Press Release

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Millennium bcp Earnings release as at 31 March 2024

A Solid and Efficient Bank

Profitability

- **Net income** of **234.3 million euros** in the first three months of 2024, which compares with 216.1 million euros in the same period of 2023.
- **Group's core operating profit** stood at **584.6 million euros**.
- In the **activity** in **Portugal**, **net income** amounted to **203.5 million euros** in the first quarter of 2024, corresponding to an increase of 18.4% compared to the same period of 2023.
- **Bank Millennium** records the **sixth consecutive quarter** with **positive results**. In the first quarter of 2024, **net income** stood at **29.7 million euros**, despite charges of 190.9[1] million euros related with CHF mortgage loan portfolio (out of which 117.4[2] million euros in provisions). **Millennium bim net income** of **22.6 million euros** in the first three months of the year.

Business model

- **Significant strengthening** of **capital ratios**. **CET1[3] ratio** stood at **16.0%** and **total capital ratio[3]** at **20.5%** (increases of 246bp and 255bp, respectively, compared to the same period last year), reflecting the strong capacity to generate organic capital.
- **Liquidity indicators[4]**, **well above regulatory requirements**: LCR at 299%, NSFR at 172% and LtD at 68%. Eligible assets available to discount at ECB of 27.7 billion euros.
- **Group's total Customer funds grew 7.0%** year on year to **98.5 billion euros**.
- **Continued reduction** in **non-performing assets** compared to March 2032: 223 million euros in NPE, 60 million euros in foreclosed assets and 43 million euros in restructuring funds, a combined reduction of 11.9% from March 2023.
- **Cost of risk** stood at **52bp** at the **Group** level and **48bp** in **Portugal** in the first quarter of 2024, which compare with 56bp and 53bp in the same period of last year, respectively.
- **Continued growth** of the **Customer base**, highlighting the increase in mobile Customers (11% from March 2032), which represent 69% of total Customers at the end of March 2024.

[1] Before taxes and non-controlling interests; includes provisions for legal risk, costs with out-of-court settlements and legal advice [2] Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by a third party) [3] Fully implemented ratio including unaudited net income of the first quarter of 2024 [4] Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Loans to Deposits Ratio (LtD).

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FINANCIAL HIGHLIGHTS (1)

Million euros

	31 Mar. 24	31 Mar. 23 (restated)	Chg. 24/23
BALANCE SHEET			
Total assets	97,797	89,160	9.7 %
Equity	7,572	6,309	20.0 %
Loans to customers (net)	55,229	55,745	(0.9 %)
Total customer funds	98,542	92,063	7.0 %
Balance sheet customer funds	82,147	76,416	7.5 %
Deposits and other resources from customers	80,809	75,015	7.7 %
Loans to customers (net) / Deposits and other resources from customers (2)	68.3 %	74.3 %	
Loans to customers (net) / Balance sheet customer funds	67.2 %	72.9 %	
RESULTS			
Net interest income	696.2	664.6	4.8 %
Net operating revenues	868.8	1,000.1	(13.1) %
Operating costs	308.1	268.5	14.7 %
Operating costs excluding specific items (3)	309.0	269.8	14.5 %
Results on modification	(7.2)	(5.9)	(21.7) %
Loan impairment charges (net of recoveries)	73.5	80.4	(8.5 %)
Other impairment and provisions	145.2	237.7	(38.9) %
Income taxes	78.1	156.2	(50.0) %
Net income	234.3	216.1	8.4 %
PROFITABILITY AND EFFICIENCY			
Net operating revenues / Average net assets (2)	3.6 %	4.5 %	
Return on average assets (ROA)	1.1 %	1.1 %	
Income before tax and non-controlling interests / Average net assets (2)	1.4 %	1.8 %	
Return on equity (ROE)	15.0 %	17.0 %	
Return on tangible equity (ROTE)	15.6 %	17.7 %	
Income before tax and non-controlling interests / Average equity (2)	19.1 %	28.8 %	
Net interest margin	3.12 %	3.25 %	
Cost to core income (3)	34.6 %	31.4 %	
Cost to income (2)	35.5 %	26.8 %	
Cost to income (2)(3)	35.6 %	30.9 %	
Cost to income - Activity in Portugal (2)(3)	31.6 %	29.1 %	
Staff costs / Net operating revenues (2)(3)	19.2 %	16.7 %	
CREDIT QUALITY			
Cost of risk (net of recoveries, in b.p.)	52	56	
Non-Performing Exposures (loans to customers) / Loans to customers	3.4 %	3.8 %	
Total impairment (balance sheet) / NPE (loans to customers)	81.7 %	71.1 %	
Restructured loans / Loans to customers	3.1 %	3.3 %	
LIQUIDITY			
Liquidity Coverage Ratio (LCR)	299 %	201 %	
Net Stable Funding Ratio (NSFR)	172 %	154 %	
CAPITAL (4)			
Common equity tier I phased-in ratio	16.0 %	13.6 %	
Common equity tier I fully implemented ratio	16.0 %	13.6 %	
Total ratio fully implemented	20.5 %	18.0 %	
BRANCHES			
Activity in Portugal	399	408	(2.2 %)
International activity	806	819	(1.6 %)
EMPLOYEES			
Activity in Portugal	6,269	6,273	(0.1 %)
International activity (5)	9,432	9,472	(0.4 %)

Notes:

(1) Some indicators are presented according to management criteria of the Group, with concepts being described and detailed at the glossary.
(2) According to Instruction from the Bank of Portugal no. 16/2004, as the currently existing version.
(3) Excludes the impact of specific items: positive impacts of 1.0 million euros in the first quarter of 2024 and 128.3 million euros in the first quarter of 2023. In the first quarter of 2024, specific items include: an income recognised after an agreement related to liabilities with former directors of the Bank and costs with employees terminations, namely indemnities and early retirements. In the first quarter of 2023 specific items include: income of 127.0 million euros, recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. and income of 1.3 million euros recognised as staff costs in the activity in Portugal after an agreement related to liabilities with former directors of the Bank.
(4) The capital ratios as at 31 March 2024 are estimated, including the positive cumulative net income.
(5) Of which, in Poland: 6,861 employees as at 31 March 2024 (corresponding to 6,731 FTE - Full-time equivalent) and 6,945 employees as at 31 March 2023 (corresponding to 6,815 FTE - Full-time equivalent).

RESULTS AND ACTIVITY IN THE FIRST QUARTER OF 2024

The current world situation continues to be influenced by tensions that potentially may generate significant future impacts, which cannot be predicted or quantified at this stage. On the European continent, the war in Ukraine persists since the invasion of that country by the Russian Federation, at the end of February 2022, although the direct exposure of the Group to the economies of the two countries involved in the conflict is not material.

The Group owns 49% of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), accounted for under the equity method, as Investments in associated companies. On 1 January 2023, Mbcp Ageas adopted simultaneously IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts. Taking into account that the initial adoption of IFRS 17 and IFRS 9 requires comparative information, Mbcp Ageas made the transition exercise on 1 January 2022. The impacts resulting from this implementation by Mbcp Ageas led to the restatement of the accounts of the Group, regarding 2022 and the first quarter of 2023.

PROFITABILITY ANALYSIS

NET INCOME

The consolidated net income of Millennium bcp amounted to 234.3 million euros in the first three months of 2024, growing 8.4% from the 216.1[1] million euros achieved in the same period of the previous year.

The evolution of consolidated net income reflects the favourable performance of the activity in Portugal, the impact of which was, however, offset by the lower results obtained by the international activity compared to the first quarter of 2023.

It should be noted that the evolution of net income of the international activity, and consequently of the Group, compared to the first quarter of the previous year, was influenced by the extraordinary gain, recorded in that period, in the amount of 127.0[2] million euros, 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, to the growth of net income of the Group largely contributed the favourable evolution of other impairments and provisions, from 237.7 million euros in the first quarter of 2023, to 145.2 million euros in the first quarter of 2024. This performance mainly reflects the reduction in additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio in the Polish subsidiary (-57.1 million euros, from 174.5 million euros to 117.4 million euros; net of the amount related to loans originated by Euro Bank S.A., to be reimbursed by a third party), also benefiting from a reduction in the activity in Portugal. It should be noted, however, that, although the amount of additional provisions booked to face the legal risk implicit in this portfolio was lower than the amount recognised in the first quarter of 2023, the remaining costs associated with this portfolio have increased in the same period, leading to a reduction of the overall cost amount of only 14.8 million euros (from 205.7 million euros, to 190.9 million euros, both before taxes and non-controlling interests), continuing to heavily penalise the results of the Group.

The 3.8% increase recorded in core income, from 860.0 million euros in the first quarter of 2023 to 892.6 million euros in the first quarter of 2024, also contributed largely to the favourable performance of net income of the Group, mainly benefiting from the evolution of net interest income in the international activity, namely in the Polish subsidiary. In consolidated terms, net interest income was 4.8% above the 664.6 million euros recorded a year before, amounting to 696.2 million euros at the end of March 2024. Net commissions, in turn, remained in line (+0.5%) with the amount achieved in the first quarter of 2023, totalling 196.4 million euros in the same period of the current year.

