

REPORT AND ACCOUNTS 1ST HALF 2025



Banco Montepio

This report is the English version of the document “Relatório e Contas 1º Semestre 2025” delivered by Banco Montepio to the Portuguese Securities Market Commission (CMVM) in accordance with Portuguese Law. Should there be any doubt or contradiction between documents, the aforementioned Portuguese version prevails.

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REPORT AND ACCOUNTS

MANAGEMENT REPORT

PARTE

1ST HALF 2025



Banco Montepio

CORPORATE GOVERNANCE

1ST HALF 2025



Banco Montepio

BOARD OF DIRECTORS



From left to right, back row followed by front row:

Jorge Almeida Baião (Executive Director); **Clementina Barroso** (Chair of the Audit Committee);

Manuel Ferreira Teixeira (Chairman of the Board of Directors); **Cândida Peixoto** (Non-executive Director);

Maria Lúcia Bica (Non-executive Director); **José Carlos Mateus** (Executive Director).

Eugénio Baptista (Non-executive Director); **Florbela Lima** (Non-executive Director);

Pedro Leitão (Chief Executive Officer); **Ângela Barros** (Executive Director);

Isabel Silva (Executive Director); **Helena Soares de Moura** (Executive Director).

CORPORATE GOVERNANCE

GOVERNANCE MODEL

Caixa Económica Montepio Geral, caixa económica bancária, S.A. (hereinafter referred to as “CEMG” or “Banco Montepio”) adopts an Anglo-Saxon governance model, as established in Article 278(1b), Article 423-B and following of Section III and Article 446-A and following of Section VII of the Commercial Companies Code, with a Board of Directors that includes the Audit Committee (elected at the General Meeting from among the non-executive members) and a Statutory Auditor.

GOVERNING BODIES AND COMMITTEES OF THE BOARD OF DIRECTORS

Banco Montepio's General Meeting, held on 29 April 2022, elected the members of the institution's management and supervisory bodies for the 2022-2025 term of office. The relevant request for authorisation for the elected members to exercise their functions was subsequently submitted to Banco de Portugal, pursuant to Article 30-B of the General Regime of Credit Institutions and Financial Companies (“RGICSF”), which took office on 25 July 2022, following authorisation from the Banco de Portugal.

Accordingly, as at 30 June 2025, the composition of the Governing Bodies of Banco Montepio was as follows:

BOARD OF THE GENERAL MEETING

Chairman	António Tavares

BOARD OF DIRECTORS

Chairman	Manuel Ferreira Teixeira
Directors	Clementina Barroso
	Eugénio Baptista
	Florbelia Lima
	Cândida Peixoto
	Maria Lúcia Bica
	Pedro Leitão
	Ângela Barros
	Helena Soares de Moura
	Isabel Silva
	Jorge Almeida Baião
	José Carlos Mateus

AUDIT COMMITTEE

Chair	Clementina Barroso
Members	Florbelia Lima
	Cândida Peixoto
	Maria Lúcia Bica

STATUTORY AUDITOR

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., represented by:

- Aurélio Adriano Rangel Amado, enrolled at the Statutory Auditors Association (OROC) under number 1074 and at the Securities Market Commission (CMVM) under number 20160686.

On the reference date, the Board of Directors had internal committees, composed only of non-executive members, mostly with independent status, including the respective Chairs, namely the Risk Committee, the Assessment, Nominations, Ethics, Sustainability and Governance Committee.

As at 30 June 2025, the composition of the internal committees of the Board of Directors of Banco Montepio was as follows:

RISK COMMITTEE

Chair	Florbela Lima
Members	Eugénio Baptista
	Maria Lúcia Bica

ASSESSMENT, NOMINATIONS, ETHICS, SUSTAINABILITY AND GOVERNANCE COMMITTEE

Chair	Cândida Peixoto
Members	Clementina Barroso
	Eugénio Baptista

As at 30 June 2025, the composition of Banco Montepio's Executive Committee, to which the Board of Directors has delegated the day-to-day management of the Bank, with the exception of powers relating to matters whose delegation is forbidden by law or those reserved to it under the terms of its Regulations, was as follows:

EXECUTIVE COMMITTEE

Chairman	Pedro Leitão
Members	Ângela Barros
	Helena Soares de Moura
	Isabel Silva
	Jorge Almeida Baião
	José Carlos Mateus

The Remuneration Committee elected by the General Meeting held on 29 April 2022 presented the following composition as at 30 June 2025 (all members are independent from the members of the management body):

REMUNERATION COMMITTEE

Chairman	Paulo Câmara Pires dos Santos
Members	António Miguel Lino Pereira Gaio
	Soledade Carvalho Duarte (*)

(*) appointed at the General Meeting of 28 April 2023

ANNUAL GENERAL MEETING

Banco Montepio held the ordinary general meeting of shareholders on 22 April 2025, with the following deliberations having been taken:

1. Decision on the Management Report and Accounts of the Financial Year of 2024, of the individual and consolidated activity (includes the Corporate Governance Report 2024) – Approved unanimously;
2. Decision on the proposed appropriation of the net income for the year – Approved unanimously;
3. General appraisal of the company's management and auditing, under the terms of Articles 376 and 455 of the Commercial Companies Code – Approved unanimously;
4. Decision on the Report of Assessment of the Remuneration Policies and procedures adopted by Banco Montepio and Banco Montepio Group, prepared pursuant to Article 115-C(6) of the RGICSF and Article 44(1)(b) of Banco de Portugal Notice 3/2020 – Approved unanimously;
5. Decision on the review of the Remuneration Policy for Governing Bodies – Approved unanimously;
6. Decision on the annual review of the Policy for Selection and Assessment of Suitability of Members of the Management and Supervisory Bodies and Key Function Holders – Approved unanimously;
7. Resolution on the reappointment of External Auditor PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("PwC") for the three-year period 2026-2028 – Approved unanimously;
8. Decision on other matters of interest to the Company – no inclusion of other items on the agenda.

REPORT AND ACCOUNTS

1ST HALF OF 2025 IN SUMMARY

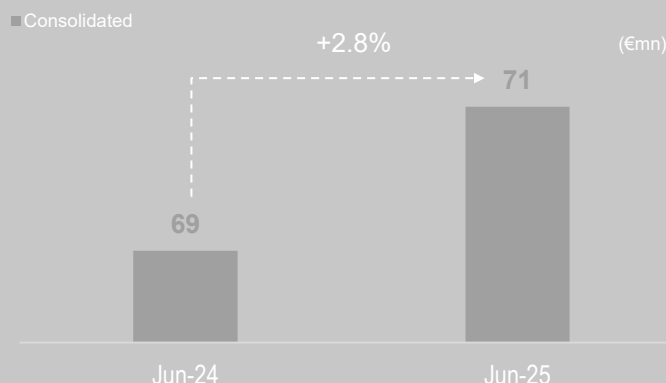
1ST HALF 2025



Banco Montepio

HIGHLIGHTS

NET INCOME



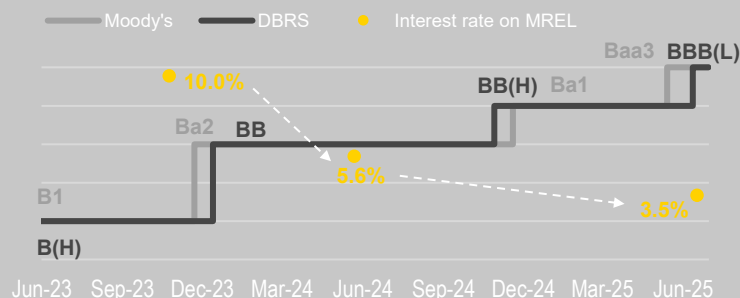
€71MN

+2.8%

- Banco Montepio achieves a consolidated net income of €70.7 million, a new half-yearly all-time high.
- An increase of 2.8% compared to the same period in 2024 showing resilience in the challenging context of falling interest rates. Gross return on equity above 10%.
- These unprecedented results in the Bank's nearly two-hundred-year history were achieved in the light of the new growth cycle brought by the Triple A Programme - Ambitious, Authentic and Agile.

RATINGS

Unsecured senior debt⁽¹⁾

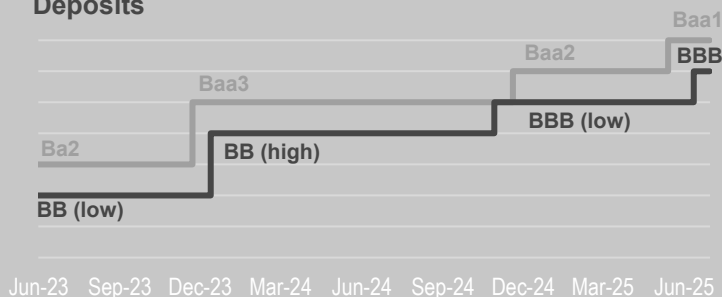


€350MN

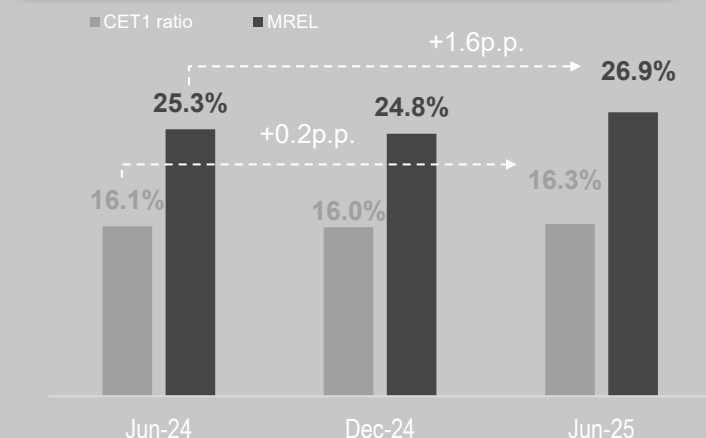
3.5%

- The assignment of Investment Grade to senior unsecured debt⁽¹⁾, alongside the deposits' ratings, reflects the positive evolution of the Bank's profitability and capitalisation and the robust liquidity profile.
- The senior debt issuance completed in June attracted significant interest from investors: demand reached around €2.4 billion, 7 times the amount on offer, which stood at €350 million.
- As a result, the recognition of the strong financial performance was reflected in the substantial decline in the interest rate on MREL issuances, which fell from 10% to 3.5% in less than 2 years.
- Market thus ratifies, pari passu, by the demand and price of the new issue, the Investment Grade quality attributed by the rating agencies (Moody's, DBRS and Fitch).

Deposits



CET1 AND MREL (2)



26.9%

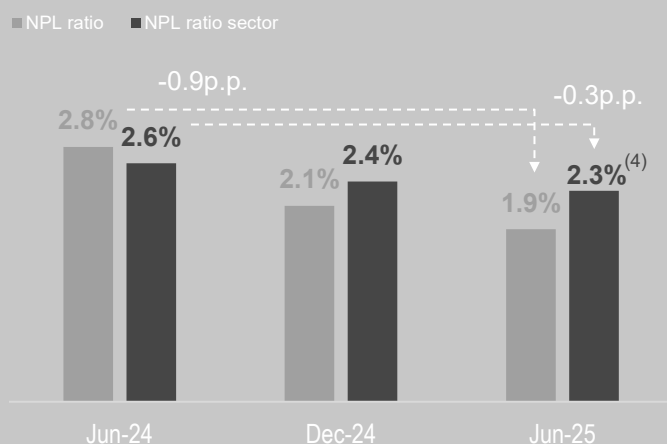
+1.6 P.P.

- Banco Montepio's Common Equity Tier 1 (CET1) ratio stands at 16.3%, showing adequate capitalisation, with a significant buffer of 7.3% above the minimum requirement and in line with market benchmarks.
- MREL TREA ratio strengthened to 26.9% with the new issuance, comfortably exceeding the new requirements of 24.45%.
- The capital cushion achieved reflects the growing financial strength of Banco Montepio, reinforcing the ability to face challenges in different contexts.

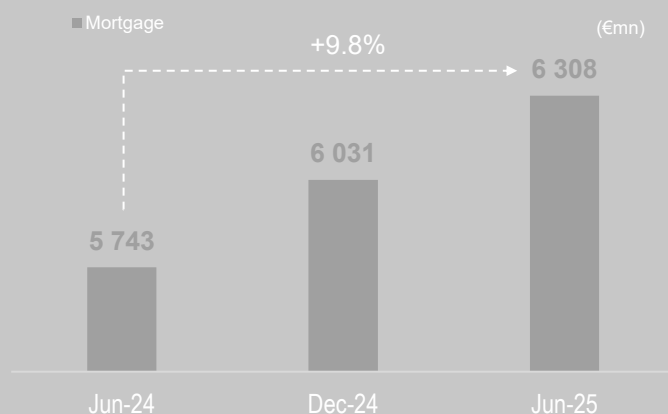
⁽¹⁾ In September 2025, Fitch Ratings upgraded the long-term senior unsecured debt (Senior Preferred) to BBB- and the long-term deposit rating to BBB, both to Investment Grade.

⁽²⁾ Pursuant to CRD IV / CRR. Fully implemented ratios on Jun-24 and Dec-24. IFRS9 transition (phasing-in) ended on December 31, 2024. The ratios include the accumulated net income for the period, net of the amount of dividends to be distributed.

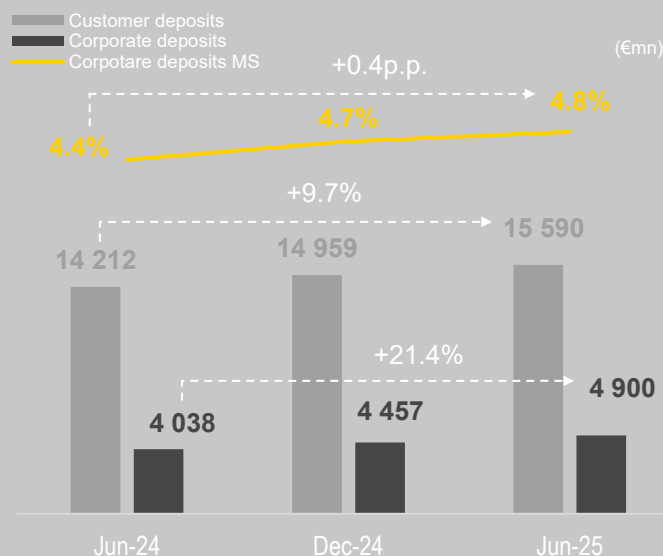
NON-PERFORMING LOANS ⁽³⁾



MORTGAGE LOANS ⁽⁵⁾



CUSTOMER DEPOSITS



⁽³⁾ NPL according to EBA criteria (numerator and denominator as applicable).

⁽⁴⁾ As published by Banco de Portugal (Portuguese banking system: recent developments, 2nd quarter 2025).

⁽⁵⁾ Includes multifunction loans with a mortgage on residential property (housing).

1.9%

-0.9 P.P.

- Banco Montepio stands out with an NPL ratio of 1.9%, a drop of 0.9 p.p. in the last year, already below the sector average in Portugal.
- Remarkable continued decline in the stock of non-performing loans to just €236 million.
- Successful implementation of the NPL reduction plan, with recovery of significant dossiers and loan sales, which made a very positive contribution to the operating account and largely enabled the delivery of a negative risk cost.

€6,308MN

+9.8%

- Banco Montepio's mortgage portfolio increased by 9.8% year-on-year, to €6,308 million at the end of June 2025.
- Growth outpaced the sector by +0.1 p.p., resulting in a gain in market share and reflecting the strategy of retaining customers through a competitive offering, marked in 2025 by the return of the new edition of 'Bem Bom' campaign.
- Currently, mortgage loans account for more than half of Banco Montepio's total loan portfolio.

€15,590MN

+9.7%

- It was with the strengthened confidence of our customers that deposits once again hit a new all-time high. Annual growth of 9.7% to €15,590 million, a consistent performance in recent years above the sector.
- Of particular note was the Companies segment, which recorded a year-on-year growth rate of 21.4%. This performance far exceeded that of the sector (positive gap of +8.4 p.p.), which was reflected in a 40 b.p. gain in market share.
- The higher growth in demand deposits is also noteworthy, which resulted in an increase in its weight on total funding, favoring net interest income.

BEM BOM

'Bem Bom' is back!

