, reference should also be made to the impact on the domestic net interest income of the increase, compared to the first nine months of 2023, of the costs incurred with issued debt and subordinated debt, arising not only from the increase in interest rates, but also from the impact of one issue of senior preferred debt securities, in the amount of EUR 500 million, launched in September 2023. This issue, under the Bank's Euro Note Programme, increase the capacity to meet the requirements known as “MREL” (Minimum Requirements for Own Funds and Eligible Liabilities).

Finally, it is worth mentioning the increase in net interest income due to the favourable impact of liquidity deposited at Banco de Portugal and other credit institutions.

In the international activity, net interest income amounted to EUR 1,107.3 million in the first nine months of 2024, showing a growth of 8.6% from the EUR 1,019.7 million accounted in the same period of the previous year.

This evolution was mainly due to the performance of the Polish subsidiary, associated with the higher income generated by the securities portfolio and also the lower cost borne with customer deposits. Despite its limited impact within the scope of this analysis, it is important to mention the reduction in net interest income of the subsidiary in Mozambique influenced by the significant increases in the local requirement for non-remunerated cash reserves to be maintained with the central bank, in February and May of 2023.

In consolidated terms, net interest margin went from 3.39% in the first nine months of 2023 to 3.05% in the same period of the current year, reflecting both the performance of the activity in Portugal and of the international activity.

In fact, in the activity in Portugal, net interest margin evolved from 2.59% to 2.24% in the same period, mainly influenced by the increase in interest rates underlying interest-bearing deposits.

Net interest margin in the international activity, in turn, went from 5.06% in the first nine months of 2023 to 4.55% in the first nine months of 2024, a period in which the central bank of Poland kept interest rates unchanged, after the first cuts in September and October 2023. The increase in the local requirement for non-remunerated cash reserves to be maintained with the central bank of Mozambique also contributed unfavourably to this evolution.

Both in the activity in Portugal and in the international activity, the increase in liquidity invested in public debt securities, resulting from the growth of customer deposits, although contributing positively to net interest income, is reflected in a reduction in net interest margin compared to the same period of the previous year.

EQUITY ACCOUNTED EARNINGS AND DIVIDENDS FROM EQUITY INSTRUMENTS

Equity accounted earnings together with dividends from equity instruments, which comprise dividends and equity income received from investments classified as financial assets at fair value through other comprehensive income and as financial assets held for trading, totalled EUR 44.6 million in the first nine months of 2024, that compares to EUR 46.9 million recorded in the same period of the previous year.

This evolution was mainly due the reduction in the amount of EUR 1.9 million (-4.2%) recorded in equity accounted earnings, to EUR 43.8 million at the end of September 2024. Dividends from equity instruments, in turn, amounted to EUR 0.8 million, standing EUR 0.4 million below the amount posted a year before.

In the activity in Portugal, equity accounted earnings together with dividends from equity instruments totalled EUR 40.3 million corresponding to a decrease of EUR 3.5 million compared to the amount recorded in the first nine months of 2023. This performance was determined by the reduction in equity accounted earnings, largely influenced by the impact of the update of the insurance distribution fees regarding the placement of insurance products through the Bank's distribution networks.

Conversely, in the international activity, equity accounted earnings together with dividends from equity instruments recorded an increase of EUR 1.2 million, totalling EUR 4.3 million at the end of September of the current year. This increase was determined by the evolution of the appropriation of the results generated by Banco Millennium Atlântico in Angola recognised as equity accounted earnings.

NET COMMISSIONS

In the first nine months of 2024, net commissions totalled EUR 601.8 million, showing a growth of 4.0% compared to the EUR 578.5 million recorded in the same period of the previous year. This evolution reflects the favourable performance of both the activity in Portugal and the international activity, in the first case resulting from the bancassurance activity, which incorporate commissions obtained from placing insurance products through the Bank's distribution networks.

In consolidated terms, the favourable performance of net commissions was due to the growth of both banking commissions (+2.4%; EUR +12.1 million) and market related commissions (+14.3%; EUR +11.3 million), each of the aggregates amounting to EUR 511.8 million and EUR 90.0 million, respectively, at the end of September 2024.

NET COMMISSIONS

million EUR

	9M24	9M23	Chg. 24/23
BANKING COMMISSIONS	**511.8**	**499.7**	**2.4 %**
Cards and transfers	192.6	187.7	2.6 %
Credit and guarantees	92.6	95.0	(2.5 %)
Bancassurance	104.4	91.1	14.5 %
Management and maintenance of accounts	119.9	119.5	0.3 %
Other commissions	2.3	6.4	(64.4 %)
MARKET RELATED COMMISSIONS	**90.0**	**78.7**	**14.3 %**
Securities	31.7	26.9	17.9 %
Asset management and distribution	58.3	51.8	12.4 %
	601.8	**578.5**	**4.0 %**
Of which:			
Activity in Portugal	434.9	419.8	3.6 %
International activity	166.9	158.6	5.2 %

In the activity in Portugal, net commissions grew by 3.6% compared to the EUR 419.8 million recorded in the first nine months of 2023, amounting to EUR 434.9 million in the same period of the current year.

Also in this case, both commissions related to the banking business, which totalled EUR 364.5 million at the end of September 2024, and commissions related to the markets which amounted to EUR 70.3 million on the same date, evolved favourably, showing growths of 2.6% (EUR +9.2 million) and 9.1% (EUR +5.9 million) respectively compared to the amount recorded a year earlier.

The performance of net commissions related to the banking business in the activity in Portugal was determined by the growth of commissions associated with the bancassurance activity, arising from the insurance distribution fees update.

Commissions related to cards and transfers, commissions associated with credit and guarantees and other banking commissions, in turn, were at a lower level compared to those achieved a year earlier, reflecting, among other causes, the lower production in loans to companies and the legal restrictions imposed in the meantime. Commissions associated with the management and maintenance of accounts remained in line with the amount posted a year earlier.

Regarding commissions related to the markets in the activity in Portugal, both commissions related to securities and commissions arising from asset management and distribution reached a higher level than at the end of September 2023, with the growth of the former contributing more significantly to the performance of this aggregate.

In the international activity, net commissions amounted to EUR 166.9 million at the end of September of the current year, increasing by 5.2% from the EUR 158.6 million recorded in the same period of the previous year, with this evolution being determined by the performance of the Polish subsidiary.

Commissions related to banking business in the international activity stood 2.0% above the amount recorded in the same period of the previous year, totalling EUR 147.3 million at the end of September 2024. This evolution resulted from different dynamics with regard to the several types of commissions that make up these items, with the increases in commissions related to cards and transfers being partially offset by the reduction recorded in bancassurance commissions, reflecting the impact of the sale of 80% of the shares of Millennium Financial Services sp. z o.o., as part of the strategic partnership in this business area. Other banking commissions did not change materially in the period under review.

With regard to commissions related to financial markets, in the international activity, there was an increase of 37.9%, to EUR 19.6 million at the end of September 2024, determined by the performance of commissions associated with asset management and distribution, since the growth in commissions associated with securities transactions, although relevant, had a small impact on the scope of this analysis.

NET TRADING INCOME

In the first nine months of 2024, net trading income totalled EUR 29.3 million, well below the EUR 106.3 million achieved in the same period of the previous year. This performance was strongly influenced by the recognition, in the first quarter of 2023, of the gains obtained by the Polish subsidiary with the sale of 80% of the shares of Millennium Financial Services sp. z o.o., in the scope of the strategic partnership in the bancassurance business, which, as previously mentioned, totalled EUR 117.8 million under this heading.

In the activity in Portugal, net trading income evolved favourably from the negative amount of EUR 16.0 million posted a year earlier to an income of EUR 28.4 million at the end of September 2024, largely due to the income recognised from the loan sale, in contrast to the costs recorded in the first nine months of 2023.

In the international activity, the evolution of net trading income, from gains of EUR 122.3 million to a marginal income of EUR 0.9 million at the end of September of the current year, was determined by the already mentioned gains obtained with the sale of 80% of the shares of Millennium Financial Services sp. z o.o., in the first quarter of 2023, considered as a specific items.

The performance of this item was also influenced by the increase in costs incurred by the Polish subsidiary in converting mortgage loans granted in Swiss francs, following the agreements with customers holding these loans, that went from EUR 42.8 million to EUR 67.1 million.

OTHER NET OPERATING INCOME

Other net operating income includes, among others, the costs associated with the resolution and the deposit guarantee funds as well as with the other mandatory contributions, both in the activity in Portugal and in the international activity.

In the first nine months of 2024, other net operating income totalled a negative amount of EUR 94.2 million, that compares to the also negative amount of EUR 56.5 million recorded in the same period of the previous year, with the impact of the favourable performance of the activity in Portugal being fully offset by the unfavourable evolution recorded in the international activity.

In fact, in the activity in Portugal, other net operating income improved significantly, evolving from a negative amount of EUR 66.7 million in the first nine months of 2023 to an also negative amount of EUR 23.9 million at the end of September 2024. In this evolution, the overall reduction in the costs with mandatory contributions stands out, with the gains recognised with the sale of non-current assets held for sale also considerably higher compared to the amount recognised a year earlier.

The overall amount of mandatory contributions, decreased from EUR 72.6 million to EUR 40.1 million, corresponding to a 44.7% reduction. This evolution stems largely from the fact that the Single Resolution Board determined that in 2024, as the Single Resolution Fund had reached its target level, no ex-ante contributions would be levied, contrasting with EUR 17.7 million recorded in the first nine months of 2023. On the other hand, the liabilities reduction, after the repayment of the financing obtained from the European Central Bank (ECB) at the end of 2022, only produced its favourable impact in full on the cost borne with mandatory contributions this year, since both the contributions for the National Resolution Fund (NRF) and the cost incurred with the contribution on the banking sector and the additional solidarity contribution on the banking sector consider the average values of the balance sheet of the previous year to which the contribution relates, considering end-of-month observations.