[1] Following the adoption, on 1 January 2023, of IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts, by Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), an entity 49% owned by the Group, and complying with comparative information requirements, the accounts of the Group referring to 2022 and to the first quarter of 2023 were restated accordingly, corresponding to a positive impact of 1.2 million euros in the results of the first quarter of 2023.

[2] Before taxes and non-controlling interests. In addition to this gain, an additional gain of 12 million euros was also recognised in the fourth quarter of the previous year, associated with this operation.

The risk profile evolution of the credit portfolio, in turn, allowed a reduction in loans impairment charges (net of recoveries), namely in the activity in Portugal, determining the favourable performance of this item, which in consolidated terms totalled 73.5 million euros, standing 6.9 million euros below (-8.5%) the amount recorded in the first quarter of 2023.

On the other hand, despite the disciplined management of operating costs by the Group, there was a 14.7% increase in the last year, from 268.5 million euros to 308.1 million euros. Both staff costs and other administrative costs were higher than a year earlier, both in the activity in Portugal and mainly in the international activity. Depreciations, in turn, had a non significant impact on the evolution of operating costs, although reflecting the slight increase in the international activity.

Return on equity (ROE) of the Group evolved from 17.0% to 15.0% in the last year.

Core operating profit of the Group amounted to 584.6 million euros in the first quarter of 2024, in line (-1.2%) with the amount achieved in the same period of the previous year.

The previous analysis does not exclude the specific items recognised in both periods. In the first quarter of 2024, specific items had a positive impact of 1.0 million euros (before taxes), including an income related to liabilities with former directors of the Bank and costs with employees terminations, namely indemnities and early retirements. In the first quarter of 2023, the impact was also positive, in the amount of 128.3 million euros (before taxes and non-controlling interests), including income of 127.0 million euros recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. (117.8 million euros recognised as net trading income and 9.2 million euros recognised as other net operating income) and an income of 1.3 million euros related to liabilities with former directors of the Bank, in staff costs in the activity in Portugal.

Net income in the activity in Portugal amounted to 203.5 million euros in the first quarter of 2024, standing 18.4% above the 172.0 million euros achieved in the same quarter of the previous year.

The evolution of net income in the activity in Portugal benefited from the reduction in impairments and provisions during last year, with other impairments and provisions showing a reduction of 64.4% (-31.7 million euros), standing at 17.5 million euros at the end of the first quarter of 2024, while loans impairment stood 12.9% below (-6.8 million euros) the amount recognised in the first quarter of 2023, totalling 46.2 million euros in the first quarter of the current year.

Although to a lesser extent, other net operating income also contributed to the favourable evolution of net income in the activity in Portugal, with a growth of 5.2 million euros compared to the first quarter of 2023.

Conversely, net income in the activity in Portugal was penalised by the performance of net trading income (-14.5 million euros, from a 10.2 million euros income to a negative amount of 4.3 million euros), by the increase of 5.5% (+8.1 million euros) recorded in operating costs and by the decrease of 34.9% (-4.9 million euros) recorded in equity accounted earnings.

The evolution of operating costs was mainly due to the increase in staff costs, although there was also an increase in other administrative costs, while depreciations remained in line with the amount posted in the first three months of the previous year.

Core income, in turn, also remained at a similar level (-0.2%) to that achieved in the first quarter of 2023, standing at 480.4 million euros in the first quarter of 2024, reflecting the performance of both net interest income (-0.2%; -0.8 million euros) and net commissions (-0.2%; -0.3 million euros) which at the end of March 2024 totalled 339.1 million euros and 141.4 million euros, respectively, in the activity in Portugal.

The impact of the evolution of core income together with operating costs in the activity in Portugal resulted in a reduction of 2.8% in core operating profit last year, from 335.1 million euros in the first quarter of 2023 to 325.9 million euros in the same period of the current year.

Excluding the specific items mentioned above (positive impacts of 1.3 million euros and 1.0 million euros in the first quarter of 2023 and 2024, respectively, both recognised as staff costs), core operating profit in the activity in Portugal decreased by 2.7% from 333.8 million euros to 324.9 million euros.

In the international activity, net income went from 44.1 million euros recorded in the first quarter of 2023, to 30.8 million euros in the same period of 2024, mainly reflecting the performance of the Polish subsidiary, influenced by the factors already described above. It should be noted, however, that this subsidiary showed, in the first quarter of the year, the sixth consecutive quarter with positive results.

Net income of Millennium bim in Mozambique, in turn, was also 21.3% lower (-6.1 million euros) than the amount recorded a year earlier, reflecting the impact on net interest income of the significant increase in the local requirement for non-interest-bearing cash reserves to be held with the central bank.

Despite its smaller relative weight within the scope of this analysis, we should mention the higher contribution of the Angolan operation through the appropriation of the results of Banco Millennium Atlântico recognised in equity accounted earnings in the international activity.

Benefiting from the increase in core income, arising from the growth in net interest income from the Polish subsidiary, and despite the increase in operating costs, also mainly in the Polish subsidiary, core operating profit of the international activity showed a slight increase of 0.9%, from 256.3 million euros in the first quarter of 2023, to 258.7 million euros in the first quarter of 2024.

NET INTEREST INCOME

In the first three months of 2024, net interest income of the Group reached 696.2 million euros, showing a growth of 4.8% compared to the 664.6 million euros posted in the same period of the previous year.

In the activity in Portugal, net interest income totalled 339.1 million euros, remaining in line (-0.2%) with the amount recorded in the first quarter of the previous year.

It should be noted, however, that this evolution resulted from different dynamics with regard to the several components of net interest income, the impacts of which offset each other. Thus, if, on the one hand, net interest income benefited from the higher income generated by the customer loan portfolio and from the positive impact arising from the management of the securities portfolio, on the other hand, there was an increase in the costs associated with the remuneration of the deposit portfolio and the costs incurred with issued debt and subordinated debt.

Thus, despite the decrease of the average balance of the customers credit portfolio, in relation to the previous year, in the activity in Portugal, there was an increase in the income generated by this portfolio, resulting from the increases recorded in interest rates. On the other hand, the increase in the average balance of interest-bearing deposits compared to a year before and the increase of interest rates, also had an impact in the remuneration of the deposit portfolio, with the consequent impact on the evolution of net interest income in the activity in Portugal.

Regarding securities portfolio, although the other securities also generated higher income compared to the first quarter of the previous year, the increased contribution of the income generated by the sovereign debt portfolio stands out, benefiting on the one hand, from the evolution of interest rates and on the other, from the portfolio turnover. Liquidity deposited at the Bank of Portugal and other credit institutions, in turn, also had a positive impact in the evolution of net interest income in the activity in Portugal.

Conversely, the evolution of net interest income in the activity in Portugal was negatively impacted by an increase, compared to the first quarter 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 an issue of senior preferred debt securities, in the amount of 500 million euros, launched in September 2023, under the Bank's Euro Note Programme, aiming to comply the requirements known as “MREL” (Minimum Requirements for Own Funds and Eligible Liabilities).

In the international activity, net interest income amounted to 357.2 million euros at the end of March 2024, showing a growth of 10.0% from the 324.7 million euros accounted in the same date of the current year.

This evolution was mainly due to the performance of the Polish subsidiary, whose impact was partially offset by the reduction in net interest income of the subsidiary in Mozambique, influenced by the significant increase in the local requirement for non-remunerated cash reserves to be maintained with the central bank.

In consolidated terms, net interest margin decreased, from 3.25% in the first quarter of 2023, to 3.12% in the first quarter of 2024, while in the activity in Portugal the evolution was from 2.44% to 2.34% and in the international activity decreased from 4.98% to 4.57% in the same period.

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, evolved from 15.0 million euros in the first quarter of 2023, to 10.5 million euros in the same period of the current year, mainly due to the performance of equity accounted earnings that decreased 4.5 million euros in the last year, totalling 10.4 million euros at the end of March 2024.

In the activity in Portugal, no income from dividends from equity instruments was recorded either in the first quarter of the current or of the previous year. Equity accounted earnings, in turn, reached 9.1 million euros, in the first quarter of 2024, compared to 14.0 million euros recorded a year before, driven by the lower contribution associated with the participation in Millenniumbcp Ageas.

It should be noted that following the adoption on 1 January 2023, of IFRS 9 - Financial Instruments and IFRS17 - Insurance Contracts, by Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), an entity 49% owned by the Group, the amount of equity accounted earnings of Mbcp Ageas for the first quarter of 2023 has been restated (from 8.8 million euros to 9.9 million euros), complying with the requirement for comparative information and enhancing the impact of the results from Mbcp Ageas on the evolution of this item. Income generated by the participation in SIBS, in turn, was also lower than the one recorded a year earlier, while the contribution generated by the participation in Unicre, evolved favourably, although to a lesser extent.