Banco Montepio has been a Bank of causes. In keeping with this purpose, and in a context where housing has a significant impact on families' budgets, the Bank continues to innovate in supporting Families with mortgage loans. In 2024, it launched the 'Bem Bom' campaign and awarded more than one and a half million euros to Customers. In 2025, it returns with a second edition that opens its doors to more families.

The innovation of this edition lies in its extended eligibility: individuals with mortgage loans can apply, whether or not they are Banco Montepio Customers, simply by having pre-approval for the credit transfer. On air since 18 May 2025, the weekly draw has been broadcast in a two-minute format on prime-time television every Sunday for 40 weeks on TVI (immediately after Jornal Nacional), with additional exposure on Rádio Comercial, reaching an estimated audience of around one million people.

The prize is the iconic Renault 5 E-Tech Electric, symbol of several generations, now reinvented to meet today's social and environmental challenges.

The face of 'Bem Bom' is Cândido Costa, Banco Montepio's brand ambassador, in a collaboration that reinforces the Bank's presence in the community and brings communication closer to the people – closer, more authentic and more human.

With this initiative, Banco Montepio reaffirms its commitment to the financial well-being of Portuguese families, promoting solutions that leave a positive mark on people's lives and contribute to a fairer and more supportive society.

SUMMARY OF INDICATORS

	Jun-24	Dec-24	Jun-25	Change YoY	Change Ytd
ACTIVITY AND RESULTS (million euros)					
Total assets	18 169	18 415	19 235	5.9%	4.5%
Performing loans to customers (gross)	11 547	11 902	12 307	6.6%	3.4%
Customer deposits	14 212	14 959	15 590	9.7%	4.2%
Net income	69	110	71	2.8%	-
SOLVENCY ^(a)					
Common equity tier 1 ratio	16.1%	16.0%	16.3%	0.2 p.p.	0.3 p.p.
Tier 1 ratio	16.1%	16.0%	16.3%	0.2 p.p.	0.3 p.p.
Total capital ratio	19.4%	19.2%	19.5%	0.1 p.p.	0.3 p.p.
Leverage ratio	6.7%	6.8%	6.7%	0.0 p.p.	(0.1 p.p.)
Risk weighted assets (million euros)	7 715	7 977	8 088	4.8%	1.4%
LIQUIDITY RATIOS					
Liquidity coverage ratio (LCR)	219.3%	201.1%	191.0%	(28.3 p.p.)	(10.1 p.p.)
Net stable funding ratio (NSFR)	135.4%	141.1%	142.7%	7.3 p.p.	1.6 p.p.
LOAN TO DEPOSIT RATIOS					
Loans to customers (net) / Customer deposits ^(b)	81.9%	79.9%	79.2%	(2.7 p.p.)	(0.7 p.p.)
Loans to customers (net) / On-balance sheet customer resources ^(c)	76.7%	76.8%	75.8%	(0.9 p.p.)	(1.0 p.p.)
CREDIT QUALITY					
Cost of credit risk	0.00%	0.00%	0.00%	0.0 p.p.	0.0 p.p.
Ratio of loans and interest overdue by more than 90 days	0.1%	0.2%	(0.1%)	(0.2 p.p.)	(0.3 p.p.)
Ratio of loans and interest overdue by more than 90 days by Impairments for balance sheet loans	1.0%	0.7%	0.7%	(0.3 p.p.)	0.0 p.p.
Coverage of loans and interest overdue by more than 90 days by Impairments for balance sheet loans	202.5%	248.5%	233.3%	30.8 p.p.	(15.2 p.p.)
NPL ratio (Non-performing exposures (NPE) ^(d) / Gross customer loans)	2.8%	2.1%	1.9%	(0.9 p.p.)	(0.2 p.p.)
NPL ^(d) coverage impairment at stage 3	43.2%	44.1%	45.3%	2.1 p.p.	
NPL ^(d) coverage by Impairment for balance sheet loans	72.2%	83.5%	82.3%	10.1 p.p.	(1.2 p.p.)
NPL ^(d) coverage by Impairment for balance sheet loans and associated collaterals and financial guarantees	113.4%	122.8%	121.2%	7.8 p.p.	(1.6 p.p.)
Forborne exposures ratio (Forborne exposures ^(d) / Gross customer loans)	1.9%	1.6%	1.4%	(0.5 p.p.)	(0.2 p.p.)
PROFITABILITY AND EFFICIENCY					
Total operating income / Average total assets ^(b)	2.9%	2.7%	2.4%	(0.5 p.p.)	(0.3 p.p.)
Return on assets (gross) (Net income before income tax / Average total assets) ^(b)	1.2%	0.9%	0.9%	(0.3 p.p.)	0.0 p.p.
Return on equity (gross) (Net income before income tax / Average total equity) ^(b)	13.5%	10.1%	10.1%	(3.4 p.p.)	0.0 p.p.
Cost-to-income (Operating costs / Total operating income) ^(b)	52.4%	56.4%	63.3%	10.9 p.p.	6.9 p.p.
Cost-to-Income, excluding specific impacts ^(e)	50.4%	53.1%	61.3%	10.9 p.p.	8.2 p.p.
Staff costs / Total operating income ^(b)	30.4%	32.5%	35.3%	4.9 p.p.	2.8 p.p.
EMPLOYEES AND DISTRIBUTION NETWORK (Number)					
Employees					
Grupo Banco Montepio	2 994	2 983	2 999	5	16
Banco Montepio	2 873	2 864	2 871	(2)	7
Distribution Network - Banco Montepio					
Branches in Portugal	226	225	224	(2)	(1)
Representation Offices	5	5	5	0	0
BANCO MONTEPIO RATINGS					
	Long-term		Outlook		
Fitch	BBB- ^(f)		Stable		
Moody's	Ba1		Positive		
DBRS	BB (high)		Positive		

(a) Pursuant to CRD IV / CRR. Fully implemented ratios on Jun-24 and Dec-24. The IFRS9 transition (phasing-in) ended on 31December 2024. The ratios include the accumulated net income for the period, net of the amount of dividends to be distributed.

(b) Pursuant to Banco de Portugal Instruction no. 6/2004, in its current version.

(c) Total on-balance sheet customer resources = Customer deposits and Debt securities issued. Calculated in accordance with the Financial Statements attached to this report.

(d) NPL according to EBA definition (numerator and denominator as applicable).

(e) Excludes one-off costs associated with staff costs of €4.4 million in June 2024, €1.1 million in December 2024 and -€0.1 million in June 2025, related to early retirements and terminations by mutual agreement, as well as the more volatile components of results, such as Results from financial operations and Other results (Results from the sale of other assets and Other operating results).

(f) Rating after Fitch upgrade on 11/09/2025. The long-term rating as at 30/06/2025 was BB+.

MAIN EVENTS

JANUARY

Banco Montepio was distinguished by **ConsumerChoice** as the **No. 1 Brand** in the "Consumer Choice 2025", in the Mortgage Loan category, for the **4th consecutive time**, among nine banks evaluated.

Banco Montepio was recognised by **Five Stars Consulting** with the title "**Five Stars 2025**" in the **Banking – Sustainability** category.

Banco Montepio **structured Riopele's 1st issuance of Green Bonds** (€3 million, private and direct offer), to finance a photovoltaic solar park on the company's premises⁽¹⁾.

FEBRUARY

Banco Montepio **rose from 61st to 24th place** in the overall ranking of **Merco Responsabilidade ESG 2024**, published in February 2025, occupying **4th position** in the banking sector.

Banco Montepio **structured the issuance of Vila do Conde Smartlight Green Bonds** (€4.15 million, private and direct offer) for the modernisation of public lighting with LED and remote management in the Municipality of Vila do Conde⁽¹⁾.

MARCH

Banco Montepio celebrated its **181st anniversary**, reaffirming its **mutualist inspiration** and values of **proximity, trust and inclusion**, and reinforcing its mission to support individuals, families, companies and social economy institutions.



Banco Montepio was distinguished for the **first time** with the **Marca Entidade Empregadora Inclusiva 2025 (Inclusive Employer Brand 2025)** by IEFP, recognition of its commitment to **inclusive management practices** for 2023-2024.

Banco Montepio **renewed ADENE's Move+ certification** for its car fleet for the **third consecutive year**, with an **A+ energy rating**, reinforcing its commitment to the energy transition.

Banco Montepio is, for the **first time**, in **Brand Finance's Top 500** of the world's most valuable banking brands, in **476th position** and **4th place among the five Portuguese banks present**, according to a report published in March 2025 and referring to 2024 activity.

APRIL

On **22 April 2025**, Banco Montepio's **Ordinary General Meeting** was held.

'**Bem Bom**' is back!

Relaunch of Banco Montepio's '**Bem Bom**' campaign, in partnership with TVI and Rádio Comercial, extended to families with mortgage loans from any bank. Applications at bancomontepio.pt, open to customers and non-customers. The '**Bem Bom**' campaign runs for **40 weeks until January 2026** and will **raffle off 40 iconic cars**, one per week. This is the **new Renault 5, 100% electric and voted European Car of the Year 2025**, a car that marked an era, is part of the history and memory of many generations and is now returning in response to the social and environmental challenges of our time.

On 3 and 4 April, 2025, Banco Montepio took part in **ISCSP's Model UN – the United Nations Association Portugal's World Diplomacy by Young Generation** initiative - taking part in the **panel of judges** and awarding the "**Best Resolution**" prize, with a **summer internship at Banco Montepio** for the winning delegation, at an event whose central theme was "**New Technologies and Conflict Dynamics**".

MAY

Moody's raised Banco Montepio's senior unsecured debt rating to Baa3 (Investment Grade) and **revised its deposit rating upwards to Baa1**, maintaining a **positive outlook**.

Banco Montepio was distinguished for the **16th time** by **Superbrands** as a **Brand of Excellence 2025**, a distinction that identifies brands that outperform their competitors in their respective market.

Banco Montepio was the **Main Sponsor of ESG WEEK 2025** (13 and 14 May), an **APEE** initiative with **UN Global Compact Network Portugal** as a strategic partner, reinforcing the institution's commitment to sustainability.

Banco Montepio was distinguished by the **Portuguese Leasing, Factoring and Renting Association (ALF)** as the institution with the **highest percentage growth in factoring production in 2024** (+31%).

In **2024**, in the year of its **180th anniversary**, Banco Montepio held the **Yellow Line** internal meeting (held at the Lisbon Metro Workshops), which **won an award at the Eventex Awards** (Event Concept) and **Bronze at the Marketing Meios & Publicidade Awards** (Events and Sponsorships).

Banco Montepio **structured Sustainability-Linked Bonds: Cork Supply** (€5 million; Scopes 1-2 emissions reduction targets and WE CARE initiatives) and **Ferreira Construção** (€5 million; efficiency in Construction and Demolition waste management and affordable⁽¹⁾).

JUNE

Banco Montepio successfully concluded a **€350 million MREL - eligible senior preferred debt issuance**, with a 4-year maturity and repayment option at the end of the 3rd year, a coupon of 3.5% and demand ~7x supply, **6.5 p.p. below the comparable issuance of October 2023**, reflecting the **improvement in the risk profile and financial consistency**.

The operation demonstrates Banco Montepio's ability to **access market financing on competitive terms** and investors' confidence in its strategy.

DBRS⁽²⁾ upgraded the rating of Long-Term Senior Debt to BBB (low) and that of long-term deposits to **BBB**, setting the trend at **Stable**. On **30 June 2025**, Banco Montepio's long-term senior unsecured debt was **Investment Grade** (Moody's **Baa3**; DBRS **BBB (low)**), marking a return to this level after more than a decade in the speculative category; the **deposit ratings** were also **Investment Grade at all three agencies** (DBRS, Moody's and Fitch).

Banco Montepio recorded the **2nd highest valuation** in **OnStrategy's annual ranking of the "Most Valuable Portuguese Brands"**, compared to 2024 (+68.3%), **rising 16 places to 42nd position**, in a study released in June 2025.

(1) In accordance with the Green Bond Principles and/or the Sustainability-Linked Bond Principles of ICMA – International Capital Market Association, as applicable.

(2) In September 2025, Fitch Ratings upgraded the long-term senior unsecured debt (Senior Preferred) to BBB- and the long-term deposit rating to BBB, both in Investment Grade.

REPORT AND ACCOUNTS

THE BANCO MONTEPIO GROUP



Banco Montepio

1ST HALF 2025

THE BANCO MONTEPIO GROUP

WHO WE ARE

Founded in 1844, having been authorised by royal charter of Queen Dona Maria II, of 4 January, as an entity attached to Montepio Geral – Associação Mutualista, Banco Montepio is Portugal's oldest financial institution. This matrix distinguishes the Institution for its vocation for savings and for providing universal financial services to Individuals, Business and Social Economy Customers at all stages of their lives.

With a history of 181 years, Banco Montepio has consistently supported Families, Small and Medium-sized Enterprises, Companies and the Community. It has actively supported successive generations of Portuguese through pivotal moments in national history – wars, crises, and revolutions – demonstrating resilience and commitment.

Today, Banco Montepio is a universal, intergenerational, cross-class and multicultural Bank, which operates on the basis of humanist values and mutualist principles such as democracy, freedom, independence and solidarity. These values are part of the institution's identity, culture and brand and guide every action and decision.

Its actions are guided by the values of proximity, trust, solidity, transparency, tradition, innovation, and inclusion, as reflected in the brand's signature: Values that Grow With You.

With its head office in Lisbon and a network of more than 200 branches in mainland Portugal, the Autonomous Regions and international representation in cities such as Paris, Frankfurt, Geneva, Toronto and Newark, Banco Montepio serves more than 1.3 million Customers in Portugal and around the world.

With a legacy of nearly two centuries of service to the community, Banco Montepio continues to pursue its mission with ambition and responsibility. True to its mutualist origins, it responds to the challenges of the financial sector with innovation and proximity, without losing sight of the values that define it.

This commitment is reflected in its Social Commitment Charter and reinforced by the integration of ESG (*Environmental, Social and Governance*) principles into the Institution's strategy and operations, contributing to the construction of a fairer, more inclusive and sustainable society.

GROUP STRUCTURE

Pursuant to Decree-Law 190/2015 of 10 September, which approved the legal system of Savings Banks, Caixa Económica Montepio Geral is henceforth considered a savings bank, and this same legal provision determined its transformation into a public limited company. Following this process, the corporate name was changed to Caixa Económica Montepio Geral, caixa económica bancária, S.A., and in 2019 the trade name Banco Montepio was adopted.

The Banco Montepio Group is a diversified banking and financial group which, due to its nature and mutualist basis, has unique features and a singular position in the sectors in which it operates and in Portuguese society.

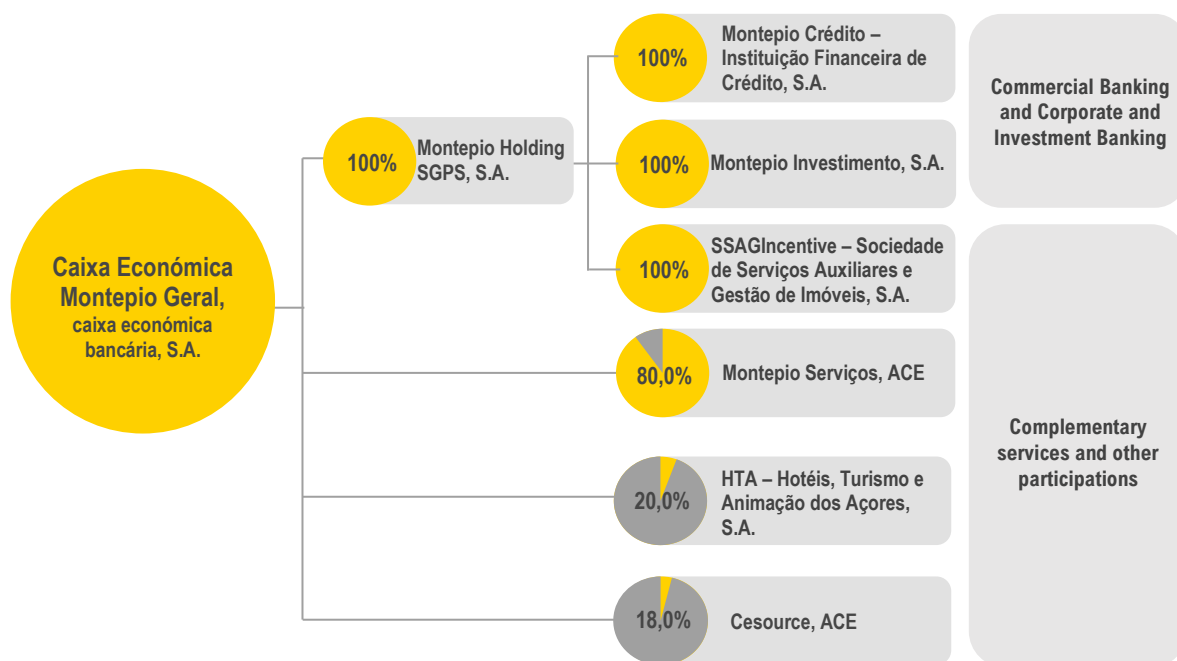
In recent years, it has been implementing a simplification strategy, translated into structural changes designed to streamline processes and maximise efficiency across multiple dimensions. Within this framework, the reorganisation of corporate banking was also promoted, with its full integration into Banco Montepio.