Thus, despite the slight increase in the contribution rate (from 0.029% to 0.032%), the contribution to the NRF decreased by around 30%, from EUR 9.5 million in the first nine months of 2023 to EUR 6.5 million in the first nine months of 2024, while the cost incurred with the contribution on the banking sector decreased from EUR 37.9 million to EUR 27.9 million in the same period. The additional solidarity contribution on the banking sector amounted to EUR 5.1 million, compared to EUR 6.9 million till September of the previous year. The contribution to the deposit guarantee fund, in turn, despite being higher than a year before, recorded a non-material impact in the scope of this analysis. Management Committee of the Deposit Guarantee Fund ("Fundo de Garantia de Depósitos") has requested the settlement in 2024 of 50% of the irrevocable commitments assumed by the Bank, the total amount of which amounted to EUR 95.2 million. It is not expected that the settlement of that amount in the current year will have a material impact on the results of the year, as it will be covered by provisions booked for contingencies.

In the international activity, other net operating income evolved from an income of EUR 10.2 million recognised in the first nine months of 2023 to a negative amount of EUR 70.3 million at the end of September 2024. This performance was determined by the impacts associated to foreign exchange mortgage loan portfolio and by the increase in the costs associated with mandatory contributions, both in the Polish subsidiary.

The impacts associated with foreign exchange mortgage loan portfolio, as far as this item is concerned went from an income of EUR 8.6 million to costs of EUR 30.7 million, reflecting the increase arising from court costs related to the counterclaims filed by Bank Millennium for reimbursement of the amounts owed by customers. The costs associated with mandatory contributions borne by the Polish subsidiary, in turn, increased from EUR 13.1 million to EUR 45.2 million, mainly due to the special tax on the Polish banking sector, the payment of which was suspended in the previous year, following the activation of the Bank Millennium Recovery Plan at the beginning of the second half of 2022. Last June, Bank Millennium completed the implementation of the aforementioned Recovery Plan, thus being again subject to the payment of the special tax on the banking sector in 2024. The contribution to the resolution fund was also higher compared to the amount recognised in the first nine months of 2023, although with a less significant impact.

The evolution of other net operating income in the international activity was also influenced by the fact that in the first quarter of the previous year a gain of EUR 9.2 million, considered as a specific item, was recognised, associated with the revaluation of the minority stake (20%) that Bank Millennium in Poland held following the sale of 80% of the shares of Millennium Financial Services sp. z o.o.

OPERATING COSTS

In the first nine months of 2024, operating costs totalled EUR 946.6 million, standing 10.8% above the EUR 854.6 million recorded in the same period of the previous year, mainly reflecting the performance of the international activity, mainly the Polish subsidiary.

In fact, despite the disciplined management of costs followed by the Group, operating costs in the international activity increased 17.4% from the EUR 394.6 million recorded in the first nine months of 2023, totalling EUR 463.4 million at the end of September 2024, while in the activity in Portugal, the increase in operating costs was of 5.0%, in the same period, from EUR 460.0 million to EUR 483.2 million.

OPERATING COSTS

million EUR

	9M24	9M23	Chg. 24/23
Staff costs	522.7	468.0	11.7 %
Other administrative costs	316.6	283.4	11.7 %
Amortisations and depreciations	107.3	103.2	4.0 %
	946.6	**854.6**	**10.8 %**
Of which:			
Activity in Portugal	483.2	460.0	5.0 %
International activity	463.4	394.6	17.4 %

The amounts presented do not exclude the specific items considered in each period in staff costs in the activity in Portugal (negative impact of EUR 2.7 million in the first nine months of 2024 and an also negative impact of EUR 12.2 million, in the same period of 2023).

Excluding specific items, operating costs of the Group amounted to EUR 943.9 million, standing 12.0% above the EUR 842.4 million accounted in the same period of the previous year. This performance was mainly due to the increase in staff costs (+14.1%, EUR +64.2 million) but also in other administrative costs (+11.7%, EUR +33.2 million), in both cases more significant in the international activity. Amortisations and depreciations, in turn, were also above the amount recorded a year earlier, although its impact, mainly due to the performance of the international activity, was not very significant in the evolution of operating costs of the Group in this period (+4.0%, EUR +4.1 million).

Excluding the specific items mentioned above and also excluding the positive impact of EUR 127.0 million, recognised in the first nine months of 2023, in the international activity, associated with the sale of 80% of the shares in Millennium Financial Services sp. z o.o. also considered specific items, cost to income ratio evolved from 31.6% to 35.1% and cost to core income ratio from 31.2% to 34.8% in the last year.

Cost to income and cost to core income stated ratios evolved, respectively, from 30.6% to 35.2% and from 31.7% to 34.9%.

In the activity in Portugal, operating costs totalled EUR 483.2 million in the first nine months of 2024, standing 5.0% above the EUR 460.0 million posted in the same period of the previous year. Excluding the specific items already mentioned the increase was of 7.3%, from EUR 447.8 million to EUR 480.4 million.

This evolution of operating costs in the activity in Portugal mainly reflects the increases recorded in staff costs but also in other administrative costs, since amortisations and depreciations remained stable compared to the amount recorded a year earlier.

In the period under review, cost to income and cost to core income ratios in the activity in Portugal, excluding the impact of specific items, evolved from 30.3% to 32.4% and from 29.5% to 33.4%, respectively. Cost to income and cost to core income stated ratios, in turn, stood at 32.6% and 33.6% in the first nine months of 2024, levels that compare respectively with 31.1% and 30.3% in the same period of the previous year.

In the international activity, operating costs totalled EUR 463.4 million at the end of September 2024, standing 17.4% above the EUR 394.6 million accounted in the same period of the previous year, mainly due to the performance of the Polish subsidiary.

The evolution of operating costs in the international activity, determined by the contribution of the Polish subsidiary, was mainly due to the increase in staff costs, but also in other administrative costs and with less expression in amortisations and depreciations. In addition to the inflation levels, especially over the previous year, it is also important to mention the impact that the characteristics of the labour market in Poland, with very low unemployment rates and significant increases in the minimum wage, had in operating costs of the Polish subsidiary.

In the international activity cost to income ratio evolved from 30.0% (33.2%, excluding the already mentioned positive impact, of specific items) in the first nine months of 2023 to 38.3% in the same period of 2024, while cost to core income ratio in turn, went from 33.5% to 36.4% in the same period.

STAFF COSTS

In the first nine months of 2024, staff costs totalled EUR 522.7 million, standing 11.7% above the EUR 468.0 million accounted in the same period of the previous year.

These amounts include the impact of specific items[4] recognised in each period. Excluding this impact, staff costs of the Group million, increased 14.1% from the EUR 455.8 million accounted for in the first nine months of 2023, amounting to EUR 519.9 million at the end of September of the current year.

In the activity in Portugal, staff costs stated amounted to EUR 277.5 million in the first nine months of 2024, standing 5.0% above the EUR 264.2 million recorded in the same period of the previous year. Not considering the impact of specific items, there was a 9.1% increase, from EUR 252.0 million to EUR 274.8 million.

After the implementation of the headcount adjustment plan that the Bank carried out in 2021, the number of employees in the activity in Portugal has remained stable, standing at 6,275 employees at the end of September 2024. Although the number of employees in the activity in Portugal remains the same as it was at the end of September 2023, the Bank continues to acquire the required capabilities to meet current needs namely by hiring new employees with specific skills, namely on digital, new technologies and internal control areas.

In the international activity, staff costs amounted to EUR 245.1 million at the end of September 2024, standing 20.3% above the EUR 203.8 million recorded a year before.

The Polish subsidiary was mainly responsible for this evolution that continued to be determined by the strong pressure on basic wages, resulting both from levels of inflation observed in the country and minimum wage increases, and from the characteristics of the Polish labour market, in particular from the very low unemployment rates in the country. Conversely, it is worth mentioning the reduction in the total number of employees, which in the last year went from 6,899 employees (6,776 FTE - full-time equivalent) at the end of September 2023 to 6,819 employees (6,696 FTE - full-time equivalent) on 30 September 2024.

The operation in Mozambique, in turn, although with a less significant impact, also contributed to the growth in staff costs in the international activity in the last year due to the joint effect of the salary update and the increase in its headcount, from 2,559 employees on 30 September 2023 to 2,622 employees at the end of September 2024.

The headcount of the international activity, on 30 September 2024, was composed of 9,441 employees, compared to 9,458 employees at the end of September 2023.

[4] In the first nine months of 2024, specific items, related to staff costs, had a negative impact of EUR 2.7 million, including costs with employment terminations, namely indemnities and early retirements, and an income recognised after an agreement related to liabilities with former directors of the Bank. In the first nine months of 2023, the impact was also negative in the amount of EUR 12.2 million, including costs related to the compensation for the temporary reduction in employees remunerations during 2014-2017, as distribution of part of the Bank's results obtained in 2022 by the Bank's employees, costs with mortgage financing to former employees, costs with employees terminations and income recognised after an agreement related to liabilities with former directors of the Bank.

OTHER ADMINISTRATIVE COSTS

In the first nine months of 2024, other administrative costs totalled EUR 316.6 million, standing 11.7% above the EUR 283.4 million recorded in the same period of the previous year, notwithstanding the disciplined management of costs followed by the Group.

In the activity in Portugal, other administrative costs amounted to EUR 150.8 million, representing a 7.3% increase from the EUR 140.6 million recorded in the first nine months of 2023.

In spite of the disciplined cost management, this performance, largely reflects the increase in costs associated with other specialised services, as well as outsourcing and independent labour costs, particularly those related to banking operations. Costs related to rents and leases, advertising, maintenance and related services and communications, among others with a less significant impact on the evolution of other administrative costs in the activity in Portugal, were also higher compared to the amount recorded in the first nine months of 2023. Conversely, the reduction in costs associated with advisory services and water, electricity and fuel compared to the amounts recorded in the first nine months of the previous year stands out.

In the international activity, other administrative costs amounted to EUR 165.8 million at the end of September 2024, standing 16.1% above the EUR 142.8 million posted in the same period of the previous year, mainly reflecting the increase recorded in the Polish subsidiary.