In the international activity, equity accounted earnings together with the income of dividends from equity instruments totalled 1.3 million euros in the first quarter of 2024, evolving favourably from the 0.9 million euros in the same period of the previous year, mainly due to the appropriation of the results generated by Banco Millennium Atlântico in Angola.

NET COMMISSIONS

In the first quarter of 2024, net commissions totalled 196.4 million euros, slightly above (+0.5%) the amount recorded in the same period of the previous year.

In fact, the 18.7% growth in commissions related to financial markets (+4.7 million euros to 29.7 million euros) more than offset the 2.2% drop (-3.7 million euros to 166.7 million euros) recorded in banking commissions.

In the activity in Portugal, net commissions amounted to 141.4 million euros, in the first quarter of 2024, remaining in line (-0.2%) with the amount recorded in the same period of the previous year, since the drop of 2.8% (-3.3 million euros, to 117.7 million euros) recorded in banking commissions was almost entirely offset by the increase of 14.6% (+3.0 million euros, to 23.7 million euros) recorded in commissions related to markets.

Regarding banking commissions, in the activity in Portugal, the reduction in commissions related to cards and transfers stands out. Commissions associated with credit and guarantees, in turn, were also at a lower level compared to the same quarter of the previous year, reflecting the lower credit production in the current context and the legal restrictions imposed in the meantime. Although to a lesser extent, bancassurance commissions also decreased compared to March 2023, while commissions associated with management and maintenance of accounts and other banking commissions did not show material changes in the last year.

The growth in commissions related to financial markets, in the activity in Portugal, was mainly due to the evolution of securities transactions, namely associated with the setting up of operations and income charges.

In the international activity, net commissions increased 2.4% from 53.7 million euros posted in the first quarter of 2023, standing at 55.0 million euros at the end of March 2024, with the largest contribution associated with the Polish subsidiary being largely offset by the drop recorded in the subsidiary in Mozambique.

NET COMMISSIONS (1)

Million euros

	3M24	3M23	Chg. 24/23
BANKING COMMISSIONS	**166.7**	**170.4**	**(2.2 %)**
Cards and transfers	63.0	63.8	(1.2 %)
Credit and guarantees	31.7	31.9	(0.7 %)
Bancassurance	30.3	32.5	(6.8 %)
Management and maintenance of accounts	39.8	39.8	0.0 %
Other commissions	2.1	2.5	(18.0 %)
MARKET RELATED COMMISSIONS	**29.7**	**25.0**	**18.7 %**
Securities	10.9	8.1	34.4 %
Asset management and distribution	18.8	16.9	11.1 %
	196.4	**195.4**	**0.5 %**
Of which:			
Activity in Portugal	141.4	141.7	(0.2 %)
International activity	55.0	53.7	2.4 %

(1) During 2023, some commissions were reclassified, in order to improve the quality of the information reported. The historical amounts related to the first three months of 2023 of such items are presented considering these reclassifications with the purpose of ensuring their comparability. The overall amount of net commissions disclosed in previous periods remains unchanged compared to that published in previous periods.

NET TRADING INCOME

Net trading income evolved from 131.6 million euros in the first quarter of 2023, to a negative amount of 2.9 million euros in the same period of the current year, with this performance being determined by the recognition, in the first quarter of the previous year, 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 totalled 117.8 million euros under this heading.

In the activity in Portugal, net trading income totalled a negative amount of 4.3 million euros in the first quarter of 2024, compared to a 10.2 million euros income posted in the same period of the previous year.

In the international activity, the evolution of net trading income, from 121.4 million euros in the first quarter of 2023 to 1.4 million euros in the same period 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., considered as specific items.

In addition, it should be noted that the costs incurred by the Polish subsidiary in converting mortgage loans granted in Swiss francs, following the agreements with customers holding these loans, almost doubled compared to the amount posted a year earlier, totalling 22.7 million euros at the end of March 2024.

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 three months of 2024, other net operating income totalled a negative amount of 31.4 million euros, evolving unfavourably compared to the also negative amount of 6.4 million euros recorded in the same period of the previous year. This evolution was mainly driven by the performance of the international activity, mainly reflecting the contribution of the Polish subsidiary.

In the activity in Portugal, other net operating income, in turn, increased from 1.7 million euros in the first quarter of 2023, to 6.9 million euros in the first quarter of 2024, figures that do not include any material amount related to mandatory contributions, which normally occur in the second quarter of the year.

In the international activity, the evolution of other net operating income, from a negative amount of 8.0 million euros in the first three months of 2023, to an also negative amount of 38.3 million euros in the same period of the current year, was determined by the impacts associated to foreign exchange mortgage loan portfolio in the Polish subsidiary, which under this item went from an income of 0.8 million euros, to a cost of 21.1 million euros in the same period.

In fact, both the costs arising from negotiations with customers and mainly court costs related to the counterclaims filed by Bank Millennium for reimbursement of the amounts owed by customers were higher than the costs recognised in the first quarter of 2023. On the other hand, the income to be reimbursed from a third party, as compensation for costs incurred with the booking of provisions to address the legal risk implicit in this portfolio, following the indemnity clauses and contractual guarantees provided for in the acquisition contract of Euro Bank S.A., although higher than those recorded in the first quarter of 2023, did not have a significant impact on the evolution of other net operating income.

The evolution of other net operating income in the Polish subsidiary was also influenced, albeit to a lesser extent, by the fact that in the first quarter of the previous year a gain of 9.2 million euros, considered 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.

With regard to the costs associated with mandatory contributions borne by the Polish subsidiary, there was a reduction, from 17.7 million euros recognised in the first quarter of 2023 to 14.6 million euros in the first quarter of 2024, exclusively due to the estimated contribution to the resolution fund in each one of the periods (the actual amount associated with the resolution fund in 2023, calculated in the second quarter of that year, amounted to 13.2 million euros).

It should be noted that neither in the first quarter of 2023 nor in the first quarter of 2024 there was any payment of any amount associated with either the contribution to deposit guarantee fund of Bank Millennium or the special tax on the Polish banking sector, as both are suspended.

In fact, following the creation of the Polish institutional protection fund (IPS - Institutional Protection Scheme), with the aim of ensuring the stability of the local financial system, to which Bank Millennium contributed in 2022, the contribution to the deposit guarantee fund of this subsidiary has been suspended since the first quarter of 2022, while the payment of the special tax on the Polish banking sector, in turn, is suspended following the activation of the Bank Millennium Recovery Plan at the beginning of the second half of 2022.

OPERATING COSTS

In the first quarter of 2024, operating costs totalled 308.1 million euros, standing 14.7% above the 268.5 million euros accounted in the same period of the previous year, mainly reflecting the increase in operating costs in the international activity (+25.8%, from 122.1 million euros to 153.5 million euros), although the activity in Portugal also recorded an increase, albeit less significant (+5.5%, from 146.4 million euros to 154.6 million euros).

The amounts presented do not exclude the specific items[3] considered in each period in staff costs in the activity in Portugal. Excluding specific items, operating costs increased 14.5% in the Group and 5.3% in the activity in Portugal.

The performance of operating costs (stated) was determined by the increase in both staff costs (+14.8%, +21.4 million euros) and other administrative costs (+18.5%, +16.7 million euros), in both cases more significant in the international activity, although the activity in Portugal also showed an increase compared to the amount recorded in the same period of the previous year. Depreciations, in turn, recorded a less significant increase (+4.4%, +1.5 million euros) due to the contribution of the international activity, since in the activity in Portugal there were no significant changes compared to the amount calculated a year earlier.

In the activity in Portugal, the evolution of operating costs was thus determined by the growth of 6.0 million euros (+7.5%) recorded in staff costs and by the increase of 2.2 million euros (+4.5%) in other administrative costs.

In the international activity, in turn, staff costs increased 15.4 million euros (+23.9%) while other administrative costs stood 14.5 million euros above (+34.3%) the amount posted a year earlier.

In consolidated terms, cost to income and cost to core income stated ratios evolved, respectively, from 26.8% to 35.5% and from 31.2% to 34.5%. Excluding the specific items mentioned above and also excluding the positive impact of 127.0 million euros, recognised in the international activity (mainly as net trading income but also as other net operating income), in the first quarter of 2023, associated with the sale of 80% of the shares in Millennium Financial Services sp. z o.o. also considered specific items, cost to income of the Group evolved from 30.9% to 35.6% and cost to core income from 31.4% to 34.6% in the period under analysis.

In the activity in Portugal, cost to income and cost to core income stated ratios stood at 31.4% and 32.2% in the first quarter of 2024, levels that compare respectively with 28.9% and 30.4% in the same quarter of the previous year. Excluding the impact of specific items, cost to income ratio in the activity in Portugal stood at 31.6%, comparing with the 29.1% recorded a year before, while cost to core income ratio evolved from 30.7% to 32.4% in the same period.