In line with this strategy, on 8 September 2023, Montepio Holding agreed with RAUVA Enterprises, S.A. to sell 100% of Montepio Investimento, S.A.'s share capital. (Banco de Empresas Montepio or BEM), an operation still subject to verification of precedent conditions, including the necessary approval by the Supervisory and Regulatory authorities. Until the conclusion of this operation(closing), BEM remains fully owned by Montepio Holding and included in the Group's consolidation perimeter, with residual activity after the transfer of the business (assets and liabilities) to Banco Montepio.

Thus, as at 30 June 2025, the Banco Montepio Group was composed of the following entities:

Banco Montepio Group Entities	
Full consolidation	Consolidation by the equity method
• Caixa Económica Montepio Geral, caixa económica bancária, S.A. • Montepio Holding, Sociedade Gestora de Participações Sociais, S.A. • Montepio Crédito - Instituição Financeira de Crédito, S.A. • Montepio Investimento, S.A. (Banco de Empresas Montepio, ou BEM) • SSAGIncentive – Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A. • Montepio Serviços, ACE.	• HTA – Hotéis, Turismo e Animação dos Açores, S.A. • Cesource, ACE.
Special purpose entities and investment funds	
• Valor Arrendamento – Fundo de Investimento Imobiliário Fechado • Polaris – Fundo de Investimento Imobiliário Fechado; • Carteira Imobiliária – Fundo Especial de Investimento Imobiliário Aberto (FEIIA) • Pelican Finance No 2 – Entity referring to a securitisation vehicle, with the aim of managing <i>funding</i> and strengthening equity ratios.	

The structure of the Banco Montepio Group on 30 June 2025 was as follows:



INCLUSIVE EMPLOYER BRAND 2025

Inclusive Employer 2025: a recognition that values people

Banco Montepio is – proudly – an Inclusive Employer Brand 2025. This is the first time that the institution has received this distinction, awarded biannually by the IEFP – Instituto do Emprego e Formação Profissional, which publicly recognises organisations with exemplary inclusive management practices, especially in the integration of people with disabilities into the job market.

The 5th edition evaluated practices implemented in 2023 and 2024, focusing on recruitment, professional development and progression, maintaining and regaining employment, accessibility, and service and engagement with the community.

Banco Montepio's application involved internal multidisciplinary teams and was validated by a technical visit from the IEFP, which confirmed the good practices implemented. These measures include adapting workstations, reorganising teams to accommodate employees with specific needs and the provision of customised ergonomic equipment.

This recognition reinforces an organisational culture that puts people at the centre of its strategy and strengthens Banco Montepio's position as a socially responsible employer.

This honour belongs to everyone. Congratulations.

Banco Montepio, a culture that can't be explained. A culture you live.

THE BANCO MONTEPIO BRAND

BRAND REPUTATION

We are an Inclusive Employer Brand 2025

Banco Montepio was distinguished for the first time as an Inclusive Employer Brand 2025. This recognition highlights the institution's commitment to inclusion, diversity and equal opportunities in the workplace. The Inclusive Employer distinction, awarded biennially by the Institute for Employment and Vocational Training (IEFP), aims to publicly recognise organisations that promote inclusive management practices, particularly regarding the integration of people with disabilities into the labour market, across four key areas: Recruitment, development and professional progression, Maintenance and resumption of employment, Accessibility, Service and relations with the community. Applications for the 5th edition of the Inclusive Employer Brand, which assessed practices implemented in 2023 and 2024, closed on 3 March 2025, and the results, released in July, distinguished the entities that stood out the most for promoting inclusive management.



Brand of Excellence – Superbrands 2025

For the 16th time, Banco Montepio has been distinguished as a Superbrand – a recognition that, according to this independent international organisation, 'identifies the brands that, in each market, are performing above and beyond their competitors in their field of activity'. The study for this edition was carried out between January and February 2025 and released in May 2025. In Portugal, the organisation distinguishes the brands on the market based on a consumer survey and the opinion of the Superbrands Council. This recognition also reflects the 181-year journey we have undertaken in the country, alongside families, companies, and social economy entities. That's why we say: this recognition is genuine love.



Banco Montepio among the Most Valuable Portuguese Brands

Banco Montepio recorded the second highest valuation in the annual ranking of the 100 Most Valuable Portuguese Brands, published by OnStrategy in June 2025. The study shows that Banco Montepio grew by 68.3% and climbed 16 places to 42nd.

The study is developed based on the Royalty Relief methodology and in accordance with the certifications standards ISO20671 (strategy and strength assessment) and ISO10668 (financial assessment).

Banco Montepio marks rise in MERCO ESG Ranking

Merco, the benchmark reputation assessment monitor in Portugal, Spain and Latin America, published in February 2025 its ranking of the 100 most responsible companies in terms of ESG (Environmental, Social and Governance) in 2024.

Banco Montepio rose from 61st to 24th place in the overall ranking of companies in 2024, out of a total of 100 companies. In the sector ranking, it is placed 4th out of 9 banks. This ranking assesses the companies that best met environmental, social and governance criteria in 2024.



Banco Montepio in the Top 500 banking brands

Banco Montepio is on the list of the 500 most valuable banking brands in the world for the first time, according to an analysis by Brand Finance. It moved straight up to 476th place, occupying 4th place among the five Portuguese banks on this prestigious list, according to the March 2025 Brand Value Report, referring to 2024 activity.

Top 500 Banking Brands
Brand Finance®

AWARDS AND DISTINCTIONS

Consumer Choice Award 2025- Credit - Mortgage Loans

In January 2025, ConsumerChoice announced the Portuguese people's favourite brands and, for the fourth time in a row, Banco Montepio's Crédito Habitação received the "Consumer's Choice 2025" award. Portuguese consumers evaluated and awarded Banco Montepio as "No. 1 Brand in Consumer Choice" in the Mortgage Loans category, out of a total of nine banks evaluated.



Five Star Award 2025 – Banking Sustainability

In January 2025, Banco Montepio was distinguished for the third consecutive year with the Five Star 2025 Award in the Banking – Sustainability category, having obtained the best rating (7.91) of all the brands evaluated in this category.

This award stands out for evaluating criteria that are truly important to consumers, such as Satisfaction and Experience, Price-Quality, Intention to Recommend, Brand Trust and Innovation. This year, 358,600 consumers took part in the evaluation of 1,181 brands. With this recognition, Banco Montepio has further reinforced its commitment to social, economic, and environmental sustainability.



Banco Montepio awarded by ALF – Portuguese Leasing Factoring and Renting Association

In May 2025, Banco Montepio was distinguished by the Portuguese Leasing, Factoring and Renting Association (ALF) – as the institution with the highest percentage growth in factoring production in 2024 (+31%). This distinction recognises the trajectory Banco Montepio has been consolidating, with a strategic focus on corporate credit, including specialised solutions such as factoring, which support more efficient cash management and sustainable business growth.

Banco Montepio Employees' Meeting – "Linha Amarela" (Linha Amarela) twice awarded

In the year of its 180th anniversary, Banco Montepio brought together its employees to celebrate achievements and inspire the future. This gave rise to the idea of holding an event as unique as the brand itself, resulting in the meeting we called 'Linha Amarela'.

The name 'Linha Amarela' was carefully chosen, not only because of the natural connection to the colour of Banco Montepio, but also because it relates to the location chosen for this event – the Lisbon Metro Workshops – near Quinta das Conchas station, whose metro line is yellow.

The *Linha Amarela* was more than an event. It captured the true essence of the institution, celebrating 180 years of history and a vibrant, fascinating life full of stories, demonstrating that Banco Montepio is, at its core, a Bank with the soul of its people. A moment that embodied the ambition, pride and identity of a Bank with a soul.

The 'Linha Amarela' event was recognised with an international award at the 15th edition of the Eventex Awards, in the "Event Concept" category, which recognises creativity, innovation and effectiveness. Banco Montepio was also awarded Bronze at the Meios & Publicidade Marketing Awards, in the "Events and Sponsorship" category.



Sustainable Automobile Fleet

In March 2025, Banco Montepio renewed its Move+ certification, with an A+ energy rating. Move+ is a system for evaluating and classifying the energy performance of car fleets, awarded by ADENE (Energy Agency).

Banco Montepio was one of the first companies in the country to receive this certification, which it has renewed for the third consecutive time, distinguishing organisations at the forefront of the energy transition towards a more sustainable and decarbonised economy. The classification awarded by Move+ shows the energy efficiency level of a company's vehicle fleet on a scale from A+ (most efficient) to F (least efficient).

CAMPAIGNS AND PARTNERSHIPS

'Bem Bom' is back

After Banco Montepio launched an institutional campaign in 2024 to mark its 180th anniversary: the 'Bem Bom' campaign, which gave away more than 1.5 million euros to Customers with mortgage loans, it launched a second edition in 2025 to reach even more families.

After the success of the first edition, which was exclusively for Customers, Banco Montepio is opening the doors of the campaign to more families. The novelty of this edition lies in the fact that people with mortgage loans can apply, regardless of whether or not they are Banco Montepio Customers, simply by having pre-approval for the credit transfer.



The 'Bem Bom' campaign, in partnership with TVI, airs in a 2-minute programme immediately after Jornal Nacional, showcasing the draw, announcing the winner, and delighting viewers with engaging content and stories. In this edition, the partnership with Rádio Comercial, the Portuguese people's favourite radio station, is also being maintained.

The 'Bem Bom' campaign will run for 40 weeks until January 2026 and will raffle off 40 iconic cars, one per week. This is the new Renault 5, 100% electric and voted European Car of the Year 2025, a car that marked an era, is part of the history and memory of many generations and is now returning in response to the social and environmental challenges of our time.

Banco Montepio supports the “Pirilampo Mágico 2025” (Magic Firefly 2025) campaign

The Magic Firefly Campaign, promoted by FENACERCI and supported by Banco Montepio since 2017, returned from 9 May to 1 June 2025. Violet was chosen as the colour, symbolising wisdom and transformative power, reflecting Fenacerci's mission effectively: Supporting thousands of people with intellectual and/ or multiple disabilities, as well as their families. Set against the backdrop of a lighthouse, the campaign carries the slogan 'The Light that Embraces Difference'. The Magic Firefly is one of the biggest national symbols of national solidarity and aims to raise funds for CERCI's, FENACERCI's members, and other similar organisations.



EVENTS, SUPPORT AND COMMITMENTS

Banco Montepio joins the Model UN at ISCSP

Banco Montepio joined Model UN, at the Instituto Superior de Ciências Sociais e Políticas (ISCSP) of the University of Lisbon, an initiative integrated into the World Diplomacy by Young Generation programme of the United Nations Association Portugal, which aims to bring young people closer to the global world and international negotiation. The event took place on 3 and 4 April 2025, with the central theme 'New Technologies and Conflict Dynamics'.

Model UN is an educational simulation of the United Nations that aims to provide a realistic representation of the UN General Assembly. Banco Montepio served on the panel of judges that awarded the 'Best Resolution' prize to the delegation that excelled in drafting proposals, mediating conflicts, and promoting consensus. The prize consisted of a summer internship at Banco Montepio for the members of the winning delegation.

Banco Montepio participates in the 'Great Sustainability Conference'

Banco Montepio participated in the 'Great Sustainability Conference', organised by *Jornal de Negócios*, at Nova SBE in Carcavelos, on 7 and 8 May 2025. This event brought together business leaders, experts and representatives from financial and academic institutions to debate strategies and solutions that promote sustainable economic growth, with a focus on innovation, competitiveness and energy transition.

Banco Montepio's CEO participated in the panel on 'Innovation and Competitiveness-Friendly Financing'. Attendance at this conference reinforces Banco Montepio's position as an active partner in building a greener, more competitive future centred on responsible innovation.

Banco Montepio is the Main Sponsor of ESG WEEK 2025

APEE – Associação Portuguesa de Ética Empresarial (Portuguese Association of Business Ethics) held the 4th edition of ESG WEEK, an initiative addressing key sustainability topics within the ESG (Environmental, Social, Governance) framework, representing an important milestone in promoting sustainable development and business ethics.

The event had the UN Global Compact Network Portugal as Strategic Partner and Banco Montepio as Main Sponsor. Held at the Time Out Studio in Lisbon's Mercado da Ribeira, ESG WEEK 2025 provided a platform for discussing key sustainability issues across the three ESG pillars.

Banco Montepio's support for ESG WEEK 2025 reinforces the institution's firm commitment to sustainability, having stood by APEE since the first edition of this pioneering initiative in Portugal.

Banco Montepio participates in the Boutique Acceleration Programme

In January 2025, Banco Montepio joined the Boutique Acceleration Programme, the first regenerative business acceleration programme in Portugal, developed by Nova SBE and Verdágua. This initiative comprises a series of face-to-face and online sessions, along with opportunities to present projects to institutional investors and attract investment.

By participating in this programme, Banco Montepio, as the first Bank to address regenerative sustainability, demonstrates its practical application, reinforcing the integration of this theme into its sustainability and ESG strategy, responding to two material topics identified in the 2024 Double Materiality assessment and strengthens alignment with the CSRD (Corporate Sustainability Reporting Directive) and ESRS (European Sustainability Reporting Standards).

Banco Montepio invests in the ColorAdd in Schools programme

In February 2025, Banco Montepio reinforced its support to social inclusion by investing in the ColorAdd in Schools programme. This initiative aims to promote inclusive schools for all, intervening directly with the school community to combat bullying and promote the social integration of all children, particularly those with colour blindness.

By raising awareness of colour blindness issues, training different educational agents and intervening directly with children, the programme aims to contribute to a more inclusive society, where all children have the same learning opportunities and know how to live with differences, fostering social empathy.

Banco Montepio's support for this social innovation initiative came about through the Partnerships for Innovation co-investment mechanism, positioning the Bank as a leading private social investor in Portugal.

Reforestation projects

In March 2025, Banco Montepio announced its investment in two reforestation and forest ecosystem restoration projects in the Arrábida Natural Park and the Pinhal de Leiria, both recognised as part of Portugal's natural heritage.

In the Arrábida Natural Park, in collaboration with Biovilla (Cooperative for Sustainable Development), Banco Montepio has committed to restoring damaged areas. In Pinhal de Leiria, Banco Montepio, in partnership with ZERO (Sustainable Terrestrial System Association), is supporting the recovery of fire-damaged areas of the historic Mata Nacional de Leiria. These projects reflect the Bank's commitment to environmental protection and its support for local communities.

Business and Technology Week at Instituto Superior Técnico

Between 26 and 29 February 2025, Banco Montepio participated in the Business and Technology Week at the Instituto Superior Técnico (IST), held at the Taguspark Campus in Porto Salvo.

At the stand, the institution employees engaged with IST's young talents, sharing insights into the organisational culture and career opportunities at Banco Montepio. A workshop was also held on *"Transformation and Innovation at Banco Montepio: What are we planning for the future?"*.

Through this participation, Banco Montepio underscored its belief that the future is built on sustainability, and above all on people and the emerging talents that drive transformation, innovation and progress.

PEOPLE

Throughout the first half of 2025, Banco Montepio continued its initiatives aimed at rejuvenating, attracting and retaining talent, while simultaneously reinforcing its commitment to improving qualifications and developing the skills of its employees, as well as maintaining the strategy of valuing and recognising merit.