The performance of other administrative costs in the Polish subsidiary was influenced by the high inflation recorded throughout 2023 and the increase in legal advice costs associated with foreign exchange mortgage loans portfolio.

Both in the activity in Portugal and in the international activity, the evolution of most of the items of other administrative costs, also benefited from the positive impact arising from the resizing of the branch network which, in the activity in Portugal, evolved from 400 branches to 397 branches, while in the Polish subsidiary decreased from 615 branches to 610 branches in the last year. The subsidiary in Mozambique, in turn, as at 30 September 2024 had 195 branches, one less than at the end of September of the previous year.

AMORTISATIONS AND DEPRECIATIONS

Amortisations and depreciations amounted to EUR 107.3 million in the first nine months of 2024, standing 4.0% above the EUR 103.2 million recorded in the same period of the previous year, mainly reflecting the performance of the international activity, namely of the Polish subsidiary.

In the activity in Portugal, amortisations and depreciations remained in line (-0.6%) with the amount recorded in the first nine months of 2023, totalling EUR 54.8 million at the end of September of the current year, despite the increased investment made in hardware and software, given the Bank's commitment to the digital transformation process.

In the international activity, amortisations and depreciations amounted to EUR 52.6 million in the first nine months of 2024, standing 9.2% above the EUR 48.1 million recorded in the same period of the previous year, reflecting, as already mentioned, mainly the performance of the Polish subsidiary.

RESULTS ON MODIFICATION

In the fourth quarter of 2022, the Bank reviewed and reclassified the amount associated with costs arising from the moratorium program (credit holidays) in Poland, enacted in July of that year, which had been accounted for in other impairments and provisions, starting to recognise these costs as results on modification. Since then, this heading also started to include contractual modifications, namely those negotiated with customers with foreign exchange mortgage loans in the Polish subsidiary, in accordance with IFRS9.

In the first nine months of 2024, results on modification totalled a negative amount of EUR 62.4 million, which compares with an also negative amount of EUR 14.8 million recorded in the same period of 2023. This evolution mainly reflects the recognition, in the first nine months of the current year, of costs arising from the aforementioned moratorium program (credit holidays) in the amount of EUR 36.6 million, non-existent in the same period of the previous year.

In fact, following the signing by the President of the Republic of Poland and announcement in the Journal of Laws of the Republic of Poland of an act of 12 April 2024 on changes to the act on support for mortgage borrowers who are in challenging financial situation and the act on crowdfunding for business ventures and assistance to borrowers, introducing, among others, an extension of credit holidays for Zloty mortgage borrowers by four more months in 2024, Bank Millennium estimated the preliminary impact of the implementation of this act on the results of the Group, recognising, in the first half of 2024 a cost with credit holidays in the amount of EUR 46.6 million. In the third quarter of the year, taking into account the participation of borrowers with mortgage eligible for credit holidays, Bank Millennium reduced the estimated impact it had recognised, from a cost of EUR 46.6 million in the first half of the year to a cost of EUR 36.6 million at the end of September.

The evolution of results on modification in the last year was also influenced, albeit to a lesser extent, by the increase in costs associated with contractual modifications negotiated with customers with foreign exchange mortgage loans, in the Polish subsidiary, from EUR 9.0 million recognised in the first nine months of 2023 to EUR 19.5 million in the same period of 2024.

IMPAIRMENT FOR LOAN LOSSES

In the first nine months of 2024, impairment for loan losses (net of recoveries) totalled EUR 166.5 million, showing a reduction of 21.3% compared to the EUR 211.4 million accounted for in the same period of the previous year, mainly reflecting the favourable evolution recorded in the activity in Portugal, the impact of which was partially offset by the increase in the international activity.

In fact, in the activity in Portugal, loans impairment charges (net of recoveries) stood 38.2% below the EUR 157.7 million recognised in the first nine months of 2023, amounting to EUR 97.5 million at the end of September 2024. This reduction largely reflects the reversal of impairments in the second quarter of the current year.

In the international activity, impairment charges (net of recoveries) stood 28.4% above the EUR 53.7 million recognised in the first nine months of 2023, standing at EUR 69.0 million at the end of September 2024. This performance mainly reflects the higher level of provisioning required by the Polish subsidiary, partially offset by the reduction in impairment charges recorded in the Mozambican subsidiary.

It should be noted, however, that the increase in impairment charges (net of recoveries) in the Polish subsidiary was influenced by the positive impact in the first half of the previous year associated with the change in default definition, thus having an unfavourable impact on the evolution of this item compared to the same period of 2023.

Benefiting from the reduction in loan impairment, including the impact of certain impairments reversal in the second quarter of the year, the cost of risk (net of recoveries) of the Group, improved significantly, from 50 basis points in the first nine months of 2023 to 39 basis points in the same period of 2024. Excluding this impact, the cost of risk in the first nine months of 2024 stood at 49 basis points, slightly below the first nine months of 2023.

In the activity in Portugal, strongly influenced by the aforementioned reversal of impairments in the second quarter of the year, cost of risk (net of recoveries) decreased from 53 basis points to 34 basis points. Excluding this reversal, the cost of risk in the activity in Portugal stood at 50 basis points, in the first nine months of 2024.

In the international activity, the cost of risk (net of recoveries) went from 42 basis points to 49 basis points in the same period.

OTHER IMPAIRMENTS AND PROVISIONS

At the end of September of 2024, other impairment and provisions totalled EUR 460.9 million, which represents a reduction of 23.5% compared to EUR 602.4 million recorded in the same period of the previous year. This evolution was determined by the lower reinforcement of the additional provision booked by the Polish subsidiary to face the legal risk of foreign exchange mortgage loans, which amounted to EUR 384.9 million in the current year vs EUR 516.5 million recognised in the first nine months of 2023.

In the activity in Portugal, other impairments and provisions also contributed to the favourable performance of this item in consolidated terms, as there was a reduction of 11.0% over the last year, from EUR 74.2 million to EUR 66.1 million, mainly reflecting the reduction in provisions namely for guarantees and other commitments and for other risks.

In the international activity, the reduction in other impairments and provisions was 25.3%, with total amount evolving from EUR 528.2 million in the first nine months of the previous year to EUR 394.8 million in the same period of the current year, mainly justified by the fact that the provision booked by the Polish subsidiary to face the legal risk of foreign exchange mortgage loans, was EUR 131.6 million lower than the amount recognised in the first nine months of 2023.

INCOME TAX

Income tax (current and deferred) amounted to EUR 262.8 million in the first nine months of 2024, which compares to EUR 387.4 million posted in the same period of the previous year.

Taxes recognised in the first nine months of 2024 include current tax of EUR 105.1 million (EUR 172.7 million in the first nine months of 2023) and deferred tax of EUR 157.7 million (EUR 214.7 million in the first nine months of 2023).

Current tax expenses in the first nine months of 2024 were influenced by provisions for legal risks related to the portfolio of foreign currency mortgage loans and by mandatory contributions to the banking sector, both non-deductible for tax purposes at the level of the Polish subsidiary.

Expenses with the reduction of deferred tax assets in the first nine months of 2024 mainly result from the income of the period of the activity in Portugal, being positively influenced by the recognition of additional deferred tax assets related to credit impairment losses not deducted for taxation purposes in previous years, and negatively influenced by mandatory contributions to the banking sector.

The evolution of deferred tax assets was influenced, in Portugal, by the reduction of deferred tax assets covered by Special Framework applicable to Deferred Tax Assets ("REAID") given the evolution of the taxable income and, regarding the Polish subsidiary, by the decision of the Supreme Administrative Court (NSA) from 6 December 2023. In fact, the NSA issued a judgment on the rules for recognising the effects in CIT of cancellations of mortgage loans indexed to foreign currencies and foreign currency loans (in particular in Swiss francs) adjudicated by common courts. According to the NSA, the Bank should recognise the tax consequences not by recognising the resulting losses as tax-deductible costs, but by adjusting the revenues from the above-mentioned loans (FX gains, interest, commissions and fees) previously taxed with CIT, taking into account the rules of limitation of tax liabilities.

As a result of the analysis of the NSA's judgment, the Bank recognised in the first nine months of 2024 a deferred tax asset in the amount of PLN 221.6 million (EUR 51.5 million) based on estimates of future adjustments of interest income, FX gains, commissions and fees earned on mortgage loans indexed to Swiss francs and foreign currency loans in this currency which are the subject of court disputes for their cancellation.

BALANCE SHEET

TOTAL ASSETS

Millennium bcp’s consolidated balance sheet total assets amounted to EUR 100,226 million as of 30 September 2024, showing a growth of 9.9% compared to the EUR 91,160 million recorded on the same date of the previous year, driven by the increase both recorded in the international activity and in the activity in Portugal.

In the activity in Portugal, total assets stood at EUR 65,699 million on 30 September 2024, increasing by 6.7% compared to the EUR 61,580 million recorded on 30 September 2023. This evolution is mostly explained by the reinforcement of the securities portfolio, in particular the public debt portfolio, arising from liquidity resulting from the increase in balance sheet customer funds and, to a lesser extent, by the increase of loans and advances to credit institutions. Conversely, reductions were observed in loans to customers portfolio (net of impairment), deferred tax assets and other assets.

In the international activity, total assets amounted to EUR 34,527 million as at 30 September 2024, showing a growth of 16.7% compared to the EUR 29,580 million recorded on the same date in the previous year. This evolution mainly reflects the increase in the total assets of the Polish subsidiary, driven mainly by the increases observed in the securities portfolio (mainly in local public debt) and in loans to customers portfolio (net of impairment). The total assets of the subsidiary in Mozambique also recorded an increase, mainly due to the increase observed in deposits and loans and advances to central banks. The investment of the liquidity deriving from the increase in balance sheet customer funds explains the most significant changes in the balance sheet reported by both subsidiaries.