In the international activity, cost to income ratio evolved from 24.8% (33.4%, excluding the already mentioned positive impact in the amount of 127.0 million euros, recognised in the first quarter of 2023, associated to the sale of 80% of the shares of Millennium Financial Services sp. z o.o., considered as specific items) in the first quarter of 2023, to 40.8% in the first quarter of 2024, while cost to core income ratio, in turn, went from 32.3% to 37.2% in the same period.

STAFF COSTS

In the first three months of 2024, staff costs of the Group totalled 165.7 million euros, standing 14.8% above the 144.3 million euros accounted in the same period of the previous year. Excluding specific items (income in the amount of 1.0 million euros in the first quarter of 2024 and 1.3 million euros in the first quarter of 2023, fully considered in the activity in Portugal) the increase was 14.4%.

In the activity in Portugal, staff costs stood 7.5% above the 80.2 million euros recorded in the first quarter of 2023, totalling 86.2 million euros at the end of the first quarter of the current year. Not considering the impact of the specific items, there was an increase of 6.9% compared to the amount recorded a year before.

Although the Bank continues to acquire the required capabilities to meet current needs by hiring new employees with specific skills, namely on digital, new technologies and internal control areas, after the implementation of the headcount adjustment plan that the Bank carried out in 2021, the number of employees in the activity in Portugal remained stable, standing at 6,269 employees at the end of March 2024 (four less employees than in the same date of the previous year).

In the international activity, staff costs amounted to 79.5 million euros in the first three months of 2024, standing 23.9% above the 64.2 million euros recorded in the same period of 2023. This evolution was mainly due to the strong pressure on basic wages in the Polish subsidiary, resulting both from rising levels of inflation in the country with

[3] Specific items had a positive impact in operating costs of 1.0 million euros in the first quarter of 2024 and of 1.3 million euros in the first quarter of 2023, including in both periods, an income recognised after agreements related to liabilities with former directors of the Bank. In addition, the amount recognised in the first quarter of 2024 also includes costs with employees terminations, namely indemnities and early retirements.

impact on the updates indexed to inflation indicators 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 positive impact on the evolution of staff costs of the reduction in the total number of employees of the Polish subsidiary, which in the last year went from 6,945 employees (6,815 FTE - full-time equivalent) at the end of March 2023, to 6,861 employees (6,731 FTE - full-time equivalent) on 31 March 2024.

The operation in Mozambique, in turn, increased its headcount, from 2,527 employees on 31 March 2023 to 2,571 employees at the same date of the current year, which together with the salary update, contributed to the growth in staff costs of the subsidiary, although its impact is not significant on the evolution of the staff costs of the Group.

As of 31 March 2024, the headcount of the international activity consisted of 9,432 employees, which compares to 9,472 employees at the end of March 2023.

OTHER ADMINISTRATIVE COSTS

Other administrative costs increased from 90.3 million euros recorded in the first quarter of 2023, to 107.0 million euros in the first quarter of the current year, with the increase of 18.5% in consolidated terms mainly reflecting the performance of the international activity, namely the Polish subsidiary.

In the activity in Portugal, other administrative costs amounted to 50.0 million euros, standing 4.5% above the 47.9 million euros recorded a year before.

This performance, resulted from the pursuit of disciplined cost management although largely reflecting the increase in costs associated with other specialised services, outsourcing (related to banking operations and the new service model), legal expenses, rents and leases and other supplies and services. On the other hand, the investment in technology and cybersecurity inevitably led to an increase in the respective costs, particularly maintenance of hardware and software.

Conversely, the reduction in costs associated with advisory services compared to the amounts recorded in the first quarter of the previous year stands out, as well as the impact resulting from the optimisation of the cost structure of the Bank, made possible by the pursuit of disciplined cost management and the consequent implementation of a series of recurrent measures.

The resizing of the branch network which, in the activity in Portugal, evolved from 408 branches, to 399 branches, also had a positive impact on the evolution of most of the items of other administrative costs.

In the international activity, other administrative costs amounted to 56.9 million euros in the first quarter of 2024, representing a 34.3% increase from the 42.4 million euros posted in the same quarter of the previous year, mainly reflecting the increase of around 50% recorded in the Polish subsidiary.

The evolution 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. On the other hand, the Polish subsidiary continues to benefit from the optimisation of its branch network, the number of which has evolved from 622 existing branches at the end of March 2023 to 611 branches at 31 March 2024. The subsidiary in Mozambique, in turn, ended the first quarter of 2024 with 195 branches, two less than at the end of March of the previous year.

DEPRECIATIONS

Depreciations amounted to 35.4 million euros at the end of March 2024, standing 4.4% above the amount recorded a year earlier, mainly reflecting the performance of the international activity, namely of the subsidiary in Poland.

In the activity in Portugal, depreciations remained in line with the amount recorded in the first quarter of 2023, totalling 18.3 million euros in the first quarter of the current year, despite the increased investment made in software and IT equipment, given the Bank's commitment to the digital transformation process.

In the international activity, depreciations amounted to 17.1 million euros in the first three months of 2024, standing 10.1% above the 15.5 million euros recorded in the same period of the previous year, mainly reflecting the performance of he Polish subsidiary, as already mentioned.

OPERATING COSTS

Million euros

	3M24	3M23	Chg. 24/23
Staff costs	165.7	144.3	14.8 %
Other administrative costs	107.0	90.3	18.5 %
Depreciations	35.4	33.9	4.4 %
	308.1	**268.5**	**14.7 %**
Of which:			
Activity in Portugal	154.6	146.4	5.5 %
International activity	153.5	122.1	25.8 %

RESULTS ON MODIFICATION

In the first quarter of 2024, results on modification totalled a negative amount of 7.2 million euros, which compares with an also negative amount of 5.9 million euros recorded in the same period of the previous year. In both periods, the amounts are associated with contractual modifications, namely those negotiated with customers with foreign exchange mortgage loans in the Polish subsidiary, in accordance with IFRS9.

IMPAIRMENT FOR LOAN LOSSES

In the first quarter of 2024, impairment for loan losses (net of recoveries) totalled 73.5 million euros, showing a reduction of 8.5% compared to the 80.4 million euros accounted for in the same period of the previous year, mainly reflecting the favourable evolution recorded in the activity in Portugal.

In fact, in the activity in Portugal, loans impairment charges (net of recoveries) stood 12.9% below the 53.0 million euros recognised in the first quarter of 2023, amounting to 46.2 million euros in the end of March 2024. The lower level of provisioning, compared to the first quarter of the previous year, reflects the improvement in the risk profile of the credit portfolio.

In the international activity, impairment charges (net of recoveries) remained in line (-0.2%) compared to the amount recognised in the first quarter of 2023, standing at 27.4 million euros in the first quarter of the current year, with the increase recorded in the Polish subsidiary being fully offset by the reduction in the Mozambican subsidiary.

The evolution of impairment charges (net of recoveries), in consolidated terms, allowed the cost of risk of the Group, net of recoveries, to record an improvement in relation to the 56 basis points observed in the first quarter of 2023, standing at 52 basis points in the first quarter of the current year.

In the activity in Portugal, the cost of risk (net of recoveries) also evolved favourably in the same period, from 53 basis points to 48 basis points.

In the international activity, the cost of risk net of recoveries also improved in the last year, evolving from 63 basis points to 59 basis points in the first quarter of 2024.

OTHER IMPAIRMENTS AND PROVISIONS

In the first three months of 2024, other impairment and provisions totalled 145.2 million euros, standing 38.9% below the 237.7 million euros recorded in the same period of the previous year, benefiting from the favourable performance of both the activity in Portugal and the international activity.

In the activity in Portugal, there was a significant reduction of 64.4% over the last year, from 49.2 million euros in the first quarter of 2023, to 17.5 million euros in the first quarter of the current year, mainly reflecting the reduction in provisions for other risks, with provisions for guarantees and other commitments also evolving favourably from the amount recorded in the first quarter of 2023, although with less expression.

In the international activity, the reduction in other impairments and provisions was 32.3% (from 188.5 million euros to 127.7 million euros), mainly justified by the fact that the provision booked by the Polish subsidiary to face the legal risk of foreign exchange mortgage loans, which amounted to 127.0 million euros in the first quarter of 2024, was 56.6 million euros lower than the amount recognised in the same period of the previous year.

INCOME TAX

Income tax (current and deferred) amounted to 78.1 million euros in the first quarter of 2024, which compares to 156.2 million euros obtained in the same period of 2023.

These expenses include, in the first quarter of 2024, current tax of 27.4 million euros (76.3 million euros in the first quarter of 2023) and deferred tax of 50.8 million euros (income of 79.9 million euros in the same period of 2023).

Current tax expenses in the first quarter 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.