In this context, the Bank maintained its commitment to recruiting qualified professionals and continuing the Trainee Programme, which has become a benchmark initiative, recognised both internally and externally, as reflected in the growing number of applications. Compared to December 2024, there was a slight change in the workforce, mainly due to the integration of former trainees.

Workforce of Banco Montepio Group

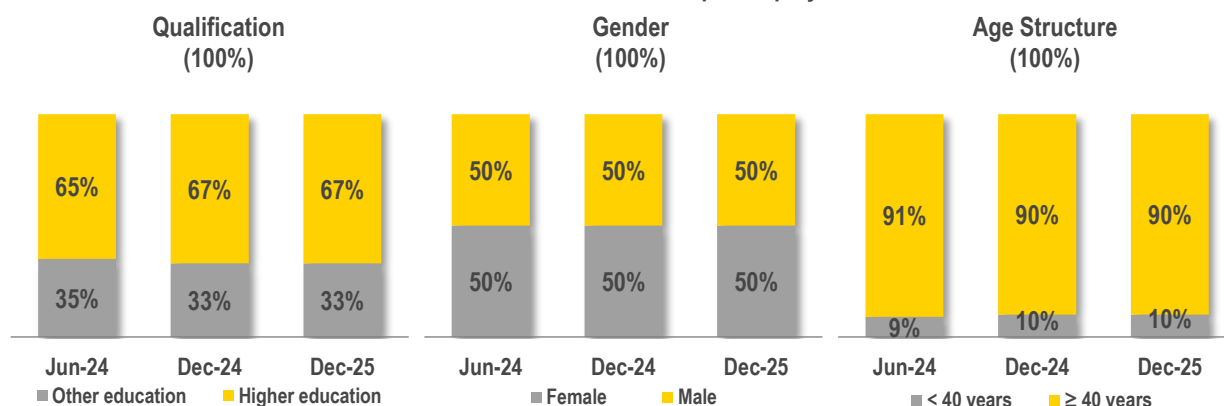
	Jun-24		Dec-24		Jun-25		Change YoY		Change YtD	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Banco Montepio ⁽¹⁾	2 873	96.0	2 864	96.0	2 871	95.7	(2)	-0.1	7	0.2
Montepio Crédito	121	4.0	119	4.0	128	4.3	7	5.8	9	7.6
Total Grupo Banco Montepio	2 994	100.0	2 983	100.0	2 999	100.0	5.0	0.2	16.0	0.5

(1) Includes Employees from Representation Offices.

Employee qualification is one of the fundamental pillars for solid and sustained growth. At Banco Montepio, 67% of the workforce has a university degree, demonstrating the commitment to valuing human capital.

In terms of gender distribution, the parity levels recorded in December and June 2024 were maintained, with an equal split of 50% male and 50% female employees.

Distribution of Banco Montepio Employees



TRAINING, DEVELOPMENT AND TALENT MANAGEMENT

During the first half of 2025, Banco Montepio ensured the implementation of training and development programmes that included 16,933 participants for a total of 50,885 training hours, covering 2,735 participants.

Banco Montepio Training Indicators

	Jun-24	Dec-24	Jun-25	Change YoY
Training hours	46 147	123 083	50 885	10.3%
Number of participants	2 789	2 901	2 735	-1.9%
Number of participations	23 015	50 833	16 933	-26.4%
Investment in training (thousand euros)	449 355	661 000	391 950	-12.8%

(1) Includes Employees who were no longer on the headcount at the end of the period.

During the first half of 2025, the Montepio Academy consolidated its strategic action through training and development programmes aimed at empowering employees, promoting sustainability and strengthening internal leadership. Among the structuring initiatives implemented, four stand out:

- **Programmes on sustainability**, reaffirm Banco Montepio's commitment to embedding sustainability across its activities, promoting training and awareness initiatives on sustainable finance and impact investing. The initiative included the *webinar Moments Banking & Business | Sustainability | Investing with Impact*.
- **Growing Together Programme**, which has been a lever for the development of technical and behavioural skills.
- The **Winning for Managers Programme**, designed to prepare and support new managers in the performance of their duties.
- **Peer Coaching for 2nd Lines**, developed with the aim of promoting collaborative learning and strengthening management skills through peer coaching sessions.

These programmes reflect the Montepio Academy's commitment to valuing people, promoting sustainability and the continuous development of internal skills, in line with the Bank's strategic pillars.

Banco Montepio's **Trainee Programme** fulfils the main objective of contributing to the rejuvenation of the institution and guaranteeing its sustainability. This programme has made a name for itself both inside and outside the Bank. To empower and better prepare interns for potential roles as employees after their internship, several activities are set up, of which:

- **The Intra Rail** is an initiative developed with the aim of promoting greater knowledge of the business and the challenges of the different areas, reinforcing proximity and communication between teams. The activity includes two visits: one to a branch (or to the Operational Support Division for trainees from the commercial network) and another to an area relevant to each participant's professional development.
- **The Sharp Bank** is an activity in which trainees are challenged to work as a team and propose innovative ideas that contribute to improving the Bank's processes, services and products.
- **The Volunteering Action**, held for the first time in partnership with the Montepio Group's Corporate Volunteering and the Forests in the City Association, was attended by 37 trainees from the ongoing editions. The initiative contributed to the development of the Agroforestry at the Gil Vicente School in Lisbon – a project aligned with the Sustainable Development Goals (SDGs): SDG 10 - Reducing Inequalities; SDG 12 – Responsible consumption and production; and SDG 17 – Partnerships for the goals.

RECOGNITION OF MERIT AND BENEFITS

Building on the positive results achieved by Banco Montepio in 2024, the Bank was able, in the first half of 2025, to renew the payment of variable remuneration in the form of bonuses, recognising the contribution and individual and collective performance of employees in achieving the set objectives. In the case of commercial network, performance in the first quarter of 2025 was recognised through the award of incentives, reinforcing strategic alignment and encouraging continued focus on results.

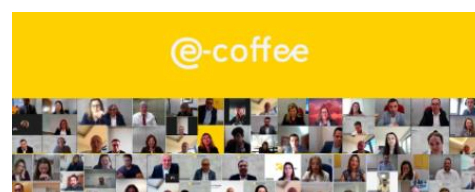
ORGANISATIONAL CULTURE AND WELL-BEING

In the first half of 2025, Banco Montepio continued with its strategy of strengthening its organisational culture, geared towards the cohesion and well-being of its employees. Regular initiatives have been promoted which encourage a closer connection to the office, foster a comprehensive knowledge of the institution and consolidate a healthy, positive and environmentally sustainable working environment, contributing to the happiness of the teams and the overall success of the institution.

In the first half of 2025, the following stand out:

- **E-Coffee with the CEO**

An initiative that brings together 6 of the Bank's employees and the CEO every week, in an informal space to share opinions and ideas about Banco Montepio and the banking sector;



- **Internal exchange programme Erasmus**

This initiative aims to promote knowledge and links between different areas of Banco Montepio. In the first half of the year, approximately 40 employees participated in this two-day experience, selecting placements from 19 exchange areas, with representation from nine different divisions;



- **Award: Inclusive Employer Brand**

Banco Montepio was distinguished in 2025 with the **Inclusive Employer Brand** seal, awarded by the IEFPP, which recognises organisations that adopt inclusive management practices, especially with regard to the integration of people with disabilities into the labour market. The distinction covers four fundamental areas:



1. Recruitment and professional progression – valuing the hiring of people with disabilities, promoting their ongoing training and creating opportunities for progression on equal terms with other employees.
2. Maintaining and resuming employment – implementation of measures to ensure that employees with disabilities remain in work and can return after prolonged absences, with necessary job adaptations.
3. Accessibility – implementing conditions that guarantee full accessibility to workspaces and tools.
4. Service and community relations – involvement in projects and partnerships that promote the active inclusion of people with disabilities in the community.

Inclusion is a core value of Banco Montepio. This recognition reinforces the institution's commitment to a fair, diverse and humane organisational culture, consolidating its position as a socially responsible organisation.

- **Organic Products Fair**

Consistent with Banco Montepio's commitment to employee well-being and the Sustainable Development Goals (SDGs), the first edition of the Organic Products Fair was held at the Castilho building in Lisbon. The aim of the action was to reinforce the values of social and environmental responsibility, promote healthy eating habits, encourage people to return to the office and strengthen a sense of belonging.



- **Health and Wellbeing**

In the area of Health and Well-Being, Banco Montepio maintains an active, integrated and preventive programme that covers the physical, mental, social and financial dimensions, with a dedicated multidisciplinary team of 9 professionals. The programme promotes the reconciliation of work, family life and individual interests, ensuring permanent Occupational Health, Hazard Identification and Risk Assessment and Control initiatives, as well as specific training actions and a communication channel dedicated to health and safety. The programme aims to consolidate a culture of prevention and ensure safe, healthy, inclusive and sustainable working environments. In this context, the Bank provides all interested employees with an annual Seasonal Flu Vaccination Programme, a Psychosocial Support Programme, and an Employee Credit service with Financial Coaching. In addition, it has 4 wellness rooms and a set of protocols, in partnership with the Social Services, which provide access to physical and leisure activities, health therapies and self-care practices, with a variety of offers in all geographies.

CHANNELS, NETWORKS AND CUSTOMER RELATIONS

CHANNELS AND NETWORKS

On 30 June 2025, Banco Montepio had a network of 224 branches in Portugal.

Banco Montepio also has 5 representation offices (Frankfurt, Geneva, Paris, Newark and Toronto) which ensured the Bank's presence among communities that are resident abroad, supporting the Portuguese diaspora.

Branch Network - Banco Montepio

	Jun-24	Dec-24	Jun-25
Branches	225	225	224
Representation Offices	5	5	5

Branches

(by districts and autonomous regions)



Representation Offices



Toronto Newark Paris Geneva Frankfurt

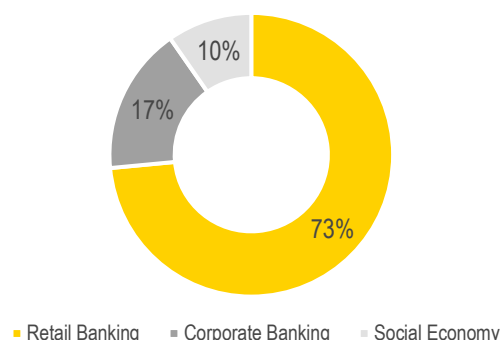
Banco Montepio also offers its individual Customers and Companies a series of channels of distribution of products and services being marketed and for Customer relations, namely "Serviço Montepio24" by telephone, web, sms, app and the dedicated channel "Connect24", the internal network of "Chave24" automated tellers and regular automated teller machines (ATM).

In Retail Banking, on 30 June 2025, the network of Managers and Commercial Assistants totalled 220 and 650¹ Employees, respectively. In turn, Banco Montepio's network of Client Managers totalled 351 Employees at the end of June 2025, distributed between Retail Banking, Corporate Banking and Social Economy.

As at 30 June 2025 the distribution of Managers by segment included the following distribution, thus continuing to offer a personalised service and proximity to the Customer, factors that characterise Banco:

- 132 related to Small Business;
- 52 allocated to small and medium-sized enterprises with a turnover of more than 4 million euros;
- 34 allocated to Institutional and Social Economy
- 7 allocated to Large Companies (with a turnover of more than 150 million euros) and;
- 126 allocated to the Individuals segment.

Distribution of Customer Managers per Segment
30 June 2025



Growth and Relevance of Digital Channels

Throughout the first half of 2025, Banco Montepio sustained consistent growth in the use of remote channels, further consolidating the importance and relevance of its digital offering. The Montepio24 service, which integrates the Bank's various digital channels, allows Customers to manage their accounts and day-to-day finances online. This service is continually evolving, with the aim of extending the operations available and improving the user experience.

At the end of June 2025, Banco Montepio recorded an 8% increase in the number of active digital Customers, compared to the same period in 2024. This growth was supported by an increase of 5% in the Private Customers segment and 23% in the Business segment.

In addition, the number of transactions carried out through Montepio24 also grew by 16%, driven by the increase in the average annual number of digital transactions² carried out per active Customer³, which rose from 57 in June 2024 to 67 in June 2025.

The Connect24 service, dedicated to open banking, which allows Customers to authenticate and authorise access to banking information and operations requested by third parties, also showed significant growth. In the first half of 2025, the number of transactions initiated through third-party platforms – from Third Party Providers (TPP) or other banks - increased by 106% compared to the same period last year, reflecting Customers' growing adherence to open banking features.

At the end of the first half of 2025, active digital Customers represented 67% of Banco Montepio's total active Customers. This trend was particularly significant among Customers who opted for digital documentation, covering 96% of Customers with a Current account, which shows the growing preference for digital channels.

¹ The *Commercial Assistants* category includes the positions of "Commercial Assistant", "Cashier" and "Administrative".

² This includes fees for stock exchange orders, SEPA file processing, the NetGlobal service and transfers, fees for cards and checks ordered through digital channels and credit card cash-advance fees.

³ Login in the last 90 days.

The mobile channel, through the M24 App, continued to grow, consolidating its position as the preferred means for Customers to access their accounts online. During this period, the number of accesses to the application increased by 8% and the volume of transactions carried out grew by 21% year-on-year. At the same time, the number of active digital Customers on the mobile channel grew by 6%, accounting for more than 48% of Banco Montepio's total active Customers.

Banco Montepio's ATM network totalled 972 machines. This network represented a market share of 7.8% in terms of number of machines, out of a national total of 12,406 units. Considering the volume of operations carried out, Banco Montepio's market share stood at 8.6%.

Throughout the first half of 2025, Banco Montepio continued the process of renewing its Chave24 Park, the internal ATM network present in the Bank's branches, with 89% of the park now based on the latest generation machines (VTMs). With this investment, Banco Montepio strengthens the self-service capacity available to Customers at its branches and enhances the use of the technological features of this new generation of equipment.

COMPLAINTS MANAGEMENT

Complaints are managed by the Organisation and Quality Division, through the Complaints Management Department, a specialised unit responsible for receiving, processing and responding to the Complainant and/or Supervisory Entities within the Banco Montepio Group.

At the end of June 2025 there was a 13.6% reduction in the total number of complaints lodged compared to the same period in 2024, with a significant drop in complaints addressed to the Banco de Portugal (-25.8%).

Indicators on Complaints					
	Jun-24	Dec-24	Dec-25	Change YoY	
				Amount	%
Total Complaints	2 105	4 844	1 818	(287)	(13.6)
Of which:					
Banco de Portugal	124	409	92	(32)	(25.8)
Complaints Book and Electronic Complaints Book	384	1180	319	(65)	(16.9)

The unit's mission also involves implementing quality management principles, maintaining a Customer-focused approach and continuous improvement, aiming to strengthen service excellence and achieve full Customer satisfaction. In this context, complaints are seen as an opportunity to improve the quality of the service provided and deepen the relationship with Customers, and an action plan is in place to promote the continuous improvement of processes with a direct impact on the business and the Customer.

In line with its commitment to satisfaction, Banco Montepio was distinguished as a Recommended Brand 2024 by the Complaint Portal. This recognition, which is the sole responsibility of consumers, is evidence of Banco Montepio's commitment to Customer satisfaction, particularly in complaints management.