LOANS TO CUSTOMERS

Millennium bcp's consolidated customer loan portfolio (gross loans, that is, before impairment and fair value adjustments), as defined in the glossary, amounted to EUR 57,494 million as of 30 September 2024, standing 1.5% higher than the EUR 56,665 million recorded at the end of the first nine months of the previous year. This evolution reflects the increase recorded in the international activity, although the reduction observed in the activity in Portugal had partially mitigated the aforementioned increase. By segments, there was an increase in loans to individuals (driven by the positive evolution of both mortgage loans and personal loans) and a reduction in loans to companies.

In the activity in Portugal, loans to customers (before impairment) amounted to EUR 38,579 million as of 30 September 2024, standing 2.1% below the EUR 39,400 million recorded at the end of the first nine months of 2023. This evolution was determined by the lower level of performing loans (EUR -673 million) and by a reduction in non-performing exposures (NPE) (EUR -147 million).

Loans to individuals in the activity in Portugal amounted to EUR 21,740 million on 30 September 2024, above the EUR 21,065 million recorded at the end of the first nine months of the previous year, due to good performance of both mortgage loans and personal loans (EUR +417 million and EUR +258 million, respectively).

Loans to companies in the activity in Portugal stood at EUR 16,839 million on 30 September 2024, decreasing by 8.2% compared to the same date of the previous year (EUR 18,335 million at the end of the first nine months of 2023), due to lower demand for credit influenced by monetary policy, reduction of NPEs in this segment and repayment of Covid facilities.

In the international activity, loans to customers (gross) amounted to EUR 18,915 million as of 30 September 2024, standing 9.6% above the EUR 17,265 million recorded on the same date in the previous year, mainly due to the increase in loans in the Polish subsidiary (driven mainly by the favourable evolution of the Zloty and also by an increase in loans in local currency), although the reduction recorded in the Mozambican subsidiary had slightly attenuated the aforesaid increase.

Loans to individuals in the international activity rose from EUR 12,837 million on 30 September 2023 to EUR 14,231 million at the end of the first nine months of 2024, with this increase being driven mainly by the dynamism of personal loans (EUR +737 million mainly due to the growth recorded in the Polish subsidiary, justified by the increase in loans in local currency and the appreciation of the Zloty) and by the positive evolution of mortgage loans (EUR +657 million, justified essentially by the appreciation of the Zloty in the Polish subsidiary).

Regarding the mortgage loan portfolio in foreign currency in the Polish subsidiary, the agreements signed with customers together with the reinforcement of provisions to face the legal risk contributed to the reduction of the portfolio by EUR 408 million (30 September 2024: EUR 454 million, 30 September 2023: EUR 862 million), representing 2.5% of the loans to customers of Bank Millennium (5.2% at the same date of the previous year) and less than 1% of the consolidated loans to customers. The amount of the mortgage loan portfolio in foreign currency excluding the portion relating to Euro Bank S.A.[5] decreased by EUR 367 million (30 September 2024: EUR 400 million, 30 September 2023: EUR 767 million), representing 2.2% of the loans to customers of Bank Millennium (4.6% at the same date of the previous year) and also less than 1% of the consolidated loans to customers.

Loans to companies in the international activity increased by 5.8% compared to the EUR 4,428 million recorded on 30 September 2023, standing at EUR 4,684 million at the end of the first nine months of 2024. By geographies, there was an increase in the Polish subsidiary influenced by the aforementioned appreciation of the Zloty and a reduction in loans to companies in the Mozambican subsidiary.

LOANS TO CUSTOMERS (GROSS)

million EUR

	30 Sep. 24	30 Sep. 23	Chg. 24/23
INDIVIDUALS	**35,971**	**33,902**	**6.1 %**
Mortgage loans	28,604	27,531	3.9 %
Personal loans	7,367	6,372	15.6 %
COMPANIES	**21,523**	**22,763**	**(5.4 %)**
Services	7,422	8,097	(8.3 %)
Commerce	3,839	3,831	0.2 %
Construction	1,526	1,507	1.3 %
Others	8,737	9,328	(6.3 %)
	57,494	**56,665**	**1.5 %**
Of which:			
Activity in Portugal	38,579	39,400	(2.1 %)
International activity	18,915	17,265	9.6 %

QUALITY OF CREDIT PORTFOLIO

The quality of the credit portfolio continues to benefit from the focus on selectivity and monitoring of the credit risk control processes, as well as from the initiatives carried out by the commercial and credit recovery areas, in order to recover non-performing loans over the recent years.

The Bank has in place a credit portfolio management and monitoring processes, namely with regard to the assessment of the risk profile of the exposure in different portfolios/segments. These procedures have the purpose of identifying and closely monitoring the customers potentially more affected by the macroeconomic and/or geopolitical context, anticipating possible difficulties in meeting their commitments and defining credit and performance strategies adjusted to the specificities of each customer/group of customers, with a view to both maintaining support to customers considered viable and mitigating credit risk in cases where there are risks of loss in the exposure value.

The NPE stock, in consolidated terms, decreased to EUR 1,934 million on 30 September 2024, showing a reduction of EUR 92 million compared to the end of the first nine months of 2023, with the NPE ratio as a percentage of the total credit portfolio decreasing from 3.6% to 3.4%. In the activity in Portugal, the NPE stock totalled EUR 1,045 million at

[5] The risk of Euro Bank S.A.'s portfolio is fully covered by a third party, within the scope of the clauses set out in the acquisition contract of that entity.

the end of September 2024, with a reduction of EUR 147 million being recorded compared to the same date of the previous year, with the NPE ratio as a percentage of the total credit portfolio evolving from 3.0% to 2.7%.

The ratio between total impairment and NPL stock for more than 90 days, in consolidated terms, stood at 186.8% on 30 September 2024, below the ratio observed at the end of the first nine months of 2023 (195.7%). The ratio between total impairment and NPE stock has recorded an improvement both in consolidated terms (79.8% at the end of the first nine months of the current year vis-à-vis 76.6% recorded on 30 September 2023) and also in the activity in Portugal (86.7% on 30 September 2024 vis-à-vis 81.0% on 30 September 2023). Additionally, on 30 September 2024, the ratio between impairments allocated to NPE and NPE stock stood at 53.8% in consolidated terms (51.1% in the same date of the previous year) and at 55.1% in the activity in Portugal (52.0% in the same date of the previous year).

CREDIT QUALITY INDICATORS

	Group			Activity in Portugal		
	30 Sep. 24	30 Sep. 23	Chg. 24/23	30 Sep. 24	30 Sep. 23	Chg. 24/23
STOCK (M€)						
Loans to customers (gross)	57,494	56,665	1.5 %	38,579	39,400	(2.1 %)
Overdue loans > 90 days	522	529	(1.2 %)	213	220	(2.9 %)
Overdue loans	638	629	1.5 %	232	230	0.7 %
Restructured loans	1,609	1,775	(9.3 %)	1,056	1,235	(14.5 %)
NPL > 90 days	826	793	4.1 %	406	394	3.2 %
NPE	1,934	2,026	(4.6 %)	1,045	1,192	(12.3 %)
Total loans impairment (Balance sheet)	1,543	1,553	(0.6 %)	907	966	(6.1 %)
Impairments allocated to NPE (Balance sheet)	1,040	1,035	0.5 %	576	620	(7.1 %)
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS						
Overdue loans > 90 days / Loans to customers (gross)	0.9 %	0.9 %		0.6 %	0.6 %	
Overdue loans / Loans to customers (gross)	1.1 %	1.1 %		0.6 %	0.6 %	
Restructured loans / Loans to customers (gross)	2.8 %	3.1 %		2.7 %	3.1 %	
NPL > 90 days / Loans to customers (gross)	1.4 %	1.4 %		1.1 %	1.0 %	
NPE / Loans to customers (gross)	3.4 %	3.6 %		2.7 %	3.0 %	
NPE ratio - EBA (includes debt securities and off-balance exposures)	2.0 %	2.3 %		1.8 %	2.2 %	
COVERAGE BY IMPAIRMENTS						
Total impairment / Overdue loans by more than 90 days	295.5 %	293.8 %		425.2 %	440.0 %	
Total impairment / Overdue loans	241.7 %	246.9 %		390.9 %	419.2 %	
Total impairment / NPL > 90 days	186.8 %	195.7 %		223.1 %	245.4 %	
Total impairment / NPE	79.8 %	76.6 %		86.7 %	81.0 %	
Impairments allocated to NPE / NPE	53.8 %	51.1 %		55.1 %	52.0 %	

Note: NPE include loans to customers only, as defined in the glossary.

CUSTOMER FUNDS

On 30 September 2024, Millennium bcp's consolidated total customer funds, as defined in the glossary, amounted to EUR 100,776 million, showing an increase of 9.1% compared to the EUR 92,379 million obtained on the same date of the previous year, benefiting from the increase in the international activity (EUR +4,486 million) and also from the growth recorded in the activity in Portugal (EUR +3,912 million). During this period, there was a more significant increase in the balance sheet customer funds and also a growth in off-balance sheet customer funds.

Consolidated balance sheet customer funds, which comprise deposits and other resources from customers and debt securities placed with customers, amounted to EUR 83,525 million on 30 September 2024, standing above the EUR 76,876 million reached at the end of the first nine months of the previous year. This evolution is due to the increases recorded both in the international activity and in the activity in Portugal (EUR +3,648 million and EUR +3,001 million, respectively).

On 30 September 2024, consolidated off-balance sheet customer funds, which include assets under management, assets placed with customers and insurance products (savings and investment) amounted to EUR 17,251 million, showing a growth of EUR 1,748 million compared to the figure posted in the same date a year ago. Off-balance sheet customer funds increased both in the activity in Portugal and in the international activity (EUR +911 million and EUR +837 million, respectively).

In the activity in Portugal, total customer funds reached EUR 69,551 million on 30 September 2024, which compares with the EUR 65,639 million recorded on the same date in the previous year, with this evolution being justified, to a large extent, by the growth of EUR 3,001 million recorded in balance sheet customer funds, totalling EUR 54,743 million at the end of September of the current year. This evolution was determined by the increase in deposits and other resources from customers (EUR +3,057 million).