The evolution of deferred tax assets was influenced by the reduction of deferred tax assets guaranteed under Special Framework applicable to Deferred Tax Assets ("REAID") given the evolution of taxable income and, regarding the Polish subsidiary, by the decision of the Supreme Administrative Court (NSA) from 6 December of 2023. In fact, 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 quarter of 2024 a deferred tax asset in the amount of 51.5 million Zlotys (11.9 million euros) only due to future adjustments of interest income 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

Total assets of the consolidated balance sheet of Millennium bcp amounted to 97,797 million euros as of 31 March 2024, showing a growth of 9.7% in comparison with the 89,160 million euros[4] recorded on 31 March 2023. This evolution mainly reflects the increase in assets registered in the international activity, although it also benefited from the increase in assets recorded in the activity in Portugal.

The activity in Portugal recorded an increase of 3.5% in total assets, compared to the 62,108 million euros posted as of 31 March 2023, standing at 64,253 million euros at the end of the first quarter of 2024. The reinforcement of the securities portfolio, in particular the public debt of euro zone countries, resulting from the liquidity surplus, largely justified this evolution. Additionally, there was also a reinforcement of deposits at central banks, albeit to a lesser extent. Conversely, there were reductions in loans to customers portfolio (net of impairment) and although with a smaller expression also in deferred tax assets, in other assets and in non-current assets held for sale.

In the international activity, total assets amounted to 33,544 million euros as of 31 March 2024, showing a growth of 24.0% compared to the 27,052 million euros recorded on the same date in the previous year. This evolution mainly reflects the increase in the total assets of the Polish subsidiary, boosted mainly by the increases observed in the securities portfolio (mainly in local public debt and also in public debt of euro zone countries), in loans to customers portfolio (net of impairment) and in other assets, to a lesser extent. In addition, the total assets of the subsidiary in Mozambique also recorded an increase compared to the end of the first quarter of the previous year due to the increases observed in deposits at central banks (reinforcement of the local cash reserve requirement) and in loans and advances to credit institutions, despite a decrease observed in the securities portfolio.

LOANS TO CUSTOMERS

Consolidated loans to customers (gross) of Millennium bcp, as defined in the glossary, amounted to 56,822 million euros as of 31 March 2024, below the 57,290 million euros recorded at the end of the first quarter of 2023. This evolution reflects the reduction in the activity in Portugal, although the increase in the international activity has partially offset this reduction.

In the activity in Portugal, loans to customers (before impairment) amounted to 38,409 million euros as of 31 March 2024, below the 39,937 million euros recorded in the first quarter of 2023. The decrease in loans to customers results from a lower level of performing credit and from a reduction in non-performing exposures (NPE) (minus 1,336 million euros and minus 192 million euros, compared to the same date of the last year, respectively).

Loans to individuals in the activity in Portugal stood at 21,217 million euros on 31 March 2024, standing slightly above the 21,115 million euros recorded on 31 March 2023. By segments, there was an increase in personal loans (177 million euros more compared to the amount recorded at the end of the first quarter of 2023) and a slight reduction in mortgage loans (75 million euros less than on the same date of the previous year) due to the increase of amortizations and early repayments.

Loans to companies in the activity in Portugal amounted to 17,192 million euros at the end of the first quarter of 2024, standing below the 18,822 million euros recorded in the same period of the previous year, justified by lower demand for credit due to higher interest rates and delays in investment projects, particularly those co-financed with European funds. Additionally, the repayment of Covid lines also influenced this evolution, with increased impact at the Bank as it had assumed a leading role in granting this financing during the pandemic.

In the international activity, loans to customers (gross) amounted to 18,413 million euros as of 31 March 2024, above the 17,353 million euros posted at the same date of the previous year, with this evolution being driven by the increase of loans granted by the Polish subsidiary (due to the favourable evolution of the Zloty, despite a reduction in local currency), although the reduction in loans recorded in the Mozambican subsidiary had slightly offset this increase.

[4] Following the adoption, on 1 January 2023, of IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts, by Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), an entity 49% owned by the Group, and complying with comparative information requirements, the accounts of the Group referring to 2022 and the first quarter of 2023 were restated accordingly, corresponding to a positive impact of 3 million euros at the end of the first quarter of 2023 consolidated balance sheet total assets.

Loans to individuals in the international activity showed an expansion, rising from 12,704 million euros on 31 March 2023 to 13,829 million euros at the end of the first quarter of 2024, explained by the increases recorded in mortgage loans (443 million euros more, due to an increase in the Polish subsidiary, since in the Mozambican subsidiary it remained at a similar level) and, mainly, in personal loans (682 million euros more, propelled by the growth observed in both subsidiaries, with the increase recorded in the Polish subsidiary being the most significant).

Regarding the mortgage loan portfolio in foreign currency in the Polish subsidiary, the agreements signed with customers and the reinforcement of provisions to face the legal risk contributed to the reduction of the portfolio, which evolved from 1,219 million euros to 589 million euros, representing 7.3% and 3.3% of the loans to customers of Bank Millennium and 2.1% and 1.0% of the consolidated loans to customers, at the end of the first quarter of 2023 and 2024, respectively. Excluding the portion relating to Euro Bank S.A.[5], the amount of the aforesaid portfolio evolved from 1,106 million euros to 522 million euros, representing 6.6% and 2.9% of the loans to customers of Bank Millennium and 1.9% and 0.9% of the consolidated loans to customers at the end of the first quarter of 2023 and 2024, respectively.

Loans to companies in the international activity recorded a reduction of 1.4% compared to the 4,649 million euros recorded on 31 March 2023, reaching 4,584 million euros at the end of the first quarter of 2024. By geographies, loans to companies in the Polish subsidiary remained almost stable, while in the Mozambican subsidiary there was a reduction comparing to the same date of the prior year.

LOANS TO CUSTOMERS (GROSS)

Million euros

	31 Mar. 24	31 Mar. 23	Chg. 24/23
INDIVIDUALS	**35,046**	**33,819**	**3.6 %**
Mortgage loans	28,100	27,733	1.3 %
Personal loans	6,945	6,086	14.1 %
COMPANIES	**21,776**	**23,471**	**(7.2 %)**
Services	7,323	8,179	(10.5 %)
Commerce	3,847	3,978	(3.3 %)
Construction	1,553	1,547	0.4 %
Others	9,053	9,768	(7.3 %)
	56,822	**57,290**	**(0.8 %)**
Of which:			
Activity in Portugal	38,409	39,937	(3.8 %)
International activity	18,413	17,353	6.1 %

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 specific 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.

[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 NPE stock, in consolidated terms, decreased to 1,950 million euros on 31 March 2024, showing a reduction of 223 million euros compared to the end of the first quarter of 2023, with the NPE ratio in percentage of the total credit portfolio decreasing from 3.8% to 3.4%. In the activity in Portugal, the NPE stock totalled 1,087 million euros at the end of the first quarter of 2024, showing a reduction of 192 million euros compared to the end of the first quarter of the prior year, with the NPE ratio as a percentage of the total credit portfolio evolving from 3.2% to 2.8%.

Regarding coverage ratios by impairments, the NPL by more than 90 days coverage, in consolidated terms, stood at 211.1% on 31 March 2024, remaining stable comparing to the percentage recorded in the same date of the last year. The coverage of NPE by impairments, in consolidated terms, stood at 81.7% at the end of the first quarter of 2024, above the 71.1% recorded on 31 March 2023. In Portugal, the coverage of NPE by impairments stood at 88.6% on 31 March 2024, also at a level above the figure recorded in the previous year (74.3% on 31 March 2023).

CREDIT QUALITY INDICATORS

	Group			Activity in Portugal		
	31 Mar. 24	31 Mar. 23	Chg. 24/23	31 Mar. 24	31 Mar. 23	Chg. 24/23
STOCK (M€)						
Loans to customers (gross)	56,822	57,290	(0.8 %)	38,409	39,937	(3.8 %)
Overdue loans > 90 days	501	488	2.7 %	186	176	5.5 %
Overdue loans	624	595	5.0 %	215	197	9.0 %
Restructured loans	1,771	1,893	(6.4 %)	1,218	1,360	(10.5 %)
NPL > 90 days	755	730	3.3 %	348	338	2.9 %
NPE	1,950	2,173	(10.3 %)	1,087	1,279	(15.0 %)
Loans impairment (Balance sheet)	1,593	1,545	3.1 %	963	951	1.3 %
NPE impairment (Balance sheet)	1,036	1,044	(0.7 %)	586	612	(4.3 %)
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS						
Overdue loans > 90 days / Loans to customers (gross)	0.9 %	0.9 %		0.5 %	0.4 %	
Overdue loans / Loans to customers (gross)	1.1 %	1.0 %		0.6 %	0.5 %	
Restructured loans / Loans to customers (gross)	3.1 %	3.3 %		3.2 %	3.4 %	
NPL > 90 days / Loans to customers (gross)	1.3 %	1.3 %		0.9 %	0.8 %	
NPE / Loans to customers (gross)	3.4 %	3.8 %		2.8 %	3.2 %	
NPE ratio - EBA (includes debt securities and off-balance exposures)	2.1 %	2.6 %		2.0 %	2.3 %	
COVERAGE BY IMPAIRMENTS						
Coverage of overdue loans > 90 days	318.1 %	316.8 %		518.0 %	539.6 %	
Coverage of overdue loans	255.1 %	259.9 %		448.2 %	482.0 %	
Coverage of NPL > 90 days	211.1 %	211.6 %		276.9 %	281.2 %	
Coverage of NPE	81.7 %	71.1 %		88.6 %	74.3 %	
Specific coverage of NPE	53.1 %	48.0 %		53.9 %	47.8 %	

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

CUSTOMER FUNDS

On 31 March 2024, the consolidated total customer funds amounted to 98,542 million euros, showing a favourable evolution, increasing by 6,479 million euros compared to the 92,063 million euros obtained on the same date of the previous year. This evolution reflects the positive performance of both the activity in Portugal and mainly the international activity, in both cases with regard to balance sheet customer funds and off-balance sheet customers funds.