NEW GENERATION OF BRANCHES

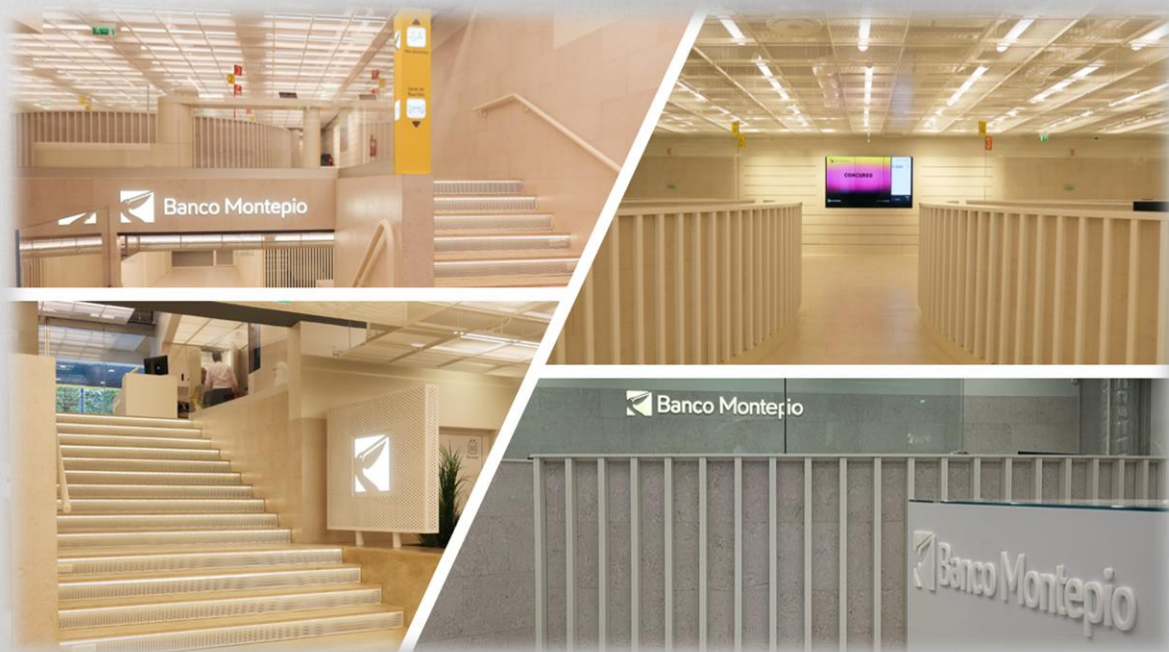
New generation of branches – human, accessible, digital and sustainable

Banco Montepio is implementing a new generation of branches that reinforces the institution's identity – a Bank with a people's soul – combining humanised service, accessibility, digitalisation and sustainability. Launched in 2024, the year of the 180th anniversary, this model puts Customers at the centre and simplifies the experience. It is notable for its pet-friendly spaces, accessibility for Customers with reduced mobility, self-service via the latest generation of Chave24, and Portuguese identity, using cork as a design element, along a consistent path of sustainability.

Lisbon - Benfica and Fonte Nova | pilot branch – 22 April 2024

Aveiro – Glicínias | 2nd branch of this generation – 1 October 2024

Lisbon – Saldanha | 3rd branch of this generation – 1 September 2025



Come and visit us!

TECHNOLOGY AND INNOVATION

In the first half of 2025, Banco Montepio reaffirmed its responsibility to continuously improving its value proposition for Customers and to strengthening operational efficiency. This effort was underpinned by the integration of innovation and quality management processes, as well as the adoption of best practices in strategic areas such as Customer experience, security, data processing and environmental, social and governance (ESG) principles.

During this period, the Bank continued to automate and re-engineer processes, making significant progress in data collection, processing and governance models. Adjustments were also made to the service model by optimising Customer journeys and enhancing cybersecurity measures.

The innovation and operational improvement initiatives developed include:

- **New online Customer data maintenance journey**, using the Digital Mobile Key, which allows Customers to update their data with Banco Montepio in 5 minutes and 100% digitally, without the need to manually submit supporting documents.
- **New operations and functionalities on Montepio24 (web and app)**, including the renewal of the credit card application and credit limits increase procedures, as well as the online application and contracting of personal loans.
- **New purchase journey for Prestige products at the branch**, aligned with the digital experience provided by Banco Montepio Collection, ensuring consistency between the physical and online channels.
- **Evolution of the SPIN service on digital channels, enabling Customers:** to make transfers using the TIN as an identifier and to subscribe the service using the TIN, increasing convenience and accessibility.
- **Implementation of the service of confirming the final beneficiary of the funds** in payments for services and direct debits, reinforcing the security of operations and increasing Customer confidence in the transactions carried out.
- **Continuation of the branch refurbishment plan**, with the project for a new generation of more inclusive branches, adapted for people with reduced mobility and allowing pets to enter. These branches also provide personalised service by appointment or self-service via Chave24, and reinforce the Bank's commitment to sustainability, incorporating national materials as key elements in the design.
- **Consolidation of the strategy centred on Artificial Intelligence (AI)**, with a focus on adopting generative AI, aimed at enhancing the employee experience, automating routine tasks, strengthening security measures, and fostering the integration of an AI culture within the organisation. This approach has been underpinned by the rigorous implementation of safety and reliability principles, which are essential to ensure ethical and responsible use.
- **Advanced platforms have been developed that allow:** fast and efficient access to information through natural language in various fields of knowledge and the automatic extraction of data from multiple document types, accelerating the digitisation and automation of critical processes.
- **Definition of an AI governance framework**, aligned with the European AI Act Regulation, ensuring the ethical, transparent, safe and responsible application of the technology, and reinforcing the trust of the various stakeholders. Aiming to improve the Customer experience and the effectiveness of internal services, a significant investment has been made in emerging technologies to generate sustainable value, raise security standards and ensure compliance with industry best practices and current regulatory requirements.

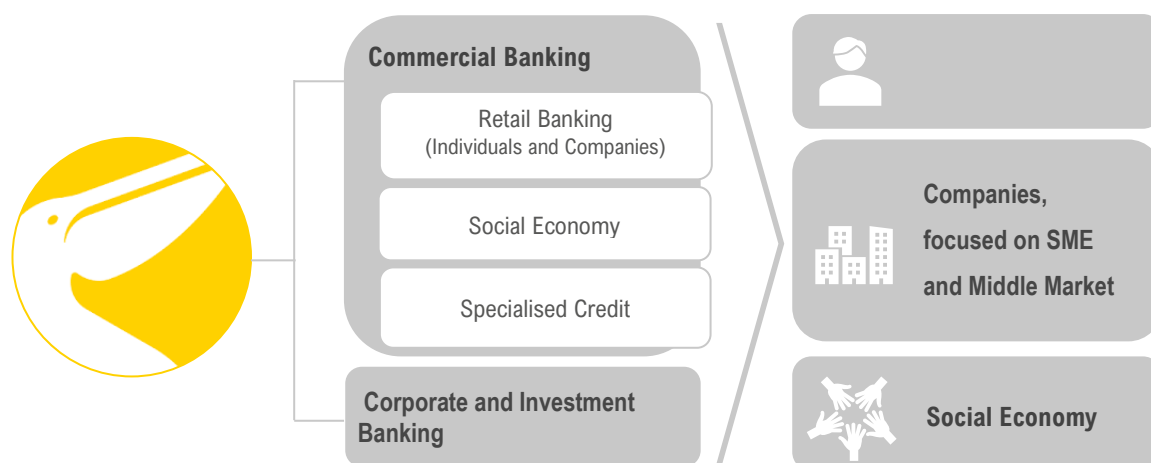
BUSINESS SEGMENTS

The Banco Montepio Group develops a range of banking and financial services activities with a focus on retail banking, currently operating solely in Portugal. The business segments reflect the organisational and management model of the Banco Montepio Group, which encompasses Commercial Banking, which includes Retail Banking, Social Economy and Consumer Credit – part of the business model that will be centralised in Montepio Crédito – and Corporate and Investment Banking, as well as complementary services, provided through SSAGIncentive, Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A.

The segmentation is made in the first instance between Individuals and Companies, with an emphasis on Small and Medium Enterprises (SME), mid-corporate and Social Economy. Banco Montepio's business model is Customer-focused, committed to improving the well-being of Families, supporting the Social Economy and meeting the needs of Small and Medium-sized Companies, and based on values of proximity, trust, solidity, transparency, tradition, innovation and inclusion.

Banco Montepio provides a comprehensive range of banking products and financial services that encompass all aspects of universal banking. This includes deposit-taking, lending, and financial services for both companies and individuals, as well as custody and the distribution of medium and long-term savings solutions. These solutions include Mutual Savings Modalities, Retirement Savings Plans, Pension Funds, Investment Funds (Real Estate and Securities), and Life and Non-Life Insurance, among others.

Bank Montepio Group business segments

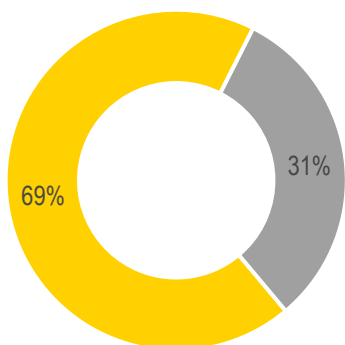


As at 30 June 2025, Banco Montepio had a network of 224 branches operating in Portugal, serving 1,312 thousand Customers, of which 168 thousand Companies and 1,144 thousand Individuals, with market shares⁴ of 5.3% in Deposits and around 5% in Loans granted to Customers.

Banco Montepio's Customer Deposits stood at 15.6 billion euros, reaching an all-time high, with Private Customers accounting for 69% of this amount, and Customer Loans (gross) amounted to 12.5 billion euros, split between 56% Private Customers and 44% Corporate and Institutional Customers.

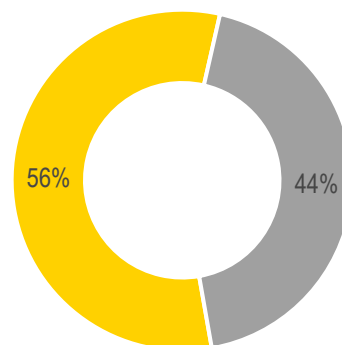
⁴ According to the Monetary and Financial Statistics for June 2025 (Banco de Portugal).

Customer deposits breakdown
30 June 2025



■ Individuals ■ Companies and Institucional

Loans to Customers (Gross) breakdown
30 June 2025



■ Individuals ■ Companies and Institucional

The first half of 2025 was marked by great dynamism in term deposits, both because of the diversity of supply, which cuts across the entire banking sector, and because of the rapid evolution of the markets and interest rates, which required active management of pricing and supply in general. Banco Montepio launched various term deposits and regularly reviewed interest rates, guaranteeing the competitiveness of its offer, which enabled it to retain and attract new Customers in the Individuals, Companies and Social Sector segments.

The dynamism of Banco Montepio's offer resulted in an 8%⁵ growth in deposits in June 2025 compared to the same period of the previous year, surpassing the banking sector, which registered a growth of 6.4%⁶. This performance made it possible to increase the market share of total deposits by 8 b.p., to 5.3%⁷ in June 2025, positioning Banco Montepio among the institutions with the best evolution in this segment, in parallel with a balanced management of price conditions, which strengthened liquidity and contributed to the overall financial margin.

The main highlights of the first half of 2025 are presented below with respect to the Banco Montepio Group's offer of financial products and services by business segment.

MEANS OF PAYMENT

At the end of June 2025, Banco Montepio's POS fleet amounted to 26,180 installed terminals. On the same date, the Bank's market share in terms of the number of POS terminals stood around 5%, in a context in which the number of POS terminals available on the national market, managed by the SIBS Global Network, totalled 536,806 units, reflecting growth of 7% compared to the same period in 2024.

In line with the principles of sustainability, Banco Montepio maintained its participation in the Merece programme. This initiative enabled 325 kg of cards to be recycled, corresponding to 6,495 cancelled cards, reinforcing the Institution's positioning on environmental issues, actively promoting waste reduction and the circular economy.

With regard to fraud management, the following developments stand out in terms of uptake of new services and solutions:

- **Live Anti Fraud Confirmation:** this is SIBS Paywatch's service for screening fraudulent card transactions. This service enhances the Customer experience by providing quick and efficient contact, facilitating the normalisation or cancellation of the card as needed.
- **Visa Advanced Authorisation (VAA):** a solution provided by Visa, designed to strengthen the security and efficiency of electronic card transactions. Based on AI and real-time analytics, VAA

⁵ According to the Monetary and Financial Statistics for June 2025 (Banco de Portugal).

⁶ According to the Monetary and Financial Statistics for June 2025 (Banco de Portugal).

⁷ According to the Monetary and Financial Statistics for June 2025 (Banco de Portugal).

continuously evaluates each transaction to identify potential fraud, contributing to the protection of Customers, card issuers and merchants.

The instant transfer service allows Banco Montepio Customers to send money to other bank accounts, with funds credited to the destination in 10 seconds. This service, already offered by national and European banks, is growing strongly and will become mandatory from October 2025, when all financial institutions that offer traditional SEPA transfers will also have to offer instant transfers.

In the first half of 2025, Banco Montepio recorded a 36% increase in the number of instant transfers made, compared to the same period in 2024, showing the growing preference of Customers for this means of payment.

INDIVIDUAL CUSTOMERS

Banco Montepio's offer for the Individuals segment focuses on savings and credit products aimed at Families and Individual Customers. True to its centuries-old vocation as a savings institution, the Bank offers a diversified portfolio of solutions with different characteristics and maturities, tailored to the objectives and needs of its Customers.

In the first half of 2025, the following term deposits stood out:

- **Super 2 Year Deposit**
Term of 2 years, non-withdrawable and non-renewable;
- **Deposit 9 Months New Capital**
9-month term, withdrawable and non-renewable, exclusively for raising new capital and marketed only through digital channels.



ACTION TO CAPTURE UNDERAGE CUSTOMERS

A new campaign ran from 14 April to 30 June 2025, aimed at attracting younger Customers and strengthening the commercial relationship with existing ones. The initiative coincided with the Easter season and World Children's Day, promoting the iconic Banco Montepio Money Box and the offer aimed at Customers under the age of 18.



STRUCTURED DEPOSITS

In the first half of 2025, Banco Montepio strengthened its offer of structured deposits with the launch of three new issuances, aimed at diversifying the offer of products with guaranteed capital aimed at Customers:

- **Banco Montepio Aerospace & Defence March 2025**

Structured deposit with a term of 2 years, cannot be withdrawn early, in euros, with guaranteed capital on maturity and remuneration dependent on the performance of a basket of 4 shares in companies offering solutions in the technology area.



- **Banco Montepio Agrobusiness April 2025**

Structured deposit with a term of 2 years, cannot be withdrawn early, in euros, with guaranteed capital on maturity and remuneration dependent on the performance of a basket of four shares in companies operating in the agribusiness sector.



- **Banco Montepio Tecnologia June 2025**

Structured deposit with a term of 2 years, cannot be withdrawn early, in euros, with guaranteed capital on maturity and remuneration dependent on the performance of a basket of four shares in US companies in the technology sector.



INVESTMENT FUNDS

Banco Montepio distributes 13 Securities Investment Funds, managed by Montepio Gestão de Activos, Sociedade Gestora de Organismos de Investimento Coletivo, S.A., and two Real Estate Investment Funds – Fundo Valor Prime and Fundo VIP – managed by Montepio Gestão de Activos and SILVIP – Sociedade Gestora de Organismos de Investimento Coletivo, S.A., respectively.

In the first half of 2025, three funds managed by Montepio Gestão de Activos were distinguished with the Best Funds Awards, given by the Association of Investment Funds, Pensions and Assets (APFIPP), in partnership with Jornal de Negócios, for standing out in 2024 for their historical risk-adjusted returns:

- “**Best Real Estate Investment Fund**” award, for the fourth year running, to the Valor Prime Real Estate Investment Fund;
- “**Best Short-Term Fund**” award, for the second year running, to the Montepio Tesouraria Fund;
- “**Best Equity Fund**” award, for the second year running, to the Euro Financial Services Fund.



RETIREMENT SAVINGS PLAN

Banco Montepio ensures the distribution of the Retirement Savings Plans (PPR) and of the Stock Savings Plans (PPA) managed by Futuro – Sociedade Gestora de Fundos de Pensões, S.A.

In the first half of 2025, quarterly campaigns were conducted to encourage subscriptions from existing Customers and attract new ones, particularly younger Customers (up to 35 years old), through online subscriptions, while also promoting transfers from external entities to Futuro PPRs. The first, held in the first quarter, had the message "Monthly there is more future", and the second, in the second quarter, "The future tailored to you".



MUTUAL SAVINGS MODALITIES

Exclusively for its associate members, Banco Montepio offers savings and protection solutions from Montepio Geral – Associação Mutualista (MGAM). With its unique mutual nature, this offer stands out in the market for its uniqueness and differentiating value and constitutes the genesis of the oldest financial institution in the country.

In the first half of 2025, a number of initiatives were carried out to attract and retain associate members, promoting the modalities made available, with special emphasis on the monthly distribution of the Term 5.1 Mutual Savings Series. 2025-2030 medium/long-term capitalisation modality (5 years and 1 day).