Off-balance sheet customer funds in the activity in Portugal recorded a growth of 6.6% compared to the same date of the previous year (EUR +911 million), standing at EUR 14,808 million on 30 September 2024, with a more significant increase in assets placed with customers and also an increase in assets under management, the impact of which was partially offset by the decrease observed in insurance products (savings and investment).

In the international activity, total customer funds recorded an increase compared to the EUR 26,740 million recorded on 30 September 2023, standing at EUR 31,225 million at the end of the first nine months of 2024, mainly reflecting the positive contribution of the Polish subsidiary. Additionally, the subsidiary in Mozambique also contributed to the aforementioned increase, although the growth recorded was less significant.

Balance sheet customer funds in the international activity, entirely made up of deposits and other resources from customers, stood at EUR 28,783 million on 30 September 2024, representing a growth of 14.5% compared to the amount of EUR 25,134 million recorded at the end of the first nine months of 2023, benefiting above all from the increasing volumes of deposits in the Polish subsidiary (influenced by the favourable evolution of the Zloty and by the increase in resources in local currency) and also from a less significant increase recorded in the Mozambican subsidiary.

Off-balance sheet customer funds in the international activity posted an increase higher than 50% (EUR +837 million) compared to the same date of the last year, standing at EUR 2,443 million on 30 September 2024, driven mainly by the increase recorded in assets under management and also by a smaller increase observed in assets placed with customers. Insurance products (savings and investment) did not change significantly compared to the amount observed on the same date in the previous year.

On 30 September 2024, balance sheet customer funds, on a consolidated basis, represented 82.9% of total customer funds, with deposits and other resources from customers representing 81.6% of total customer funds, with both percentages remaining stable compared to those recorded on the same date of the previous year.

The loans to deposits ratio, which results from the quotient between loans to customers (net) and deposits and other resources from customers, stood at 68.0% as of 30 September 2024 (-4,9 pp compared the same date of the prior year). The aforementioned indicator, considering balance sheet customer funds, stood at 67.0% (-4,7 pp compared to the same date of the previous year).

TOTAL CUSTOMER FUNDS

million EUR

	30 Sep. 24	30 Sep. 23	Chg. 24/23
BALANCE SHEET CUSTOMER FUNDS	**83,525**	**76,876**	**8.6 %**
Deposits and other resources from customers	82,239	75,534	8.9 %
Debt securities	1,286	1,343	(4.2 %)
OFF-BALANCE SHEET CUSTOMER FUNDS	**17,251**	**15,502**	**11.3 %**
Assets under management	6,095	5,240	16.3 %
Assets placed with customers	6,740	5,519	22.1 %
Insurance products (savings and investment)	4,416	4,743	(6.9 %)
	100,776	**92,379**	**9.1 %**
Of which:			
Activity in Portugal	69,551	65,639	6.0 %
International activity	31,225	26,740	16.8 %

SECURITIES PORTFOLIO

Millennium bcp's consolidated securities portfolio, as defined in the glossary, amounted to EUR 32,685 million on 30 September 2024, showing a significant increase of 32.3% compared to the EUR 24,697 million recorded on the same date of the previous year, arising from liquidity resulting from the increase in balance sheet customer funds, representing 32.6% of total consolidated assets at the end of the first nine months of 2024, above the percentage of 27.1% recorded at the same date of the previous year.

The portfolio allocated to the activity in Portugal increased from EUR 15,611 million at the end of September 2023 to EUR 20,754 million at the end of September 2024, with this increment being driven mainly by increase in public debt of other euro zone countries (namely Belgian, Italian, German, French and Spanish public debt), in Portuguese public debt and also in American public debt.

The securities portfolio allocated to the international activity rose from EUR 9,086 million at the end of the first nine months of 2023 to EUR 11,930 million on 30 September 2024, driven mainly by the activity in the Polish subsidiary, following the reinforcement of investment in local public debt and also public debt from euro zone countries.

LIQUIDITY MANAGEMENT

Until September 2024, the Group's balance sheet customer funds grew by 8.6% on an annual basis, well above the growth rate observed in 2023 (as at 31 December 2023, growth compared to the end of 2022 was 2.5%). This evolution was mainly due to the strong growth in customer deposits observed at Bank Millennium. In Portugal, the growth in deposits allowed the Bank to effectively defend its market share, which, according to data available until June 2024, has stabilised in relation to the previous year.

The robust growth of the deposit base, combined with a moderated growth in the consolidated credit portfolio, the inaugural issues of covered bonds and senior non-preferred green debt carried out by the Polish subsidiary and the Group's overall profitability, resulted in the reinforcement of the consolidated liquidity position compared to the previous year, reflected in the evolution of regulatory and internal risk indicators of liquidity defined within the scope of the Group's risk appetite statement.

Thus, the LCR, a regulatory standard that assesses short-term liquidity risk, grew in consolidated terms from 244% on 30 September 2023 to 314% on 30 September 2024 (of which 38 pp in the first nine months of 2024).

The structural liquidity risk indicator, the NSFR, grew from 160% on 30 September 2023 to 175% on 30 September 2024 (of which 9 pp in the first nine months of 2024).

With regard to the long-term component of its wholesale financing structure, and after regaining investment grade status by the four main rating agencies, BCP issued in September 2023 EUR 500 million of senior preferred debt eligible for MREL (Minimum Requirements for Own Funds and Eligible Liabilities). In the first quarter of 2024, and fulfilling an objective defined in the Liquidity Plan, the Bank refinanced an Additional Tier 1 (AT1) issue of EUR 400 million in January 2019, through a new issue of the same instrument and amount, under more favourable interest rate conditions (8.125% vs. 9.25%).

The favourable evolution of BCP's commercial gap from a liquidity perspective and the overall profitability of the operation contributed, among other less relevant factors, to the growth of EUR 4.0 billion in the buffer of liquidity at the ECB, to EUR 29.4 billion.

In September 2024, Bank Millennium successfully carried out its inaugural issuance of senior non-preferred green debt, with a term of five years and a nominal value of EUR 500 million. In June 2024, the Polish subsidiary had carried out its first issue of covered bonds, worth PLN 300 million, with a term of three years. As a result of the growth in the deposit base and issues placed on the market, Bank Millennium significantly reinforced its liquidity position, reflected in regulatory indicators well above the minimum requirements.

In the last twelve months, Millennium bim reinforced its liquidity position, with the discountable buffer at the respective central bank and liquidity indicators benefiting from significant growth in the customer deposit base.

CAPITAL

The estimated CET1 ratio as at 30 September 2024 stood at 16.5% both phased-in and fully implemented, reflecting a change of +155 and +152 basis points, respectively compared to the 14.9% phased-in and fully implemented ratios reported on the same date in 2023, comfortably above the minimum regulatory ratios defined on the scope of SREP (Supervisory Review and Evaluation Process) for the year 2024 (CET1 9.41%, T1 11.38% and Total 14.00%) and in line with the medium-term solvability targets.

The evolution of capital ratios in the period continued to be significantly conditioned by the impacts on Bank Millennium, related to the increase in provisions for legal risks associated with loans in foreign currency. These effects were, however, more than offset by the positive performance of the recurrent activity in Portugal and by the careful and proactive management of capital, which includes shareholder remuneration, in line with the bank's medium-term objectives.

SOLVENCY RATIOS

million EUR

	30 Sep. 24		30 Sep. 23	
	FULLY	PHASED	FULLY	PHASED
Own funds				
Common Equity Tier 1 (CET1)	6,539	6,542	5,936	5,928
Tier 1	7,030	7,033	6,427	6,418
Total Capital	**8,257**	**8,256**	**7,723**	**7,731**
Risk weighted assets	**39,708**	**39,718**	**39,711**	**39,735**
Solvency ratios				
CET1	16,5%	16,5%	14,9%	14,9%
Tier 1	17,7%	17,7%	16,2%	16,2%
Total capital	20,8%	20,8%	19,4%	19,5%

Note: The capital ratios as of 30 September 2024 are estimated including the positive accumulated net income.

According to the transitional provisions in force, capital ratios, not including the unaudited positive third quarter net income, are the following:

SOLVENCY RATIOS

million EUR

	30 Sep. 24	30 Sep. 23
	PHASED	PHASED
Own funds		
Common Equity Tier 1 (CET1)	6,434	5,762
Tier 1	6,926	6,252
Total Capital	**8,148**	**7,529**
Risk weighted assets	**39,718**	**39,689**
Solvency ratios		
CET1	16,2%	14,5%
Tier 1	17,4%	15,8%
Total capital	20,5%	19,0%

SIGNIFICANT EVENTS IN THE FIRST NINE MONTHS OF 2024

During the first nine months of 2024, in a context in which the risks associated with the international geopolitical situation have escalated and simultaneously there was a progressive normalisation in Portugal through the government action, with an impact on the decisions of companies and families, BCP stood out for its central role in proximity, trust and quality in the services provided to its Customers, continuing to decisively support families and companies.

On 20 September 2024, the Bank informed that the Competition, Regulation and Supervision Court made public its ruling on case no. 225/15.4YUSTR-W regarding the challenge of the fine levied in September 2019 by the Portuguese Competition Authority on a group of banks, including BCP, for alleged violation of competition legislation. The fine imposed by the Court on BCP amounted to EUR 60 million. As far as it is concerned, BCP disagrees with the framing and assessment made by the Court of the evidence that was produced during the trial hearings, as well as the evidence that is a part of this process. BCP will appeal the decision, as the decision is not yet final. In any event, the Bank does not anticipate that this court ruling will have a materially relevant impact on the Bank's respective financial statements and equity. The Bank reiterates that its understanding is that the information shared during the relevant period (2002-2013) among the banking institutions named in this process had neither the purpose of affecting nor any adverse effect on competition among those institutions, and that in the course of this judgment it was not proven that the exchange of information resulted in any negative financial impact on the Bank's customers.

On 4 July 2024, the Fitch Ratings agency improved BCP's Outlook from Stable to Positive.

On 22 July 2024, the Bank informed that it has been notified by Banco de Portugal, as the national resolution authority, about the update of its minimum requirement for own funds and eligible liabilities ("MREL" or "Minimum Requirement for own funds and Eligible Liabilities") as decided by the Single Resolution Board.