Consolidated balance sheet customer funds, which comprise deposits and other resources from customers and debt securities placed with customers, amounted to 82,147 million euros on 31 March 2024, showing an increase of 5,731 million euros compared to the 76,416 million euros reached at the end of the first quarter of the prior year. This evolution mainly reflects the performance of the international activity, although it also benefited from the increase in the activity in Portugal.

As of 31 March 2024, consolidated off-balance sheet customer funds stood at 16,395 million euros, showing an increase of 748 million euros compared to the figure posted on the same date in the prior year. This growth was largely due to the evolution of the international activity and also to the activity in Portugal, although in the latter case the increase was less significant.

In the activity in Portugal, total customer funds reached 67,977 million euros on 31 March 2024, which compares with the 66,996 million euros recorded on the same date in the previous year, with this evolution being justified almost entirely by the evolution of the balance sheet customer funds, more specifically due to the increase in deposits and other resources from customers (plus 895 million euros compared to the amount recorded at the end of the first quarter of 2023).

Off-balance sheet customer funds in the activity in Portugal registered a slight increase of 148 million euros compared to amount recorded at the end of the first quarter of 2023, standing at 14,336 million euros on 31 March 2024. In terms of business segments, there was an increase in assets placed with customers and a decrease in insurance products (savings and investment), while assets under management remained stable compared to the same period of the previous year.

In the international activity, total customer funds increased by 5,499 million euros compared to the 25,067 million euros recorded on 31 March 2023, standing at 30,565 million euros at the end of first quarter of 2024, mainly reflecting the positive contribution of the Polish subsidiary and also an increase recorded in the subsidiary in Mozambique, although in the latter case to a lesser extent.

Balance sheet customer funds in the international activity, comprising only deposits and other customer resources, stood at 28,507 million euros on 31 March 2024, above the amount of 23,609 million euros recorded at the end of the first quarter of 2023, benefiting from the increase observed in the Polish subsidiary and a smaller increase recorded in the Mozambican subsidiary.

Off-balance sheet customer funds in the international activity increased by 600 million euros compared to the end of the first quarter of 2023, standing at 2,058 million euros on 31 March 2024. In terms of business segments, there were increases in assets under management and assets placed with customers and a decrease in insurance products (savings and investment).

On 31 March 2024, balance sheet customer funds, on a consolidated basis, represented 83.4% of total customer funds (83.0% at the end of the first quarter of 2023), with deposits and other resources from customers representing 82.0% of total customer funds (81.5% at the end of the first quarter of 2023).

The loans to deposits ratio, in accordance with the Banco de Portugal Instruction no. 16/2004, stood at 68.3% as of 31 March 2024, with the same ratio, considering balance sheet customer funds, standing at 67.2%. Both ratios show values below those obtained at the same date of the previous year, 74.3% and 72.9%, respectively.

TOTAL CUSTOMER FUNDS

Million euros

	31 Mar. 24	31 Mar. 23	Chg. 24/23
BALANCE SHEET CUSTOMER FUNDS	**82,147**	**76,416**	**7.5 %**
Deposits and other resources from customers	80,809	75,015	7.7 %
Debt securities	1,339	1,401	(4.4 %)
OFF-BALANCE SHEET CUSTOMER FUNDS	**16,395**	**15,647**	**4.8 %**
Assets under management	5,722	5,221	9.6 %
Assets placed with customers	6,155	5,307	16.0 %
Insurance products (savings and investment)	4,519	5,119	(11.7 %)
	98,542	**92,063**	**7.0 %**
Of which:			
Activity in Portugal	67,977	66,996	1.5 %
International activity	30,565	25,067	21.9 %

SECURITIES PORTFOLIO

The securities portfolio, as defined in the glossary, stood at 31,104 million euros as of 31 March 2024, showing an increase of 35.7% compared to the 22,929 million euros recorded on the same date of the previous year, representing 31.8% of total assets at the end of the first quarter of 2024 (25.7% at the end of the first quarter of 2023).

The portfolio allocated to the activity in Portugal evolved from 15,965 million euros at the end of the first quarter of 2023 to 19,215 million euros as of 31 March 2024, with this increase being associated with an increased diversification with public debt in the euro zone, namely German, Spanish, Belgian and French public debt, compensating for lower investment in Portuguese public debt.

The securities portfolio allocated to the international activity showed a significant increase, growing from 6,963 million euros at the end of the first quarter of 2023 to 11,889 million euros on 31 March 2024, following the reinforcement of investment from the Polish subsidiary in local public debt and also in sovereign debt from other euro zone countries.

LIQUIDITY MANAGEMENT

In March 2024, balance sheet customer funds of the Group grew by 7.5%, compared to the amount recorded a year earlier (on 31 December 2023, growth compared to the end of 2022 was 2.5%). This evolution is mainly due to the strong annual growth in Bank Millennium's deposits, mainly attributable to the retail segment. In the same time lapse, BCP returned to a positive year on year growth through a very significant increase in the first quarter of 2024, following the decrease that began in the first quarter of 2023 with the migration of funds from the banking system to State savings products.

The above-mentioned trends, combined with the slight decrease of the consolidated credit portfolio, the two new issues in the scope of MREL (Minimum Requirements for Own Funds and Eligible Liabilities) carried out by BCP and Bank Millennium and the overall profitability of the Group resulted in the reinforcement of the consolidated liquidity position vs. one year earlier, reflected in the evolution of the regulatory and other liquidity risk indicators.

As such, the LCR, the regulatory standard assessing the short-term liquidity risk, grew in consolidated terms from 201% to 299% (of which 23pp in the first quarter of 2024).

The indicator of structural liquidity risk, the NSFR, grew from 154% to 172% (of which 5pp in the first quarter of 2024).

After regaining the investment grade status by the four main rating agencies, BCP reinforced the long-term component of its wholesale funding structure by issuing, in September 2023, 500 million euros of senior preferred debt eligible for MREL (Minimum Requirements for Own Funds and Eligible Liabilities), as set in the Liquidity Plan for 2023. In the first quarter of 2024, and fulfilling a goal set in the Liquidity Plan for the current year, BCP refinanced an issue of Additional Tier 1 (AT1) of 400 million euros issued in January 2019, placing a new issue of the same instrument and amount in more favourable terms (interest rate of 8.125% vs. 9.25%).

The favourable evolution of the commercial gap of BCP from a liquidity perspective, the issuance activity and the favourable evolution of the cash flow from operations, among other less significant factors, increased the liquidity buffer to an historical maximum amount of 29.3 billion euros in March 2024. The liquidity buffer comprised a long position of 1.6 billion euros at the ECB.

After placing in the market a senior non-preferred issue of 500 million euros in September 2023, qualifying for MREL (*Minimum Requirements for Own Funds and Eligible Liabilities*) purposes and thus fulfilling another stage of the institutions' recovery plan, Bank Millennium significantly improved its financial position leveraging on the growth of deposits, allowing regulatory indicators to stand far above the minimum requirements.

Millennium bim maintained a robust liquidity position in the first quarter of 2024, with the discountable buffer at the respective central bank kept at a comfortable level despite the strong increase in mandatory minimum reserve rates in national and foreign currency imposed by the respective central bank in first half of 2023.

CAPITAL

The estimated CET1 ratio as at 31 March 2024 stood at 16.0% phased-in and fully implemented, reflecting a change of +247 and +246 basis points, respectively, compared to the 13.6% 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, on a convergent trajectory towards the levels set out in the strategic plan.

SOLVENCY RATIOS

Million euros

	31 Mar. 24	31 Mar. 23
FULLY IMPLEMENTED		
Own funds		
Common Equity Tier 1 (CET1)	6,264	5,590
Tier 1	6,752	6,085
Total Capital	**8,029**	**7,412**
Risk weighted assets	**39,134**	**41,254**
Solvency ratios		
CET1	16.0 %	13.6 %
Tier 1	17.3 %	14.8 %
Total capital	20.5 %	18.0 %
PHASED-IN		
CET1	16.0 %	13.6 %

Note: The capital ratios of 31 March 2024 are estimated including the positive accumulated net income.