PUBLIC SUBSCRIPTION OFFERS

In the first half of 2025, Banco Montepio, acting as a Placement Entity, participated in multiple public offerings for the subscription and exchange of bonds from reputable entities, thereby providing Customers with opportunities for investment diversification. The following operations are noteworthy:

- OPS “FC Porto SAD 2025-2028” and OPT “FC Porto SAD 2022-2025”;
- OPS “Mota-Engil 2025-2030” and OPT “Mota-Engil 2021-2026”;
- OPS “Benfica SAD 2025-2029” and OPT “Benfica SAD 2022-2025”.

INSURANCE

As part of the Bancasseguros activity, continued to simplify services and processes – as well as updating insurance conditions, in partnership with the Montepio Group's insurers, Lusitania, Companhia de Seguros S.A. and Lusitania Vida, Companhia de Seguros, S.A. – with a view to increasing efficiency and improving the Customer experience.

MORTGAGE LOANS AND MULTIFUNCTIONAL CREDIT

Mortgage Loans and Multifunction Loans, associated with the former, are strategic products to support the growth and sustainability of Banco Montepio's loan portfolio, considering the respective capital consumption and risk-adjusted profitability, and the impact over the long term and cross-selling, resulting from the level of involvement of the Customer with the Bank.

With the aim of expanding its presence and consolidating its position as a specialist Bank in this area and recognising that the key factors in choosing this product are price, service, and the Customer relationship, Banco Montepio continued to enhance the quality of its offering, promoting solutions with differentiated market conditions and providing variable, fixed, or mixed rate options.

Banco Montepio's plan to pursue an integrated strategy in mortgage lending, aimed at consistently ensuring one of the most competitive offers, creating and delivering value to Customers, implied constant monitoring of the offer and a swift response to market conditions. This approach has received public recognition, notably being named the No. 1 Brand in 'Consumer Choice 2025' by ConsumerChoice in the Mortgage Loans category for the fourth consecutive year and receiving the 'Five Stars 2025' award from Five Stars Consulting in the Banking – Sustainability category.

Throughout the first half of 2025, Banco Montepio, in line with its strategy to support young people and as a complement to the public measures implemented, began to exempt initial commissions when contracting Mortgage Loans for this segment. An increase in the amount of the State Public Guarantee was also requested and made available, which now totals 60 million euros.

In addition, the Bank introduced an exemption from the appraisal fee for all properties with an A/A+ energy certificate, which is a positive differentiation for these operations.

Banco Montepio conducted several campaigns related to mortgage loans, including:

- **Worten Campaign** – allocation of 1% of the contracted amount in a prepaid card for use at Worten;
- **Member Get Member action** – award of 300 euros (up to a limit of 1,500 euros) in a prepaid card to Customers who recommend Banco Montepio's Mortgage Loan to new friends or family, with the same amount being awarded to those recommended;
- **Transfers from Other Credit Institutions (OCI)** – return, after contracting, of the value of the initial commissions and the costs inherent to the transfer, up to a maximum amount of 780 euros;
- **Bem Bom 2.0 Campaign** – relaunched in partnership with Rádio Comercial, aimed at families with housing loans, regardless of the bank, with weekly draws for a Renault 5 E-Tech Electric car.

PERSONAL LOANS

Banco Montepio Group has supported its Customers in the realisation of personal projects, in a responsible manner and with rigorous risk analysis and management criteria. The offer is based on a multichannel, flexible and simple experience that allows any Customer to apply for a Personal Loan online, quickly and at any time, without having to go to a branch.

Of particular note is the Energy Transition Credit, a line established to support the purchase and installation of renewable energy equipment, recently extended to cover a broader range of purposes.

Maintaining its concern for areas with a high social impact, Banco Montepio continued to offer specific credit solutions for Training/Education and Health.

In the same vein, it launched a project in partnership with its subsidiary Montepio Crédito, aiming to make the Personal Credit Other Purposes and Auto Credit products available through the branch network, leveraging intra-group synergies and benefiting from Montepio Crédito's established capacity and specialised expertise.

COMPANIES

Banco Montepio's offer for the Corporate segment focuses on simplification, consistency and easy use as critical success factors for differentiation in the segment. The commercial support model is based on the specialisation and size of the Customers, guaranteeing a close relationship and solutions tailored to the specific needs of each company.

CREDIT

In the first half of 2025, in the context of the tariff crisis and considering the strategic importance of creating mechanisms that promote increased competitiveness, export capacity and the internationalisation of Portuguese companies, Banco Montepio strengthened its operations with the launch, in partnership with Banco Português de Fomento (BPF), of the BPF Invest Export Line.

With a maximum guaranteed amount of 3.5 billion euros, this line is designed to support national exporting SMEs and Small Midcaps in making investments and covering structural working capital needs, its investment component also includes the option to convert the credit into a non-repayable incentive.

SERVICES – FINANCING STRUCTURING

Banco Montepio supports Riopole and consortium led by I-Sete and Amener in issuing Green Bonds

Banco Montepio advised Riopole on the structuring of its first issuance of Green Bonds, in the amount of 3 million euros, by private and direct offer. The purpose of the 'RIOPELE 2025 – 2030' bond issuance was to finance the construction of a photovoltaic solar park on the issuer's premises.

Banco Montepio also advised the consortium led by I-Sete and Amener on the structuring of a new issuance of Green Bonds, in the amount of 4.15 million euros, both by private and direct offer. The 'VILA DO CONDE SMARTLIGHT 2025 – 2032' bond issuance was designed to support an energy efficiency management project developed by the consortium and implemented in the Vila do Conde municipality's public lighting systems.

Both issuances have been certified as Green Bonds and comply with the 'Green Bond Principles' published by the International Capital Market Association, in accordance with the respective Second Party Opinions issued by independent external entities. The projects were considered to be in line with the SDG 7 – Affordable and clean energy, and SDG 9 – Industry, innovation and infrastructure. Banco Montepio acted as global coordinator and investor, organising, executing and underwriting the issuances.

Banco Montepio supports Cork Supply and Ferreira Construção in issuing Sustainability-Linked Bonds

Banco Montepio Group advised Cork Supply on the structuring of a Sustainability-Linked Bonds issuance, amounting to 5 million euros, by private and direct offer. The conditions of the 'Sustainability-Linked Bonds Cork Supply 2025-2030' are indexed to sustainability objectives related to the reduction of greenhouse gas emissions (direct and indirect) and the number of initiatives of the 'WE CARE' programme, aimed at promoting the well-being of Employees.

Banco Montepio Group also advised Ferreira Construção on the structuring of a Sustainability-Linked Bonds issuance, amounting to 5 million euros, by private and direct offer. The conditions of the 'Sustainability-Linked Bonds Ferreira 2025-2030' are indexed to sustainability objectives associated with efficiency in the management of construction and demolition (C&D) waste and the contribution to affordable housing.

The sustainability objectives were defined in the Sustainability-Linked Financing Frameworks of each issuer, in accordance with its principles, published by the International Capital Market Association, according to the opinions issued by the respective independent external entities.

SOCIAL ECONOMY

The Social Economy, supported by various entities within the sector and encompassing diverse functions, engages with an increasingly broad spectrum of Portuguese society. It positions itself as a significant contributor to job creation and the enhancement of socio-economic conditions for families.

Assuming its nature as a third sector, the Social Economy finds its *raison d'être* in achieving social goals, thus complementing the work of the public and private sectors, and with a greater capacity to respond to new social and societal challenges, through innovation and the pooling of resources and wills, particularly in areas where the fight against inequalities, poverty and social exclusion requires solidarity responses from the community.

In fulfilling their mission, Social and Solidarity Economy Entities (EESS) rely on Banco Montepio as a strategic financial partner, with an integrated and personalised offer to meet their financial needs. At Banco Montepio, the Social and Solidarity Economy Entities are monitored by the Social Economy and Public Sector Commercial Division (DCESSP), a complementary area to the branch network, composed by a team from the north to the south of the country with specialised knowledge of the sector, its needs and different areas of activity.

As a result of the work carried out by the commercial teams, Banco Montepio had a penetration rate of 28% among Social and Solidarity Economy Customer segments (with a social purpose) in the first half of 2025, continuing the strategy of specialised monitoring of the Social Sector Customer base, which is assumed as a differentiating pillar.

To this end, it provides unique solutions, such as the ESocial Solution, an integrated solution of products, services and exclusive advantages for EESS, the Agreement Account, an overdraft facility (exclusive ceiling) for Private Institutions of Social Solidarity (IPSS) that facilitates treasury management, and Voluntary Insurance, personal accident insurance, illness and civil liability – mandatory for all institutions that rely on the collaboration of volunteers.

In terms of credit lines, Banco Montepio signed a contract with the European Investment Fund (EIF) for the Social Entrepreneurship Credit Line, which, from the start of its marketing at the end of 2024 until 30 June 2025, has financed over 24 million euros. These funded projects are making a significant contribution to expanding the network of facilities, increasing quality and incorporating innovation and sustainability into the EESS's social responses.

As a leading financial partner, Banco Montepio fosters relationships with the EESS, through commercial protocols that create a positive impact on society and enhance the operations of these institutions. These partnerships provide access to a range of benefits and advantages regarding Banco Montepio's products and services. Notable collaborations include agreements with the União das Misericórdias Portuguesas (UMP), the National Confederation of Private Social Solidarity Institutions (CNIS), the National Federation of Social Solidarity Cooperatives (Fenacerci), and the League of Portuguese Firefighters (LBP), among others.

Support to the Public Sector

Banco Montepio, through DCESSP, provides dedicated support to local Public Administrations, which are closest to the communities, such as *Câmaras Municipais* and *Juntas de Freguesia*. This includes active participation in public tenders, with awarded contracts and proposals for broader engagement, in line with the strategy of building Customer loyalty, expanding the Customer base, and attracting resources from these entities.

Support to Entrepreneurship and Social Innovation

Support for entrepreneurship and social innovation is an essential pillar for promoting sustainable development, social inclusion and the creation of innovative solutions to complex challenges. In this context, Banco Montepio offers access to a set of 24 protocols and partnerships⁸ with national, district and local

⁸These include the Braga Commercial Association (ACB); the Business Association of the Municipalities of Vila Franca de Xira and Arruda dos Vinhos (ACIS); the High Commission for Migration (ACM); the Baixo Ave Business Association (AEBA); the Business

entities, recognised for their experience in the field of social entrepreneurship and for offering protocolled lines of financing.

Microcredit

In the first six months of 2025, Banco Montepio made the following products available to Customers with an entrepreneurial spirit and a desire to create their own business:

- **Support Line for Entrepreneurship and the Creation of Own Employment (LAECPE)** – comprising the Microinvest and Invest+ lines, aimed at unemployed individuals registered with employment centres, under the protocol between Banco Montepio and the Institute for Employment and Professional Training, I.P. (IEFP), and the Mutual Guarantee Companies Norgarante, Garval, Lisgarante and Agrogarante, and seeks to fight economic and social exclusion, and long-term unemployment. In terms of financing, Banco Montepio has supported more than 50 projects, with funding of more than 1.2 million euros, contributing to the creation of more than 75 jobs;
- **E.mpreendedor Solution** – aimed at new businesses less than two years old, offering a selection of integrated products and services to support their activity;
- **Entrepreneur Solution** – aimed at companies in the growth phase, featuring a set of integrated products and services to support business consolidation and expansion.

Banco Montepio's active participation in the themes of Social Economy, Microcredit and Entrepreneurship and Social Innovation resulted in several actions developed in the first half of 2025, namely the presence at the EPIS Associates meeting – Entrepreneurs for Social Inclusion, ESG Week 2025 and Magic Firefly Campaign 2025, as previously mentioned.

Association of Fafe, Cabeceiras de Basto and Celorico de Basto (AEFAFE); the Business Association of Penafiel (AEP); the Business Association of the Lisbon Region (AERLIS); the Business Association of Sintra (AESintra); Amadora Inova of the Amadora Municipal Council; the National Association of Young Entrepreneurs (ANJE); the Business Advisors Association (B2A); the Beira Serra Development Association; the INOVAGAIA Business Centre in Vila Nova de Gaia; DNA Cascais; Dolmen – Local and Regional Development, CRL, in Amarante; FISOOT – Training, Social Integration and Job Opportunities; the Lions Club of Coimbra; the Santarém Region Business Association (NERSANT); Novos Percursos, CRL; Penha Empreende of the Penha de França Parish Council; Querer Ser – Association for Social Development in Rio Tinto (Gondomar); Redojeris+; Sol do Ave – Association for the Integrated Development of the Ave Valley; and Talentos – National Association of Trainers and Training Technicians.



BUSINESS ENVIRONMENT



Banco Montepio

BUSINESS ENVIRONMENT

ECONOMY

World Economy

The first half of 2025 was marked by the global trade war unleashed by the US President. After the announcement of the planned reciprocal tariffs on 2 April, the outlook for world growth was reduced and inflation expectations worsened, especially in the US. However, subsequently, the conclusion of trade agreements with lower tariffs mitigated the initial impact, allowing the main economies to show greater resilience than anticipated.

Thus, in its 29 July 2025 update of the World Economic Outlook (WEO), the International Monetary Fund (IMF) revised its global growth forecasts upwards from those published in April, from 2.8% to 3.0% for 2025 and from 3.0% to 3.1% for 2026. These values remain, however, below the 3.3% recorded in 2024 and the pre-pandemic historical average of 3.7%.

The IMF attributed the improved outlook to lower-than-expected tariffs, stronger financial conditions for households and companies and the favourable effect of the dollar's depreciation on emerging economies. It warned, however, that uncertainty persists, with trade tariffs and geopolitical tensions remaining the main risks to the macroeconomic outlook.

One of the regions that benefited most from the IMF's upward revision of its forecasts was the Eurozone, whose GDP growth estimate for 2025 was revised favorably by +0.2 p.p. to 1.0% (compared to 0.9% in 2024), remaining at 1.2% for 2026. This positive revision for 2025 mainly reflects an exceptional increase in Irish pharmaceutical exports to the US, resulting from front-loading and the opening of new production units.

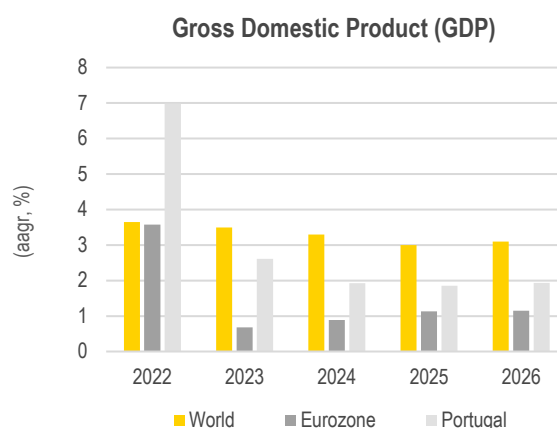
For the US, the IMF revised its GDP growth forecast for 2025 to 1.9% (+2.8% in 2024), 0.1 p.p. more than in April 2025, and projected 2.0% for 2026 (+0.3 p.p.).

The Chinese economy was the biggest contributor to the IMF's revised forecasts, which now anticipate GDP growth of 4.8% in 2025 (+5.0% in 2024), 0.8 p.p. more than in April 2025, due to the strong growth in the 1st quarter. For 2026, the IMF revised its forecast upwards by 0.2 p.p. to 4.2%.

For India, the IMF predicts growth of 6.4% in 2025 and 2026 (revised upwards by +0.2 p.p. and +0.1 p.p., respectively), with growth forecasts for Russia of 0.9% in 2025 (revised downwards by -0.6 p.p.) and 1.0% in 2026 (revised upwards by +0.1 p.p.) and for Brazil of 2.3% in 2025 and 2.1% in 2026 (revisions of +0.3 p.p. for this year and +0.1 p.p. for next year).

Regarding world inflation, the IMF predicts that the downward trend will continue, with global inflation falling to 4.2% in 2025 (+5.6% in 2024), which represents a downward revision of 0.1 p.p. compared to previous forecasts, while the projection of 3.6% for 2026 remains unchanged. However, it points out that the outlook hides significant differences between countries, with forecasts pointing to inflation remaining above target in the US and being more moderate in other major economies.