The resolution strategy applied continues to be that of a multiple point of entry ("MPE" or *"Multiple Point of Entry"*). The MREL requirements to be met by BCP Group of Resolution (consisting of BCP, S.A., Banco ActivoBank, S.A. and all the subsidiary companies of BCP apart from Bank Millennium S.A. and Banco Internacional de Moçambique and their respective subsidiaries), with immediate application, is of:

- 25.17% of the total risk exposure amount ("TREA" or "*Total Risk Exposure Amount*") to which adds further a combined buffer requirement ("CBR" or "*Combined Buffer Requirement*") of 3.5%, thus corresponding to total requirements of 28.67%); and
- 6.67% of the leverage ratio exposure measure ("LRE" or "*Leverage Ratio Exposure Measure*").

Additionally, the Bank informed that is not subject to any subordination requirements.

In accordance with the regulations in force, MREL requirements could be annually updated by the competent authorities, and therefore these targets replace those previously set.

On that date, BCP reported that it complied with the established MREL requirements, both as a percentage of the TREA (including the CBR) and as a percentage of the LRE.

On 19 June 2024, the Executive Management Board of Bank Millennium S.A. informed that on that day it took a decision to complete the implementation of the Recovery Plan, notifying of the fact Polish Financial Supervision Authority and Bank Guarantee Fund. In the Bank's Executive Management Board's opinion, all key assumptions of the Recovery Plan have been achieved. In particular, all indicators defined in the Plan have reached adequate and safe levels, profitability and financial results of Bank Millennium S.A. Capital Group improved sustainably, capital ratios were restored to levels comfortably above required regulatory minimums while the Group and the Bank meet MREL requirements, including the combined buffer requirements. The Bank's Management Board also does not identify future circumstances that would justify further continuation of the Recovery Plan.

On 28 May 2024, BCP, in accordance with legal terms and taking into account the deliberation of the Annual General Meeting held on 22 May 2024, informed the Shareholders that, from 21 June 2024, the dividend would be paid relating to the 2023 financial year.

Banco Comercial Português concluded on 22 May 2024 with 64.10% of the share capital represented, the Annual General Meeting of Shareholders, with emphasis on the following resolutions: Election of the Board of the General Meeting for the 2024/2027 four-year period; Approval of the management report, the balance sheet and the individual and consolidated financial statements for the 2023 financial year, the Corporate Governance Report, that includes a chapter on the remuneration of the management and supervisory bodies, and the Sustainability Report; Approval of the proposal for the appropriation of profit regarding the 2023 financial year; Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative; Approval of the updating of the policy for the remuneration of Members of the Management and Supervisory Bodies; and Approval of the appointment of the Statutory Auditor and its alternate and the selection of the External Auditor for the four-year period 2024/2027.

On 22 May 2024, BCP informed that, at the General Shareholders' Meeting held on that date, it proceeded with the election of the Statutory Auditor, Effective and Alternate and the choice of the External Auditor for the four-year period 2024/2027, as follows:

Effective Statutory Auditor: KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A., legal entity no. 502161078, with registered office at Av. Fontes Pereira de Melo, no. 41, 15.º - Ed. FPM 41, 1069-006 Lisbon, registered with OROC under number 189 and registered with CMVM under number 20161489, represented by Miguel Pinto Douradinha Afonso (registered with OROC under number 1454 and registered with CMVM under number 20161064), with professional address at Avenida Fontes Pereira de Melo, no. 41 15th Ed. FPM 41, 1069-006 Lisbon.

Alternate Statutory Auditor: Vítor Manuel da Cunha Ribeirinho (registered with OROC under number 1081 and registered with CMVM under number 20160693), with professional address at Avenida Fontes Pereira de Melo, n.º 41 15th Ed. FPM 41, 1069-006 Lisbon.

External Auditor: KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A.

On 12 March 2024, S&P Global Ratings upgraded BCP's Outlook from Stable to Positive.

On 11 January 2024, BCP informed that it has set the conditions for a new issue of Additional Tier 1, in the amount of EUR 400 million, with the option of early repayment by Millennium bcp from the end of 5th year onwards with a coupon of 8.125% per year for the first 5.5 years, which will be refixed from that date every 5 years, with reference to the then prevailing 5-year mid-swap rate plus a spread of 5.78%. The operation, which generated strong market interest, followed a series of meetings involving more than 60 investors. Demand, in the final terms of the issue, reached an amount exceeding EUR 3 billion (more than 7 times the amount issued), with orders from more than 250 institutional investors.

On 11 January 2024, the EIB signs an agreement with Millennium bcp to provide EUR 400 million in new loans to Portuguese companies.

On 5 January 2024, BCP informed, under the terms and for the purposes of article 6 of CMVM Regulation No. 1/2023, that the Non-Executive Director Xiaoxu Gu (also known as Julia Gu) presented on that day its resignation to the position of non-executive member of the Board of Directors, effective from 29 February 2024. The Bank informed that it began the process of identifying and selecting a new non-executive member to join its Board of Directors in accordance with the applicable Bank's regulations. The conclusion of this process will be announced in due course and will not affect the regular functioning of the Board of Directors.

On 1 January 2024, BCP informed that it has decided to exercise its option to early redeem all its Additional Tier 1 notes “Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Capital Notes” (ISIN: PTBCPFOM0043), issued on 31 January 2019, in accordance with Condition 9.2 of the terms and conditions of the Notes. The early redemption of the Notes took place on their first call date according with its terms and conditions, 31 January 2024, at their outstanding principal amount together with accrued interest.

AWARDS AND DISTINCTIONS

- Millennium bcp has been named the Best Consumer Digital Bank in Portugal for the fourth consecutive year at the World's Best Digital Bank Awards 2024, organised by Global Finance magazine. Across all subcategories of these awards, Millennium bcp is also the Portuguese bank with the most accolades, including Best Information Security and Fraud Management, Best User Experience (UX) Design and Best Social Media Marketing and Services.
- Millennium bcp and ActivoBank were elected "Consumer Choice" in 2024. Millennium bcp was distinguished in the "Large Banks" and "Banking Apps" categories and ActivoBank in the "Digital Banking" category. It should be noted that Millennium bcp was distinguished as "Consumer's Choice" for the fourth consecutive year while ActivoBank has been in leadership for six years.
- Millennium bcp was distinguished with the 2024 Five Star Award in the Large Banks category.
- Millennium bcp considered the "Best Investment Bank in Portugal" in 2024 by Global Finance magazine.
- Millennium bcp was elected "Best Foreign Exchange Bank 2024 in Portugal" by Global Finance magazine.
- Millennium bcp considered as the "Best Bank (market leader) and with Best Service (best service) in the Trade Finance category in Portugal" by Euromoney magazine.
- Millennium bcp distinguished in the 13th Edition of the Euronext Lisbon Awards in the Local Market Member Category Equity and received in that same edition of the Euronext Lisbon Awards with two awards in the Growing Structured Finance category.
- Millennium bcp leads Inovadora COTEC for the 4th consecutive year.
- Millennium bcp won the APCC Best Contact Centers 2024 award in the category of Best Banking Contact Center in Portugal.
- Millennium bcp was distinguished in the ranking of Companies Committed to Youth, which aims to recognise the best companies in the Iberian Peninsula and Latin America that promote initiatives for the development of Young Talent. This initiative is the responsibility of the OIJ-International Youth Organisation and DCH-International Organisation for Human Capital Management.
- Bank Millennium was distinguished in several categories of the World's Best Digital Bank Awards 2024, promoted by Global Finance magazine, including Best User Experience (UX) Design, Best Information Security and Fraud Management and Best in Transformation in Poland.
- Bank Millennium was considered the "Best Bank in Poland" in 2024 by Global Finance magazine.
- Bank Millennium was awarded Best Trade Finance Services in Poland by Global Finance magazine.
- Bank Millennium was distinguished as a Reliable Employer for the tenth consecutive time.
- Bank Millennium was awarded by the eleventh time as "Service Quality Star".
- Bank Millennium was distinguished in Global Finance's "The Innovators 2024" awards.
- Bank Millennium was included in the list of the 10 best banks in Europe in terms of Customer experience. It was ranked on the top 10 of the report "The European Banking CX Index", developed by market research company Forrester.
- Bank Millennium came in second place in the Multichannel Service Quality category in the Golden Banker 2024 ranking.
- Bank Millennium was distinguished by the Global Finance registry with the title "The Greatest innovation in Finance" in the Corporate Finance category.
- Bank Millennium achieved second place in the "Best Employers in Poland 2024" ranking, in the Banking and Financial Services category, by Forbes in collaboration with the company Statista.
- Bank Millennium stands out in the "ESG Responsible Management" ranking, having come in third place in the Governance section and in the TOP 10 of the general classification.
- The Millennium bim brand was considered by Mozambican consumers to be the best in the financial sector in the "Large Banks" category, within the scope of the first edition of the "Mozambican Consumer Choice" project, organised by Consumer Choice, in which Millennium bim was the only distinguished national bank.
- Millennium bim was distinguished as "Best Digital Bank" in Mozambique at the Euromoney Awards for Excellence 2024.

- Millennium bcp is “The Best Bank for Sustainable Finance in Portugal” according to Global Finance magazine.

SUBSEQUENT EVENTS

On 14 October 2024, the Bank informed that it has fixed the terms for a new issue of senior preferred debt securities eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities), under its Euro Note Programme. The issue, in the amount of EUR 500 million, has a tenor of 5 years, with the option of early redemption by the Bank at the end of year 4, an issue price of 99.660% and an annual interest rate of 3.125% during the first 4 years (corresponding to a spread of 0.85% over the 4-year mid-swap rate). The interest rate for the 5th year was set at 3-month Euribor plus a 0.85% spread. The issue was placed among a very diversified base of institutional investors, with demand exceeding the transaction amount by more than 3 times. The high level of demand and the profile of the investors involved in the issuance allowed for the narrowing of the spread by 30 bps during the execution phase. The result also reflects the excellent market response to the recent upgrades of the Bank's rating.