SIGNIFICANT EVENTS IN 2024

During the first quarter of 2024, in a context of worsening and uncertainty about the international geopolitical situation and great unpredictability in Portugal due to the government situation, which had an impact on companies' decisions as well as pressure on family incomes, BCP stands out for its central role of proximity, trust and quality in the services provided to its Customers, continuing to provide determined support to families and companies.

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

On 11 January 2024, BCP (“Millennium bcp”) informed that it has set the conditions for a new issue of Additional Tier 1, in the amount of 400 million euros, 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 3 billion euros (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 400 million euros 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 and ActivoBank were elected "Consumer Choice" in 2024. Millennium 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.
- Bank Millennium was considered the "Best Bank in Poland" in 2024 by Global Finance magazine.
- Bank Millennium was distinguished as a Reliable Employer for the tenth consecutive time.
- Bank Millennium was distinguished in Global Finance's "The Innovators 2024" awards.

MACROECONOMIC ENVIRONMENT

The International Monetary Fund (IMF) revised slightly upwards its growth projection of the world Gross Domestic Product (GDP) in 2024, from 3.1% to 3.2%, resulting from an improvement in the forecast of advanced economies, in particular of the United States (US). Nevertheless, this projection corresponds to an historically low growth rate, reflecting the effects associated with the restrictiveness of monetary policy and the reduction of fiscal stimulus measures that were in place in 2023.

The performance of financial markets in the first quarter of 2024 was positive, with the major global equity indices registering valuations, namely the North American S&P 500 index, which reached a new historical maximum at the end of March, benefiting from the robustness of economic activity in the US. In this context, US government bond yields increased, with the German counterparts mirroring the same behaviour. The favourable macroeconomic and financial environment was reflected in a reduction of the risk premia of corporate debt, as well as of euro area periphery sovereign debt, particularly in Italy. In the euro area, the downward trend of inflation has contributed to investors continuing to anticipate a less restrictive monetary policy by the European Central Bank (ECB), by the end of the second quarter. In this context, the Euribor rates declined modestly along the curve, except for the twelve-month rates, which rose slightly. In its turn, the Bank of Japan raised its key interest rate at the end of March, for the first time in seventeen years, from a range of -0.10% to 0.00% to a range of 0.00% to 0.10%, which, however, did not prevent the Yen from proceeding a pronounced depreciation trajectory.

In the first quarter of 2024, the Portuguese GDP recorded a quarter-on-quarter growth rate of 0.7%, similar to the previous quarter. The performance of the Portuguese economy reflects an acceleration of the private consumption, resulting from an increase in real household disposable income, together with a positive contribution from net external demand. In this context, Banco de Portugal has revised upwardly its forecast for economic growth in 2024, from 1.2% to 2.0%. However, this projection is subject to downside risks related to the restrictiveness of monetary policy, a potential escalation of geopolitical tensions and a lower external demand growth. The inflation rate has risen slightly in the first quarter, from 2.4% to 2.5%. For the whole year, Banco de Portugal projects an average inflation rate of 2.4%. Concerning the evolution of public finances, it is worth noting the improvement in the budget balance, which moved from a deficit of 0.3% in 2022 to a surplus of 1.2% of GDP in 2023.

In 2024, a recovery of the Polish economic activity is expected, with the IMF foreseeing a GDP growth of 3.1%, which should be supported by a greater dynamism of private consumption, in a context of improving households' financial condition. In the coming quarters, the Polish economy should also benefit from the significant influx of European funds, following the favourable assessment by European authorities of the measures adopted by the new government. Notwithstanding the decrease in inflation rate, which stood at 2% in March, the central bank of Poland kept its reference interest rate unchanged at 5.75%. Zloty appreciated over the quarter, having reached values below 4.30 against the Euro for the first time since the beginning of 2020.

In Mozambique, the IMF anticipates a GDP growth in 2024 of 5.0%, similar to what was observed in the previous year, bolstered by the positive evolution of the tertiary sector and the extractive industry, particularly natural gas production. The decrease in inflation in the first quarter of the year, which stood at 3.7%, determined a reduction of the central bank’s reference interest rate from 17.25% to 15.75%. Throughout the quarter, Metical depreciated moderately. In Angola, the IMF projects an acceleration of economic activity to 2.6% in 2024, after the growth of 0.9% observed in 2023. In the first quarter, the central bank increased its key interest rate from 18% to 19%, and the Kwanza depreciated slightly.

CONSOLIDATED INDICATORS, ACTIVITY IN PORTUGAL AND INTERNATIONAL ACTIVITY

Million euros

	Group			Activity in Portugal			International activity		
	Mar. 24	Mar. 23 (restated)	Chg. 24/23	Mar. 24	Mar. 23 (restated)	Chg. 24/23	Mar. 24	Mar. 23	Chg. 24/23
INCOME STATEMENT									
Net interest income	696.2	664.6	4.8 %	339.1	339.9	(0.2 %)	357.2	324.7	10.0 %
Dividends from equity instruments	0.0	0.0	(19.4 %)	0.0	0.0	0.0 %	0.0	0.0	(19.4 %)
Net fees and commission income	196.4	195.4	0.5 %	141.4	141.7	(0.2 %)	55.0	53.7	2.4 %
Net trading income	(2.9)	131.6	(102.2 %)	(4.3)	10.2	(142.5 %)	1.4	121.4	(98.8 %)
Other net operating income	(31.4)	(6.4)	<-200%	6.9	1.7	>200%	(38.3)	(8.0)	<-200%
Equity accounted earnings	10.4	14.9	(30.3 %)	9.1	14.0	(34.9 %)	1.3	0.9	43.6 %
Net operating revenues	**868.8**	**1,000.1**	**(13.1 %)**	**492.2**	**507.4**	**(3.0 %)**	**376.7**	**492.7**	**(23.5 %)**
Staff costs	165.7	144.3	14.8 %	86.2	80.2	7.5 %	79.5	64.2	23.9 %
Other administrative costs	107.0	90.3	18.5 %	50.0	47.9	4.5 %	56.9	42.4	34.3 %
Depreciation	35.4	33.9	4.4 %	18.3	18.4	(0.4 %)	17.1	15.5	10.1 %
Operating costs	**308.1**	**268.5**	**14.7 %**	**154.6**	**146.4**	**5.5 %**	**153.5**	**122.1**	**25.8 %**
Operating costs excluding specific items	309.0	269.8	14.5 %	155.5	147.8	5.3 %	153.5	122.1	25.8 %
Profit before impairment and provisions	**560.7**	**731.6**	**(23.4 %)**	**337.6**	**361.0**	**(6.5 %)**	**223.2**	**370.6**	**(39.8 %)**
Results on modification	(7.2)	(5.9)	(21.7 %)	0.0	0.0	0.0 %	(7.2)	(5.9)	(21.7 %)
Loans impairment (net of recoveries)	73.5	80.4	(8.5 %)	46.2	53.0	(12.9 %)	27.4	27.4	(0.2 %)
Other impairment and provisions	145.2	237.7	(38.9 %)	17.5	49.2	(64.4 %)	127.7	188.5	(32.3 %)
Profit before income tax	**334.8**	**407.5**	**(17.9 %)**	**273.9**	**258.8**	**5.8 %**	**60.9**	**148.7**	**(59.1 %)**
Income taxes	**78.1**	**156.2**	**(50.0 %)**	**70.4**	**86.8**	**(19.0 %)**	**7.8**	**69.4**	**(88.8 %)**
Current	27.4	76.3	(64.1 %)	6.6	6.3	5.4 %	20.7	70.0	(70.4 %)
Deferred	50.8	79.9	(36.5 %)	63.7	80.5	(20.9 %)	(13.0)	(0.6)	<-200%
Income after income tax from continuing operations	**256.6**	**251.3**	**2.1 %**	**203.5**	**171.9**	**18.4 %**	**53.1**	**79.3**	**(33.0 %)**
Income arising from discontinued operations	0.0	0.0	0.0 %	0.0	0.0	0.0 %	0.0	0.0	0.0 %
Non-controlling interests	22.3	35.1	(36.5 %)	0.0	0.0	(6.5 %)	22.4	35.2	(36.4 %)
Net income	**234.3**	**216.1**	**8.4 %**	**203.5**	**172.0**	**18.4 %**	**30.8**	**44.1**	**(30.3 %)**
BALANCE SHEET AND ACTIVITY INDICATORS									
Total assets	97,797	89,160	9.7 %	64,253	62,108	3.5 %	33,544	27,052	24.0 %
Total customer funds	**98,542**	**92,063**	**7.0 %**	**67,977**	**66,996**	**1.5 %**	**30,565**	**25,067**	**21.9 %**
Balance sheet customer funds	**82,147**	**76,416**	**7.5 %**	**53,640**	**52,807**	**1.6 %**	**28,507**	**23,609**	**20.7 %**
Deposits and other resources from customers	80,809	75,015	7.7 %	52,302	51,407	1.7 %	28,507	23,609	20.7 %
Debt securities	1,339	1,401	(4.4 %)	1,339	1,401	(4.4 %)	0	0	**0.0 %**
Off-balance sheet customer funds	**16,395**	**15,647**	**4.8 %**	**14,336**	**14,189**	**1.0 %**	**2,058**	**1,458**	**41.2 %**
Assets under management	5,722	5,221	9.6 %	4,357	4,336	0.5 %	1,365	885	54.2 %
Assets placed with customers	6,155	5,307	16.0 %	5,695	4,995	14.0 %	460	311	47.6 %
Insurance products (savings and investment)	4,519	5,119	(11.7 %)	4,284	4,857	(11.8 %)	234	262	(10.5 %)
Loans to customers (gross)	**56,822**	**57,290**	**(0.8 %)**	**38,409**	**39,937**	**(3.8 %)**	**18,413**	**17,353**	**6.1 %**
Individuals	**35,046**	**33,819**	**3.6 %**	**21,217**	**21,115**	**0.5 %**	**13,829**	**12,704**	**8.9 %**
Mortgage	28,100	27,733	1.3 %	18,844	18,918	(0.4 %)	9,257	8,814	5.0 %
Personal Loans	6,945	6,086	14.1 %	2,374	2,197	8.1 %	4,572	3,890	17.5 %
Companies	**21,776**	**23,471**	**(7.2 %)**	**17,192**	**18,822**	**(8.7 %)**	**4,584**	**4,649**	**(1.4 %)**
CREDIT QUALITY									
Total overdue loans	624	595	5.0 %	215	197	9.0 %	409	397	3.0 %
Overdue loans by more than 90 days	501	488	2.7 %	186	176	5.5 %	315	312	1.0 %
Overdue loans by more than 90 days / Loans to customers	0.9 %	0.9 %		0.5 %	0.4 %		1.7 %	1.8 %	
Total impairment (balance sheet)	1,593	1,545	3.1 %	963	951	1.3 %	630	595	5.9 %
Total impairment (balance sheet) / Loans to customers	2.8 %	2.7 %		2.5 %	2.4 %		3.4 %	3.4 %	
Total impairment (balance sheet) /Overdue loans by more than 90 days	318.1 %	316.8 %		518.0 %	539.6 %		200.0 %	190.8 %	
Non-Performing Exposures (NPE)	1,950	2,173	(10.3 %)	1,087	1,279	(15.0 %)	862	894	(3.5 %)
NPE / Loans to customers	3.4 %	3.8 %		2.8 %	3.2 %		4.7 %	5.2 %	
Total impairment (balance sheet) / NPE	81.7 %	71.1 %		88.6 %	74.3 %		73.0 %	66.5 %	
Restructured loans	1,771	1,893	(6.4 %)	1,218	1,360	(10.5 %)	553	533	3.8 %
Restructured loans / Loans to customers	3.1 %	3.3 %		3.2 %	3.4 %		3.0 %	3.1 %	
Cost of risk (net of recoveries, in b.p.)	52	56		48	53		59	63	