Regarding world inflation, the IMF predicts that the downward trend will continue, with global inflation falling to 4.2% in 2025 (+5.6% in 2024), which represents a downward revision of 0.1 p.p. compared to the April projections, while the estimate of 3.6% for 2026 is maintained. The IMF, however, notes that this framework conceals significant differences between countries, with inflation remaining above target in the US while showing greater moderation in other major economies



Source: IMF, Thomson Reuters and Banco Montepio (GEEF).

The IMF warns that the new trade tariffs, acting as a supply shock, are likely to be gradually passed on to US consumer prices, impacting inflation in the second half of 2025. On the other hand, in other economies, tariffs constitute a negative demand shock, lowering inflationary pressures.

Economy of the Eurozone

Economic activity in the Eurozone began 2025 with a chain-growth of 0.6% in the first quarter (up from 0.3% in Q4 2024), positively surprising the market. This result reflected, in particular, the strong performance of the Irish economy (+7.5% quarter-on-quarter), whose net exports to the US will have benefited from the anticipatory effect of customs tariffs, which were expected to be severely aggravated at the start of the second quarter.

There was a correction effect in the second quarter of 2025, with the region's economy growing by just 0.1% quarter-on-quarter and Ireland ending up slightly higher (+0.2%), contrary to the correction that had been expected (and which had been initially reported). The general outlook anticipates stabilisation in the third quarter – with Ireland expected to moderate from the strong growth at the start of the year – and a return to growth in the final quarter, albeit at a modest pace, constrained by the current adverse global context (trade tensions and ongoing military conflicts).

After the acceleration of the region's economy in 2024, with growth of 0.9%, benefiting from the gradual easing of the high inflation and interest rates that had conditioned activity in the previous year, a further slight acceleration is expected in 2025, but still to modest growth of 1.1%. This scenario is marginally more favourable than the most recent projections from the IMF (+1.0%)⁹ and is also slightly above the estimates from the European Commission (+0.9%)¹⁰, but marginally below that forecast by the ECB (+1.2%)¹¹ and the OECD (+1.2%)¹².

Throughout the first half of 2025, the downward trend in inflation that began at the end of 2022 continued, with the year-on-year rate standing at 2.0%, in line with the ECB's medium-term objective and below the 2.4% recorded at the end of 2024, which is already well below the peak of 10.6% recorded in October 2022. In average annual terms, inflation fell from 5.4% in 2023 to 2.4% in 2024 and is expected to continue its downward trend, reaching around 2.1% in 2025, although subject to upward risks arising from the worsening situation in the Middle East and the ongoing trade war.

Given the continued downward trend in both headline and underlying inflation, the ECB commenced, as expected, a cycle of key interest rate reductions in June 2024." Throughout the first half of 2025, this cycle continued with four additional cuts, at the January, March, April and June meetings. The main refinancing rate (refi rate) and the deposit facility rate stood at 2.15% and 2.00%, values that compare with 3.15% and 3.00%, respectively, at the end of the previous year.

Portuguese economy

The Portuguese economy began 2025 with a 0.3% contraction in GDP in the first quarter, in contrast to the indications provided by most monthly activity indicators. This result will have reflected, above all, a correction effect compared to the strong growth in the last quarter of 2024, which totaled +1.2%. In the second quarter of 2025 the economy returned, as expected, to positive territory, expanding by 0.7%, and should maintain average quarterly growth of close to 0.6% throughout the second half of the year.

On an annual average basis, a slight slowdown is expected in growth in 2025, with GDP rising by around 1.9%, following a 2.1% increase in 2024. The Portuguese economy should therefore continue to grow above the Eurozone, with the outlook for 2025 in line with the OECD projections (+1.9%)¹³, above those of the

⁹ As at 29 July 2025.

¹⁰ As at 19 May 2025.

¹¹ As at 11 September 2025.

¹² As at 23 September 2025.

¹³ As at June 2025.

Banco de Portugal (+1.6%)¹⁴ and the European Commission (+1.8%)¹⁵, but below those of the Government (+2.4%)¹⁶ and the IMF (+2.0%)¹⁷.

In terms of prices, there was a slowdown in the inflation rate over the first half of 2025, as measured by the year-on-year change in the HICP (Harmonised Index of Consumer Prices) to 2.1% in June, which is already close to the ECB's medium-term objective (having even fallen below it in March and May) and well short of the peak of 10.6% reached in October 2022, albeit with upside risks linked to the Middle East conflict and the ongoing trade war.

In the labour market, according to estimates by the National Statistics Institute (INE), there was a slight drop in the unemployment rate during the first half of 2025, from 6.5% in December 2024 to 6.1% in June 2025. In annual terms, a rate of 6.2% is expected in 2025, down from 6.4% in 2024.

After the reduction in the budget surplus to 0.5% in 2024, a further drop is expected in 2025, as already shown by the budget execution data for the first half of the year. The balance should be around 0.3%, a value included in the State Budget for 2025 and reiterated by the Government in the second notification of the Excessive Deficit Procedure (EDP) sent to the European Commission in September. The ratio of public debt to GDP should also continue on the downward path it began in 2021.

The household savings rate is expected to fall in 2025 to around 11.7%, after 12.5% in 2024, years that surprisingly beat the previous highs reached of 12.0% in 2020 and 11.0% in 2021, in the exceptional context of savings accumulation during the Covid-19 pandemic lockdowns, confirming the strong liquidity currently existing in the Portuguese economy.

FINANCIAL MARKETS

The first half of 2025 was marked by high market volatility, reflecting investors' concerns over the impact of the trade war initiated by US President Donald Trump. However, these concerns eased as the implementation of the tariffs was postponed or replaced by trade agreements offering more favourable conditions than those initially announced on 2 April 2025, resulting overall in a half-year of gains, particularly in the stock markets.

This positive sentiment was primarily supported by the resilience of economies amid the aforementioned trade war, the favourable results of stress tests on US banks (demonstrating resilience in the event of a severe recession), a strong earnings season for US companies, and more recently, the easing of inflationary pressures in the Eurozone, alongside a smaller-than-expected impact of Trump's tariffs on US inflation.

As a result, the world's major stock markets continued the recovery trend that began in 2023, posting gains across the US, Europe, Asia, and Latin America, with the MSCI World Index rising by 9.1%. Nonetheless, share prices fluctuated throughout the semester, influenced by the heightened risk of a global recession due to the trade war, the ongoing Russia-Ukraine war, and concerns over tensions in Eastern Europe and the Middle East, most recently intensified by the escalation of military conflict between Israel and Iran and US involvement.

Major US stock indices recorded positive gains in the first half of 2025, with the S&P 500 rising by 5.5% – reaching new all-time highs in February, falling sharply in April following Trump's tariff announcement, and recovering in May and June to reach all-time highs once again. The Nasdaq also rose by 5.5%, while the Dow Jones appreciated by 3.6%, approaching the all-time high recorded in December 2024.

In Europe, the upward trend was transversal to most European markets. The Eurostoxx 50 rose by 8.3%, the Portuguese PSI index by 16.9% and the French CAC 40 by just 3.9%. In sectoral terms, the highlights were the gains in banking (+29.1%), utilities (+17.3%), construction (+15.7%) and insurance (+15.3%).

In the US, sectoral performance was also mostly positive in the first half of 2025, with gains in industry (+12.0%), communication services (+10.6%), financial services (+8.4%, with banking gaining 13.0%), utilities

¹⁴ As at June 2025.

¹⁵ As at May 2025.

¹⁶ As at April 2025.

¹⁷ As at April 2025.

(+7.8%) and information technology (+7.7%). These results followed strong rises in 2024, when financial services grew by 35% (with banking up 40%), along with communications services and ICT. The Magnificent Seven¹⁸ rose by 2.5%, less than the other shares (+7.5%), after rising by 48.0% in 2024, three times as much as the others (+14.5%).

With the continuation of the key interest rate reduction cycle throughout the first half of 2025 – which began in mid-2024, following the fastest and most intense rate-hiking cycle in the ECB's history, culminating in September 2023 – Euribor rates fell over the semester (-77 b.p. for 3 months, -52 b.p. for 6 months, and -39 b.p. for 12 months), closing at 1.944% for 3 months, 2.049% for 6 months, and 2.072% for 12 months, reflecting a narrower spread across maturities.

Yields on benchmark public debt were mixed, rising at the longest maturities in Europe. In Germany, 2-year yields fell by 22 b.p. to 1.86%, reflecting the ECB's rate cuts, while 10-year yields rose by 24 b.p. to 2.61%, largely due to investors' reaction to Germany's defence and infrastructure investment plan, which could entail increased financing needs, higher inflation, and stronger economic growth, factors contributing to higher long-term yields.

In the US, yields on the 2-year fell 52 b.p. to 3.72%, while the 10-year declined 34 b.p. to 4.23%, moving away from the maximum observed since July 2007 on 19 October 2023 (4.99%).

Credit spreads showed favourable movements in the investment-grade CDS (Credit Default Swap) indices: the iTraxx Crossover index fell by 36 b.p. to 282.5 b.p., iTraxx Financials fell by 5 b.p. to 58.8 b.p., and iTraxx Main fell by 5 b.p. to 54.6 b.p. There was also a positive trend in the public debt yield spreads of most peripheral Eurozone countries, with Italy leading (-29 b.p. to 87 b.p.), followed by Greece (-16 b.p. to 69 b.p.), Spain (-6 b.p. to 63 b.p.) and Portugal (-3 b.p. to 45 b.p.), which remained below Spain's spread. Only Ireland saw a slight increase (+4 b.p., to 31 b.p.). The easing of spreads reflected, in particular, the easing of inflationary pressures in the Eurozone and the resilience of economies to the protectionist measures imposed by Donald Trump.

The general commodity indices saw mixed movements in the first half of 2025, with the CRB Index composite index up 0.2% and the GSCI down 1.2% (after rising 2.6% in 2024). The GSCI was weighed down by the energy components, which carry the greatest weight in the index, falling 7.6%, amid declines in Brent and WTI (West Texas Intermediate) prices of 9.4% and 9.2%, respectively (European gas prices fell 35.8% in H1, after +56.5% in 2024 and -56.8% in 2023), and agricultural prices (-7.7%), while base metals (+6.2%), livestock (+18.4%) and precious metals (+25.1%) provided support.

FINANCIAL SYSTEM

Despite the economic and geostrategic vulnerabilities, with an impact on both the activity of economic agents and financial entities, the Portuguese banking system continued to show resilience, with equity and liquidity levels reaching historic highs. The downward cycle in interest rates, which began in the second half of 2024, has led, on the one hand, to greater dynamism in lending, especially to individuals, but, on the other, to a reduction in net interest income, which is reflected in the levels of profitability recorded.

According to Banco de Portugal¹⁹, in the first half of 2025, return on assets (ROA) and return on equity (ROE) fell compared to the same period in 2024, to 1.36% (-0.11 p.p.) and 14.85% (-1.44 p.p.), respectively. The decrease in the European Central Bank's key rates was decisive for the drop in net interest income, which fell 7.9% in the period of one year. Also contributing favourably to the year-on-year comparison of results between June 2024 and June 2025 was a 44% reduction in net allocations to provisions and impairments, which brought the cost of credit risk ratio down to 0.10% (-2 b.p. versus June 2024). The cost-to-income ratio increased by 3.6 p.p. year-on-year to 41.9%, reflecting a 5.2% increase in operating costs and a 3.9% reduction in operating income in the Portuguese sector as a whole.

¹⁸ The Magnificent Seven is the name used in the markets for the seven US tech mega-caps whose weight has had a significant influence on stock indices.

¹⁹ As published by Banco de Portugal (Portuguese banking system: recent developments, 2nd quarter 2025).

In turn, credit quality²⁰ showed a favourable evolution, with the NPL ratio in Portugal slightly falling from 2.4% in December 2024 to 2.3% in June 2025 (2.6% in June 2024). In corporate loans, the NPL ratio fell to 4.0% in June 2025 (4.2% in December 2024 and 4.9% in June 2024). The NPL ratio for loans to individuals stood at 2.2% in June 2025, down 0.1 p.p. from December 2024, with mortgage loans falling to 1.1% and stabilization in consumer loans at 6.1% when compared to December 2024.

The liquidity coverage ratio decreased by 10.2 p.p., from 271.9% in December 2024 to 259.9% in June 2025, while the total capital and Common Equity Tier 1 (CET 1) ratios decreased by 0.2 p.p. and 0.1 p.p., to 20.4% and 17.9%, respectively, compared to December 2024.

The system's liquidity has benefited from the growth in the private sector's deposit base (individuals and non-financial companies), which reached around 266 billion euros in June 2025, the highest value since December 1979. This performance was strongly influenced by the increase in household disposable income, despite the downward trend in the rates of return on new term deposits, which in turn reflects the cycle of reductions in key rates by the ECB.

Regarding financing the economy, loan growth to private individuals stands out, particularly for housing, where average monthly production in the first six months of 2025 (approximately 1.1 billion euros) more than doubled that of 2024.

It should be noted that, according to Banco de Portugal²¹, contracts with borrowers aged up to 35 accounted for 58.9% of the total amount granted in new contracts between January and June 2025 (54.7% of the number of contracts), furthermore, contracts covered by the state guarantee (Decree-Law No. 44/2024 of 10 July, regulated by Ministerial Order No. 236-A/2024/1 of 27 September) represented 37.4% of the number of contracts and 39.8% of the amount granted for new contracts for the purchase of Own Permanent Housing (HPP) concluded with borrowers aged up to 35. Between January and June 2025, 2.1 billion euros were contracted in housing loans with a state guarantee (10.7 thousand permanent housing loan contracts), and at the end of that period, 25.9% (280 million euros) of the total amount allocated by the state as a guarantee under this scheme had been used.

On the other hand, loans to companies grew by 2.8% in 2025, 80% of which went to micro-enterprises. As for the sector of activity, "other activities" (which includes agriculture, fishing and services) and "construction and real estate activities" continue to be the aggregates with the most significant annual rates of change (annual growth of 7.7% and 7.1%, respectively, in June 2025), while the most significant aggregate in terms of the volume of credit granted continues to be "Trade, Transport, Restaurants and Hotels" (33.5% of the total in June 2025).

MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2025

Throughout the second half of 2025, the outlook for a continuation of the gradual downward trend in inflation and employment growth at a global level, as well as the continuation of interest rate cuts – in this case only in the US and at lower levels than previously forecast – should help offset the necessary fiscal tightening in some countries, and the resilience of the main economies is expected to be maintained.

However, these prospects of relatively steady global growth mask divergences between countries and economic blocs and remain surrounded by high uncertainty and downside risks, namely worsening trade tensions and protectionism, the possible escalation of geopolitical conflicts and challenges to fiscal policies in some countries.

In its 29 July update of the World Economic Outlook (WEO), the IMF maintained a cautious tone regarding global economic risks. Despite the upward revision of growth projections, it noted that the balance of risks to the outlook remains tilted to the downside. Among the main risks is a further increase in effective tariff rates, which could lead to weaker growth. According to IMF simulations, global economic growth in 2025 would be

²⁰ As published by Banco de Portugal (Portuguese banking system: recent developments, 2nd quarter 2025).

²¹ As disclosed by Banco de Portugal (BPstat) in July 2025.

around 0.2 p.p. lower if the maximum tariff rates announced on 2 April and those outlined in the letters sent by 14 July were implemented.

In addition, an escalation of geopolitical tensions – particularly in the Middle East or Ukraine – could trigger new adverse supply shocks in the global economy, while fiscal vulnerabilities may become more pronounced, with implications for financial markets and potential repercussions for the real economy.

Against this backdrop, the IMF recommends that countries reduce the uncertainty induced by economic policies by promoting clear and transparent trade structures. In terms of monetary policy, the IMF states that central banks must carefully calibrate monetary policies to the specific circumstances of each country in order to maintain price and financial stability, in a context of prolonged trade tensions and evolving tariffs.

In global terms, a series of risks and uncertainties persist regarding the prospects for global growth: *i)* current tension in the Middle East with a focus on the Israel/hamas conflict; *ii)* the war in Ukraine continues; *iii)* the intensity of the downward trend in interest rates and the respective end point; *iv)* the ability of economies to avoid a stagflation scenario (the risks to the US labour market have recently increased); *v)* the potential impact of monetary tightening in 2022-2023 on the level of default by economic agents and the consequences for the stability of the financial system; *vi)* uncertainty regarding the intensity and degree of implementation of Trump's protectionist measures (the US agreements with China and the European Union still have several open questions).