On 8 October 2024, the Bank informed that it has decided to exercise its option to early redeem all of its EUR350,000,000 Senior Preferred Fixed to Floating Rate Notes due October 2025 (ISIN: PTBCPBOM0062), issued on 25 October 2022 under the EUR25,000,000,000 Euro Note Programme (the “Notes”), in accordance with condition 6(d) of the terms and conditions of the Notes and the final terms of the Notes. The early redemption of the Notes shall take place on the optional redemption date set out in the final terms of the Notes, 25 October 2024, at their outstanding principal amount together with accrued interest.

On 4 October 2024, the Bank informed that S&P Global upgraded BCP's senior unsecured debt ratings from BBB- to BBB, keeping the positive Outlook. This upgrade reflects easing industry risks in the system and BCP's improved credit risk profile, both in absolute and relative terms. BCP has halved its NPE stock since end-2019, while posting solid profitability, enhancing its capitalisation, and maintaining ample liquidity and a balanced funding profile. S&P anticipates that BCP will continue benefiting from a strong earnings capacity, keeping high levels of efficiency and solid levels of capitalisation. The positive outlook reflects that S&P could raise its long-term rating on BCP over the next 18-24 months if it keeps growing and sustainably preserving its capitalisation.

On 3 October 2024, the Bank informed that Morningstar DBRS rating agency upgraded the Bank's deposits ratings from BBB (high) to A (low) and the senior unsecured debt ratings from BBB to BBB (high). The upgrade to BCP's credit ratings by Morningstar DBRS's reflects the Bank's earnings and internal capital generation, improved capitalisation levels and asset quality, reflecting the progress in reducing non-performing exposures (NPEs). The stable trend reflects the expectation that risks to the outlook are balanced. The Bank's provisions will likely remain elevated although decreasing, reflecting the legal and financial risks linked to legacy CHF-indexed mortgages in the Polish subsidiary, which are expected to gradually subside. The trend also reflects Morningstar DBRS expectation that the Bank will maintain healthy profitability levels and solid capital buffers.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) has maintained its forecast for global Gross Domestic Product (GDP) growth in 2024 at 3.2%. However, this forecast is associated with significant downside risks, mainly related to the worsening of geopolitical tensions.

The performance of financial markets was positive in the third quarter of the year, despite the higher volatility observed at the beginning of August. The return to a less risk-averse environment benefited from the reduction in the restrictiveness of monetary policy by the US Federal Reserve, which announced in September a 50 basis points (bps) interest rate cut, for the first time since 2020. In turn, the European Central Bank (ECB) announced an additional cut to its key interest rates, setting the deposit facility rate at 3.50%. Against this backdrop, the major global equity indices resumed an upward trajectory, reinforcing the gains recorded in the first half of the year. However, in the case of European equity markets, gains were more moderate, hampered by weak economic activity in Germany and political uncertainty in France. Regarding the public debt markets, there was a significant drop in yields on US government bonds, particularly for shorter maturities, while their German counterparts recorded smaller decreases. Additionally, there was an improvement in risk premia for peripheral countries, notably in Portugal, which contrasted with the deterioration observed in France. Additionally, there was an improvement in risk premia for peripheral countries, notably in Portugal, which contrasted with the deterioration observed in France. The more optimistic outlook in financial markets also led to a narrowing of corporate debt risk premia, which are at historically low levels. Market expectations that the cycle of reducing the restrictiveness of monetary policy in the euro area will continue in the coming quarters contributed to the downward trend in Euribor rates observed since the beginning of the year.

In the second quarter of 2024, the Portuguese GDP slowdown, on a quarterly basis, hindered by the negative contribution of net external demand, resulting from the increase in service imports, while domestic demand accelerated, benefiting from the dynamism of private consumption and increased investment. Against this backdrop, Banco de Portugal revised downwardly its GDP growth forecasts for 2024, from 2.0% to 1.6%. However, it is worth noting that this forecast envisages an acceleration of GDP at the end of the year, driven by the recovery of external demand, along with the prospects for investment expansion, on the back of the reduction in interest rates and the implementation of the Recovery and Resilience Plan, and the dynamism of private consumption, in a context of increased household disposable income, reflecting favourable labor market conditions and the positive effects of fiscal measures. These factors are expected to persist in 2025 and contribute to an acceleration of the GDP growth rate from 1.6% to 2.1%. Regarding inflation, despite the uneven path observed in recent months, in the third quarter the inflation rate decreased from 3.1% to 2.3%.

In Poland, GDP accelerated in the second quarter of 2024, year-on-year, from 2.0% to 3.2%, driven by the dynamism of domestic demand, mainly of the private consumption, which benefited from the downward trend in inflation in the first half of the year. In the coming quarters, economic activity is expected to remain robust, with the IMF forecasting a GDP growth rate of 3.0% over the year. In the third quarter, there was a resurgence of inflation, from 2.6% to 4.7%, resulting from wage increases, particularly in the public sector, and rising energy prices. For 2024, the IMF forecasts an inflation rate of 6.2%. In this context, the central bank of Poland kept the reference interest rate unchanged at 5.75%, and the Zloty appreciated slightly in the third quarter.

In Mozambique, GDP accelerated in the second quarter, from 3.2% to 4.5%, a trend expected to continue in the coming quarters, with the IMF projecting that GDP will growth 4.3% over the year. The inflation downward path led to a further reduction in the central bank’s reference interest rate in September, from 14.5% to 13.5%. In this context, the Metical depreciated compared to the previous quarter.

In Angola, amid the persistence of inflationary pressures, with the inflation rate at 30.5% in August, the central bank maintained its reference interest rate at 19.5%. The Kwanza depreciated compared to the previous quarter.

Press Release

Millennium bcp

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

million EUR

	Group			Activity in Portugal			International activity		
	Sep. 24	Sep. 23 (restated)	Chg. 24/23	Sep. 24	Sep. 23 (restated)	Chg. 24/23	Sep. 24	Sep. 23	Chg. 24/23
INCOME STATEMENT									
Net interest income	2,110.8	2,117.5	(0.3 %)	1,003.4	1,097.7	(8.6 %)	1,107.3	1,019.7	8.6 %
Dividends from equity instruments	0.8	1.2	(32.4 %)	0.0	0.5	(100.0 %)	0.8	0.7	14.8 %
Net fees and commission income	601.8	578.5	4.0 %	434.9	419.8	3.6 %	166.9	158.6	5.2 %
Net trading income	29.3	106.3	(72.5 %)	28.4	(16.0)	>200%	0.9	122.3	(99.3 %)
Other net operating income	(94.2)	(56.5)	(66.7 %)	(23.9)	(66.7)	64.2 %	(70.3)	10.2	<-200%
Equity accounted earnings	43.8	45.7	(4.2 %)	40.3	43.3	(6.9 %)	3.4	2.4	44.7 %
Net operating revenues	**2,692.2**	**2,792.7**	**(3.6 %)**	**1,483.1**	**1,478.7**	**0.3 %**	**1,209.1**	**1,313.9**	**(8.0 %)**
Staff costs	522.7	468.0	11.7 %	277.5	264.2	5.0 %	245.1	203.8	20.3 %
Other administrative costs	316.6	283.4	11.7 %	150.8	140.6	7.3 %	165.8	142.8	16.1 %
Amortisations and depreciations	107.3	103.2	4.0 %	54.8	55.1	(0.6 %)	52.6	48.1	9.2 %
Operating costs	**946.6**	**854.6**	**10.8 %**	**483.2**	**460.0**	**5.0 %**	**463.4**	**394.6**	**17.4 %**
Operating costs excluding specific items	943.9	842.4	12.0 %	480.4	447.8	7.3 %	463.4	394.6	17.4 %
Profit before impairment and provisions	**1,745.6**	**1,938.0**	**(9.9 %)**	**1,000.0**	**1,018.7**	**(1.8 %)**	**745.6**	**919.3**	**(18.9 %)**
Results on modification	(62.4)	(14.8)	<-200%	0.0	0.0	0.0 %	(62.4)	(14.8)	<-200%
Loans impairment (net of recoveries)	166.5	211.4	(21.3 %)	97.5	157.7	(38.2 %)	69.0	53.7	28.4 %
Other impairment and provisions	460.9	602.4	(23.5 %)	66.1	74.2	(11.0 %)	394.8	528.2	(25.3 %)
Profit before income tax	**1,055.8**	**1,109.3**	**(4.8 %)**	**836.4**	**786.8**	**6.3 %**	**219.4**	**322.6**	**(32.0 %)**
Income taxes	**262.8**	**387.4**	**(32.2 %)**	**235.8**	**230.2**	**2.4 %**	**27.1**	**157.2**	**(82.8 %)**
Current	105.1	172.7	(39.1 %)	10.4	10.3	0.0 %	94.8	162.3	(41.6 %)
Deferred	157.7	214.7	(26.6 %)	225.4	219.9	2.5 %	(67.7)	(5.2)	<-200%
Income after income tax from continuing operations	**793.0**	**722.0**	**9.8 %**	**600.6**	**556.6**	**7.9 %**	**192.3**	**165.4**	**16.3 %**
Income arising from discontinued operations	0.3	0.0	>200%	0.0	0.0	100.0 %	0.3	0.0	0.0 %
Non-controlling interests	79.2	71.2	11.2 %	(5.4)	(0.2)	<-200%	84.6	71.5	18.3 %
Net income	**714.1**	**650.7**	**9.7 %**	**606.0**	**556.8**	**8.8 %**	**108.1**	**93.9**	**15.1 %**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	100,226	91,160	9.9 %	65,699	61,580	6.7 %	34,527	29,580	16.7 %
Total customer funds	**100,776**	**92,379**	**9.1 %**	**69,551**	**65,639**	**6.0 %**	**31,225**	**26,740**	**16.8 %**
Balance sheet customer funds	**83,525**	**76,876**	**8.6 %**	**54,743**	**51,742**	**5.8 %**	**28,783**	**25,134**	**14.5 %**
Deposits and other resources from customers	82,239	75,534	8.9 %	53,457	50,399	6.1 %	28,783	25,134	14.5 %
Debt securities	1,286	1,343	(4.2 %)	1,286	1,343	(4.2 %)	0	0	0.0 %
Off-balance sheet customer funds	**17,251**	**15,502**	**11.3 %**	**14,808**	**13,897**	**6.6 %**	**2,443**	**1,605**	**52.2 %**
Assets under management	6,095	5,240	16.3 %	4,416	4,205	5.0 %	1,679	1,035	62.2 %
Assets placed with customers	6,740	5,519	22.1 %	6,193	5,182	19.5 %	546	338	61.7 %
Insurance products (savings and investment)	4,416	4,743	(6.9 %)	4,199	4,510	(6.9 %)	217	233	(6.7 %)
Loans to customers (gross)	**57,494**	**56,665**	**1.5 %**	**38,579**	**39,400**	**(2.1 %)**	**18,915**	**17,265**	**9.6 %**
Individuals	**35,971**	**33,902**	**6.1 %**	**21,740**	**21,065**	**3.2 %**	**14,231**	**12,837**	**10.9 %**
Mortgage	28,604	27,531	3.9 %	19,238	18,821	2.2 %	9,366	8,709	7.5 %
Personal Loans	7,367	6,372	15.6 %	2,502	2,244	11.5 %	4,865	4,128	17.8 %
Companies	**21,523**	**22,763**	**(5.4 %)**	**16,839**	**18,335**	**(8.2 %)**	**4,684**	**4,428**	**5.8 %**
CREDIT QUALITY									
Total overdue loans	638	629	1.5 %	232	230	0.7 %	406	398	2.0 %
Overdue loans by more than 90 days	522	529	(1.2 %)	213	220	(2.9 %)	309	309	0.0 %
Overdue loans by more than 90 days / Loans to customers	0.9 %	0.9 %		0.6 %	0.6 %		1.6 %	1.8 %	
Total impairment (balance sheet)	1,543	1,553	(0.6 %)	907	966	(6.1 %)	637	587	8.5 %
Total impairment (balance sheet) / Loans to customers	2.7 %	2.7 %		2.4 %	2.5 %		3.4 %	3.4 %	
Total impairment (balance sheet) /Overdue loans by more than 90 days	295.5 %	293.8 %		425.2 %	440.0 %		206.1 %	189.9 %	
Non-Performing Exposures (NPE)	1,934	2,026	(4.6 %)	1,045	1,192	(12.3 %)	888	834	6.6 %
NPE / Loans to customers	3.4 %	3.6 %		2.7 %	3.0 %		4.7 %	4.8 %	
Total impairment (balance sheet) / NPE	79.8 %	76.6 %		86.7 %	81.0 %		71.6 %	70.4 %	
Restructured loans	1,609	1,775	(9.3 %)	1,056	1,235	(14.5 %)	553	540	2.5 %
Restructured loans / Loans to customers	2.8 %	3.1 %		2.7 %	3.1 %		2.9 %	3.1 %	
Cost of risk (net of recoveries, in b.p.)	39	50		34	53		49	42	