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED INCOME STATEMENTS

FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2024 AND 2023

(Thousands of euros)

	31 March 2024	31 March 2023 (restated)
Interest and similar income	1,166,009	978,598
Interest expense and similar charges	(469,772)	(314,047)
NET INTEREST INCOME	**696,237**	**664,551**
Dividends from equity instruments	35	44
Net fees and commissions income	196,407	195,405
Gains/(losses) on financial operations at fair value through profit or loss	(6,779)	12,488
Foreign exchange gains/(losses)	9,833	6,567
Gains/(losses) on hedge accounting	(7,409)	668
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	1,456	111,840
Other operating income / (losses)	(31,515)	(16,039)
TOTAL OPERATING INCOME	**858,265**	**975,524**
Staff costs	165,707	144,337
Other administrative costs	106,956	90,261
Amortisations and depreciations	35,411	33,914
TOTAL OPERATING EXPENSES	**308,074**	**268,512**
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	**550,191**	**707,012**
Results on modification	(7,240)	(5,949)
Impairment of financial assets at amortised cost	(73,039)	(81,226)
Impairment of financial assets at fair value through other comprehensive income	(1,437)	245
Impairment of other assets	(5,681)	(2,789)
Other provisions	(138,588)	(234,399)
NET OPERATING INCOME	**324,206**	**382,894**
Share of profit of associates accounted for using the equity method	10,415	14,935
Gains/(losses) on disposal of subsidiaries and other assets	139	9,675
NET INCOME BEFORE INCOME TAXES	**334,760**	**407,504**
Income taxes		
Current	(27,366)	(76,299)
Deferred	(50,767)	(79,947)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	**256,627**	**251,258**
Net income from discontinued or discontinuing operations	0	0
NET INCOME AFTER INCOME TAXES	**256,627**	**251,258**
Net income for the period attributable to:		
Bank's Shareholders	234,309	216,127
Non-controlling interests	22,318	35,131
NET INCOME FOR THE PERIOD	**256,627**	**251,258**
Earnings per share (in Euros)		
Basic	0.061	0.056
Diluted	0.061	0.056

BANCO COMERCIAL PORTUGUÊS

INTERIM CONDENSED BALANCE SHEET AS AT 31 MARCH 2024 AND 2023 AND 31 DECEMBER 2023

(Thousands of euros)

	31 March 2024	31 December 2023 (restated)	31 March 2023 (restated)
ASSETS			
Cash and deposits at Central Banks	4,108,736	4,545,526	3,035,276
Loans and advances to credit institutions repayable on demand	195,279	337,687	203,508
Financial assets at amortised cost			
Loans and advances to credit institutions	846,515	908,477	628,975
Loans and advances to customers	53,483,511	53,305,159	54,075,476
Debt securities	18,205,388	17,579,136	14,958,995
Financial assets at fair value through profit or loss			
Financial assets held for trading	1,610,067	822,904	1,581,105
Financial assets not held for trading mandatorily at fair value through profit or loss	445,912	467,254	540,856
Financial assets designated at fair value through profit or loss	32,956	32,004	0
Financial assets at fair value through other comprehensive income	13,002,748	10,834,291	7,897,799
Hedging derivatives	45,189	40,628	38,943
Investments in associated companies	394,936	347,257	326,028
Non-current assets held for sale	74,761	80,317	253,491
Investment property	39,646	39,100	14,720
Other tangible assets	604,856	606,447	607,023
Goodwill and intangible assets	224,024	223,105	177,389
Current tax assets	21,271	20,469	17,907
Deferred tax assets	2,485,943	2,554,331	2,791,088
Other assets	1,975,643	1,626,684	2,011,441
TOTAL ASSETS	**97,797,381**	**94,370,776**	**89,160,020**
LIABILITIES			
Financial liabilities at amortised cost			
Resources from credit institutions	1,015,315	829,126	1,095,155
Resources from customers	78,687,238	75,606,813	73,913,771
Non subordinated debt securities issued	2,724,669	2,712,682	1,488,619
Subordinated debt	1,381,415	1,397,425	1,331,426
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	226,769	207,387	246,611
Financial liabilities at fair value through profit or loss	3,459,922	3,608,487	2,502,224
Hedging derivatives	40,227	67,825	130,644
Provisions	845,144	753,103	600,354
Current tax liabilities	87,924	197,085	62,876
Deferred tax liabilities	4,619	8,795	7,845
Other liabilities	1,751,901	1,691,552	1,471,683
TOTAL LIABILITIES	**90,225,143**	**87,080,280**	**82,851,208**
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	316,375	316,375	268,534
Reserves and retained earnings	2,607,203	1,714,173	1,582,891
Net income for the period attributable to Bank's Shareholders	234,309	856,050	216,127
Non-controlling interests	997,880	987,427	824,789
TOTAL EQUITY	**7,572,238**	**7,290,496**	**6,308,812**
TOTAL LIABILITIES AND EQUITY	**97,797,381**	**94,370,776**	**89,160,020**

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.

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

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

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

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

Debt instruments – non-subordinated debt instruments at 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) – 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 depreciation.

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 associated companies and goodwill of subsidiaries and other provisions.

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

Other net operating income - 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 the Bank of Portugal no. 16/2004) – net income (before tax) divided by the average total assets (weighted average of the average of monthly net assets in the period).

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

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

Return on equity (ROE) – net income (after minority interests) 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.

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

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.

Disclaimer

The financial information in this presentation has been prepared under the scope of the International Financial Reporting Standards ("IFRS") of the BCP Group for the purposes of the preparation of the consolidated financial statements under Regulation (CE) 1606/2002, as the currently existing version.

The information in this presentation is for information purposes only and should be read in conjunction with all other information made public by the BCP Group.

The interim condensed consolidated financial statements, for the three months ended on 31 March 2024, were prepared in terms of recognition and measurement in accordance with the IAS 34 - Interim Financial Reporting adopted by the EU.

The figures presented do not constitute any form of commitment by BCP regarding future earnings.

The figures for the first three months of 2024 and 2023 were not audited.