BANCO COMERCIAL PORTUGUÊS

CONSOLIDATED INCOME STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2024 AND 2023

thousand EUR

	30 September 2024	30 September 2023 (restated)
Interest and similar income	3,558,274	3,190,572
Interest expense and similar charges	(1,447,511)	(1,073,111)
NET INTEREST INCOME	**2,110,763**	**2,117,461**
Dividends from equity instruments	822	1,216
Net fees and commissions income	601,769	578,458
Gains/(losses) on financial operations at fair value through profit or loss	(17,626)	(13,446)
Foreign exchange gains/(losses)	7,673	21,043
Gains/(losses) on hedge accounting	4,283	(854)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	34,921	99,565
Other operating income / (losses)	(111,677)	(71,709)
TOTAL OPERATING INCOME	**2,630,928**	**2,731,734**
Staff costs	522,655	467,976
Other administrative costs	316,610	283,399
Amortisations and depreciations	107,335	103,240
TOTAL OPERATING EXPENSES	**946,600**	**854,615**
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	**1,684,328**	**1,877,119**
Results on modification	(62,440)	(14,829)
Impairment of financial assets at amortised cost	(166,068)	(212,653)
Impairment of financial assets at fair value through other comprehensive income	(4,426)	894
Impairment of other assets	(30,435)	(20,704)
Other provisions	(426,441)	(581,395)
NET OPERATING INCOME	**994,518**	**1,048,432**
Share of profit of associates accounted for using the equity method	43,784	45,702
Gains/(losses) on disposal of subsidiaries and other assets	17,490	15,215
NET INCOME BEFORE INCOME TAXES	**1,055,792**	**1,109,349**
Income taxes		
Current	(105,138)	(172,695)
Deferred	(157,669)	(214,684)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	**792,985**	**721,970**
Net income from discontinued or discontinuing operations	322	(9)
NET INCOME AFTER INCOME TAXES	**793,307**	**721,961**
Net income for the period attributable to:		
Bank's Shareholders	714,097	650,715
Non-controlling interests	79,210	71,246
NET INCOME FOR THE PERIOD	**793,307**	**721,961**
Earnings per share (in Euros)		
Basic	0.061	0.055
Diluted	0.061	0.055

BANCO COMERCIAL PORTUGUÊS

CONSOLIDATED BALANCE SHEET
AS AT 30 SEPTEMBER 2024 AND 2023 AND 31 DECEMBER 2023

thousand EUR

	30 September 2024	31 December 2023 (restated)	30 September 2023 (restated)
ASSETS			
Cash and deposits at Central Banks	4,305,450	4,545,526	3,525,815
Loans and advances to credit institutions repayable on demand	231,320	337,687	187,966
Financial assets at amortised cost			
Loans and advances to credit institutions	1,272,231	908,477	1,116,126
Loans and advances to customers	53,937,018	53,305,159	52,921,349
Debt securities	20,090,517	17,579,136	17,036,087
Financial assets at fair value through profit or loss			
Financial assets held for trading	1,797,743	822,904	1,098,527
Financial assets not held for trading mandatorily at fair value through profit or loss	377,155	440,007	463,727
Financial assets designated at fair value through profit or loss	34,667	32,004	30,710
Financial assets at fair value through other comprehensive income	12,800,895	10,834,291	8,673,873
Hedging derivatives	38,879	40,628	82,079
Investments in associates	441,489	374,414	354,526
Non-current assets held for sale	42,848	80,317	81,575
Investment property	38,503	39,100	15,144
Other tangible assets	585,727	606,447	596,226
Goodwill and intangible assets	248,305	223,105	197,241
Current tax assets	10,216	20,469	9,706
Deferred tax assets	2,289,204	2,554,331	2,723,447
Other assets	1,684,089	1,626,684	2,046,023
TOTAL ASSETS	**100,226,256**	**94,370,686**	**91,160,147**
LIABILITIES			
Financial liabilities at amortised cost			
Resources from credit institutions	972,390	829,126	1,240,204
Resources from customers	80,059,041	75,606,813	73,373,829
Non-subordinated debt securities issued	3,294,498	2,712,682	2,056,932
Subordinated debt	1,418,557	1,397,425	1,354,493
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	201,851	207,387	269,007
Financial liabilities at fair value through profit or loss	3,466,327	3,608,487	3,502,631
Hedging derivatives	41,968	67,825	137,348
Provisions	1,110,581	753,103	661,981
Current tax liabilities	107,605	197,085	173,456
Deferred tax liabilities	6,522	8,795	8,964
Other liabilities	1,508,875	1,691,552	1,542,481
TOTAL LIABILITIES	**92,188,215**	**87,080,280**	**84,321,326**
EQUITY			
Share capital	3,000,000	3,000,000	3,000,000
Share premium	16,471	16,471	16,471
Other equity instruments	400,000	400,000	400,000
Legal and statutory reserves	384,402	316,375	316,375
Reserves and retained earnings	2,451,351	1,714,083	1,542,021
Net income for the period attributable to Bank's Shareholders	714,097	856,050	650,715
Non-controlling interests	1,071,720	987,427	913,239
TOTAL EQUITY	**8,038,041**	**7,290,406**	**6,838,821**
TOTAL LIABILITIES AND EQUITY	**100,226,256**	**94,370,686**	**91,160,147**

GLOSSARY

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 operating profit - 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 amortised cost and debt instruments at amortised 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.

Debt instruments – non-subordinated debt instruments at amortised 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 amortised 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 amortised cost, balance sheet impairment associated with debt instruments at amortised 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 amortised cost for loans to customers and for debt instruments related to credit operations.

Loans to customers (gross) – loans to customers at amortised cost before impairment, debt instruments at amortised 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 amortised cost net of impairment, debt instruments at amortised 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) (Instruction from Banco de Portugal no. 16/2004) – 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.

Net trading income – results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities 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.

Non-performing loans (NPL) – overdue loans (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 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 amortisations and depreciations.

Other impairment and provisions – impairment (net of reversals) for loans and advances of credit institutions classified at amortised cost, impairment for financial assets (classified at fair value through other comprehensive income and at amortised cost not associated with credit operations), impairment for other assets, namely assets received as payment in kind, investments in associates 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 - 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 amortised cost, debt instruments at amortised 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 amortised cost, debt instruments at amortised cost associated to credit operations and loans to customers at fair value through profit or loss), including principal and interests.

Performing loans - loans to customers (gross) deducted from Non-performing exposures (NPE).

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 Banco de 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 Banco de 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) deducted from Coupons on AT1 (if they exist), divided by the average equity (weighted average of the average of monthly equity in the period), with Equity = Equity - preference shares - other capital instruments - non controlling interests.

Return on tangible equity (ROTE) – net income (after minority interests) deducted from Coupons on AT1 and from goodwill impairment (if they exist), divided by the average equity, deducted from goodwill and intangible assets (weighted average of the average of monthly equity in the period), with Equity = Equity - preference shares - other capital instruments - non controlling interests.

Securities portfolio - debt instruments at amortised 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 funds.