At a national level, the economy will also be conditioned by the risks identified for the global economy, in addition to the sustainability of prices in the housing market, which have more than doubled in the last ten years.

According to Banco de Portugal's latest Economic Bulletin (June), the risks surrounding projections for the Portuguese economy are tilted to the downside for economic activity and are balanced for inflation. Growth could be lower if global trade tensions intensify, if economic uncertainty persists, or if there are delays or difficulties in the implementation of European Union funds. Conversely, the resolution of armed conflicts and an increase in defence spending in Portugal could positively impact economic activity. Maintaining the macroeconomic balance of the Portuguese economy is a necessary condition for dealing with an unfavourable international environment.

In terms of economic activity, according to the Banco de Portugal, a worsening of trade tensions would have a greater impact on global supply chains, world trade and foreign demand for Portugal. US economic policies, including the budget, could also have further adverse effects on confidence and on the financial and currency markets, reinforcing the negative impact on activity. The downside risks associated with the prolongation of current armed conflicts also remain. Difficulties in the full implementation of European Union funds constitute a downside risk for investment. Similarly, an increase in uncertainty can increase private savings, with a negative impact on consumption. On the other hand, the resolution of armed conflicts could lead to a recovery in activity in Europe, with a positive effect on external demand for Portugal. The increase in defence spending in Portugal, within the framework of international commitments, is also an upside risk for the activity.

In terms of inflation, the Banco de Portugal considers that the downside risks are associated with the possibility of a weakening of economic activity. These risks could be exacerbated by a scenario of greater penetration of Asian products in Europe, resulting from barriers to entry into the US market, with an impact on the prices of imported goods. However, a potential retaliation by the European Union against the tariffs imposed by the US would have the opposite effect on the import deflator.

With regard to the financial system, the cycle of falling interest rates mentioned above is one of the biggest challenges for 2025, due to its potential impact on the profitability of banks in Portugal. This situation could result in increased focus on other components of operating income generation and on the efficiency of operating cost management, in line with the conclusions of the latest Risk Assessment Questionnaire (RAQ) by the European Banking Authority (EBA) of May 2025.

The decline in economic agents' confidence due to global uncertainty tends to suppress spending decisions, particularly investment, with repercussions for business activity. The companies most affected by state trade

policies and/or the downturn in consumption could suffer impacts that could extend to job creation. Banks' lending activity, both in terms of lending dynamics and portfolio quality, could therefore be adversely affected.

The situation in the real estate market continues to pose a risk to economic activity and the financial system, with signs of overvaluation in the Portuguese residential property sector persisting since 2019 and the inherent risk of correction. In June, bank appraisal prices recorded their 19th consecutive rise, having only shown 11 monthly falls in the last 11 years (since the historic lows seen in April 2014). This aspect has been reiterated by Banco de Portugal, with the sharp rise in residential property prices driven by higher disposable income, demand from both domestic and foreign buyers, rising construction costs, and a slow adjustment in supply. In the Portuguese real estate market, and despite the historically low level of the cost of risk ratio (practically zero), the evolution of the performance of loans for house purchase and loan impairments in a scenario of economic deterioration and higher unemployment remains uncertain.

The new challenges to the sustainability of the business model, climate and environmental factors (transition risks and physical risks) and the mitigation of risks inherent in technological innovations – not only those related to the prevention of digital fraud, but also a new aspect related to the level of concentration of suppliers of systems considered critical – are gaining weight in risk analysis. To address the latter, the DORA (Digital Operational Resilience Act) regulation came into force on January 2025, with the aim of ensuring greater digital operational resilience in the financial sector.

The insufficient information available on the extent of the interconnection between the banking sector and the non-bank financial sector has led supervisors and regulators to strengthen the monitoring of the non-bank financial sector, warning of its potential systemic risk.

In addition, there are pressures on operational risk, especially with regard to cybersecurity, in a context of high demand for information technologies, in order to respond to commercial and compliance needs. In this context, fintechs operating low-cost business models are likely to capture increased revenue within niche segments, reinforcing the role of digital transformation and Artificial Intelligence as key drivers of innovation within the banking sector.

FINANCIAL INFORMATION



Banco Montepio

ACTIVITY BY SEGMENTS

In line with the strategy defined by the Banco Montepio Group and with a focus on the optimisation and efficiency of the business structure, Banco Montepio's commercial segmentation is distributed and organised internally as follows:

Retail Banking	North and Centre Commercial Division (DCNC)	It includes Individuals, Sole traders, Small and Medium Enterprises (up to an annual turnover threshold of 4 million euros) and Micro Enterprises, all companies whose main activity is construction and the local public sector on the islands only. This business is mainly generated through the branch network, electronic channels and the network of promoters.
	South and Islands Commercial Division (DCSI)	
Corporate and Investment Banking	Corporate Banking Division (DBE)	Encompasses Large Companies, Small and medium enterprises, and financial institutions, as well as the activity developed in the area of investment banking.
	Investment Banking and Specialized Business Division (DBINE)	
Social Economy	Social Economy and Public Sector Division (DCESSP)	It incorporates Customers from the Social Economy and Local Public Sector business areas, closely accompanying and supporting IPSS (Private Institutions of Social Solidarity), non-profit organisations, parish councils and municipalities in mainland Portugal.
Local Public Sector		
Specialised Credit (Consumer and Automobile)	Montepio Crédito	It incorporates the consumer credit business developed essentially through the subsidiary Montepio Crédito. As part of the ongoing Triple A Programme, the strategic decision was made to concentrate the entire business segment in the group's specialised entity.

RETAIL BANKING

The Retail Banking segment corresponds to all the activity carried out by the BM Group in attracting and managing Individuals, Sole traders, and a sub-segment of Small and Medium-sized Companies, with an annual turnover of 4 million euros or less, with the exception of Companies in the construction sector, which are accompanied by the Retail Network, regardless of their size. It should be noted that the allocation is carried out in accordance with the integrated perspective of the Economic Group, across all segments.

This business area is fundamentally generated through the branch network, electronic channels, the network of promoters, and also relies on the support of the representative offices in promoting the Banco Montepio brand and its products and services.

The financial information of this segment thus covers, traditional Retail Banking products and services, among others, mortgage loans, consumer credit and loans for other purposes and, loans to retail Companies, demand and term deposits, and other investment of savings, retirement solution products, like retirement savings plans (PPR), debit and credit cards, services for management of accounts and means of payment, services for placement of investment funds and for purchase and sale of securities and custody, loans for treasury and investment purposes, leasing, factoring and renting, as well as the placement of insurance and non-financial services.

During the first half of 2025, the pilot project to concentrate the Personal Credit and Car Loans business in the subsidiary Montepio Crédito began, capitalising on the knowledge and experience of this specialised institution, with Banco Montepio now acting as the respective credit intermediary, so the indicators presented

reflect this organisational change, with an impact on the distribution of activity and results between the business segments.

A list of key indicators of the Retail Banking segment is given below, in accordance with the segmental reporting of IFRS 8 and presented in the notes to the consolidated financial statements of this report.

Summary of indicators - Retail Banking				(million euros)	
	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Income Statement					
Net interest income ¹⁾	146.3	366.9	154.1	7.8	5.3
Net fees and commissions	52.4	107.1	53.6	1.3	2.4
Total operating income	199.0	474.9	208.1	9.1	4.6
Operating costs ²⁾	39.0	80.1	40.2	1.2	3.2
Operating income before impairment	160.0	394.7	167.9	7.9	4.9
Balance Sheet					
Loans to Customers (gross)	7 730	8 008	8 299	568.8	7.4
Customer deposits	11 671	12 121	12 352	681.2	5.8

1) Net interest income including the liquidity premium and campaign neutralization.

2) Direct operating costs only.

CORPORATE AND INVESTMENT BANKING

The Corporate and Investment Banking segment works to attract, manage and monitor corporate Customers, as well as other entities and groups with an annual turnover of more than 4 million euros, individually or consolidated, and in an integrated economic group logic.

Under the responsibility of the Corporate Banking Division (DBE), it reflects the integrated activity that was previously carried out by BEM, through the commercial structure dedicated to this segment, as well as the business with institutional Customers, Central Administration and Public Entities, and the business carried out in the Investment Banking area.

DBE's activities take into account the specificities of the respective sub-segments: i) Companies with an annual turnover of more than 4 million euros and up to 150 million euros; ii) Large Companies with a turnover of more than 150 million euros; iii) Institutional, comprising the Central Administration and Public Entities belonging to the State Business Sector, excluding Parish Councils and Municipalities (under the main management of DCESSP); investment fund management companies, investment funds, insurance companies, other sports and collective entities (excluding social support entities) and iv) the Participated entities of the Montepio Group - Associação Mutualista.

The Corporate Banking area supports its Customers throughout all the stages of their business cycle, with specific solutions for every need. Among the products and services offered are those related to treasury and investment loans, commercial discounting, guarantees provided, factoring and confirming foreign operations, such as documentary credits, checks and remittances, payment and receipt services and custody.

The Investment Banking area – which incorporates the Corporate Finance, Capital Markets, Financial Advisory and Structuring and Debt and Equity Distribution areas –, under the responsibility of the Investment banking and specialized business Division (DBINE), operates in a complementary approach, supporting the capitalisation and strengthening of companies with restructuring solutions, thus contributing to investment and the sustainable growth of the Portuguese private sector.

A list of key indicators of the Corporate and Investment Banking segment is given below, in accordance with the segmental reporting indicated in IFRS 8 and presented in the notes to the consolidated financial statements of this report.

Summary of indicators - Corporate and Investment Banking

	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Income Statement					
Net interest income ¹⁾	43.0	92.5	38.2	(4.8)	(11.1)
Net fees and commissions	8.8	18.0	9.5	0.7	7.0
Total operating income	51.2	109.4	47.5	(3.7)	(7.3)
Operating costs ²⁾	4.6	9.2	4.7	0.1	1.3
Operating income before impairment	46.6	100.2	42.8	(3.8)	(8.1)
Balance Sheet					
Loans to Customers (gross)	2 929	2 985	3 036	107.3	3.7
Customer deposits	1 061	1 296	1 454	393.9	37.1

1) Net interest income including the liquidity premium and campaign neutralization.

2) Direct operating costs only.

All the other segments, which comprise consumer credit (namely personal loans, car loans and other purposes loans), are analysed individually herein, by the respective Subsidiary in the “Subsidiary companies” Section this report.

SOCIAL ECONOMY

The Social Economy segment embodies Banco Montepio's unique positioning with its various stakeholders as a leading player in this niche market, innately incorporating ESG (Environmental, Social and Governance) principles, with a natural emphasis on the social component.

Reflecting the importance of this segment to the Group's values and principles, a dedicated first-line commercial unit has been established, specialising in supporting these distinctive Customers, internally referred to as the Social Economy and Public Sector Commercial Division (DCESSP). In addition, from an organisational perspective, it also covers the business of local public sector entities closer to the communities, namely parish councils and municipalities.

This division's mission is also to promote and strengthen Banco Montepio's role as a reference agent for the Social Economy, Microcredit, Entrepreneurship and Social Entrepreneurship, in the market and with the different stakeholders.

The key indicators of this segment are presented in the table below.

Summary of indicators - Social Economy

	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Income Statement					
Net interest income ¹⁾	7.0	20.2	7.5	0.5	7.2
Net fees and commissions	1.2	2.4	1.2	0.0	(0.3)
Total operating income	8.1	22.4	8.6	0.5	5.7
Operating costs ²⁾	1.6	3.3	1.6	0.0	0.0
Operating income before impairment	6.5	19.1	7.0	0.5	7.1
Balance Sheet					
Loans to customers (gross)	300	303	319	18.3	6.1
Customer deposits	910	948	1 099	189.4	20.8

1) Net interest income including the liquidity premium and campaign neutralization.

2) Direct operating costs only.

SUBSIDIARY COMPANIES

MONTEPIO CRÉDITO – INSTITUIÇÃO FINANCEIRA DE CRÉDITO, S.A.

Montepio Crédito – Instituição Financeira de Crédito, S.A. (Montepio Crédito), 100% owned by Banco Montepio, through Montepio Holding, SGPS, S.A., provides consumer credit in the automobile, home and services sectors, and equipment, complemented by a range of solutions aimed at Individuals, Companies and Institutions of the Social Economy sector, in conjunction with DCESSP, Banco Montepio's division dedicated to this segment.

Montepio Crédito solid relationship with its partners, combined with accumulated experience and a team of specialised professionals, allows it to provide an excellent service and personalised support to its Customers, offering a diversified selection that covers personal credit, car loans, operating leases (renting), equipment leasing and long-term rental (ALD).

Awards and distinctions

At the beginning of 2025, Montepio Crédito received several awards in recognition of its performance in 2024.



Five Stars 2025 Award, in the Sustainable Financing category, awarded by Five Stars Consulting;

No. 1 Brand Professionals' Choice 2025, in the category of Consumer Credit Companies, an award awarded by ConsumerChoice – Consumer Satisfaction Assessment Centre;

Recommended Brand by the Complaint Portal, an award given by Consumers Trust.



Brand Image

At the beginning of 2025, Montepio Crédito adopted a new image and brand signature. This initiative marked the beginning of a new strategic cycle, aligned with the commitment to evolve and adapt to the growing demands of customers and the market, and is part of the Triple A Programme (*Authentic, Ambitious and Agile*), which guides the new strategic cycle of the Banco Montepio Group. The new image respects Montepio Crédito's legacy and projects a promising future, reinforcing the Group's visual identity and cohesion by aligning itself with the parent brand, Banco Montepio.

This update reflects the core values of the organisational culture, founded on principles of humanism, transparency and sustainability, while also underscoring the agile and innovative approach that characterises Montepio Crédito in its service to each Customer and Partner.

"Damos Valor ao Futuro" is the new brand signature that symbolises Montepio Crédito's promise to offer financial solutions adapted to the needs of each Customer. Along with the new image, a new institutional website was launched, designed to improve the Customer experience, promoting simplicity and convenience.

Main Activity and Results Indicators

The indicators presented reflect Montepio Crédito's accounts on an individual basis, in which the securitisation operations are treated differently from the consolidated financial statements, the notes held and the related accounting movements are shown, which are subject to adjustment in the consolidated accounts.

On 30 June 2025, Montepio Crédito net assets totalled 665.4 million euros, an increase of 75 million euros or +12.7% compared to the same period last year, driven by business growth at a higher rate than historically observed and reflecting the Banco Montepio Group's new strategic cycle, with a clear focus on strengthening the consumer credit area. In this context, the heading Loans and advances to Customers, net of impairment, grew by 12.4% to 633.9 million euros, increasing this credit institution's balance sheet by around 70 million euros.

At the same time, reflecting the need to finance the growth in activity, a capital increase was carried out at Montepio Crédito by the parent company in October 2024, evidenced in the evolution of equity, which increased by 13.2 million euros compared to the same period last year, with the remainder of the funding needs being met by increasing liabilities, through the increased use of lines with Banco Montepio. Shareholders' equity stood at 74.3 million euros on 30 June 2025, an increase of 13.2 million euros compared to the same period last year, positively impacted by the 4.2 million euros increase in net profit for the period attributable to the shareholder, offset, however, by the 5.6 million euros reduction in the heading Other reserves and retained earnings, due to the accumulation of losses from the previous year, and also benefited from the 15 million euros increase in share capital, to a paid-up value of 45 million euros.

Total operating income grew strongly in the first half of 2025, reaching 7.9 million euros, compared to 1.6 million euros in the same period last year (an additional 6.3 million euros). This improvement is essentially supported by the positive evolution of Net interest income, which increased by 6.4 million euros in the period, benefiting from both the price effect and the volume effect, due to the growth in activity. Montepio Crédito's net interest income rate benefited from the context of falling market interest rates, in which the vast majority of the loan portfolio is contracted at fixed rates, while Montepio Crédito's funding is globally constituted at variable rates. In turn, the increase in activity also had an impact on the growth in interest on the Loans to Customers portfolio compared to the same period last year.

Net fees and commissions also contributed to the increase in operating income, with an increase of 1.0 million euros compared to the same period last year, showing the fruits of the new strategic cycle of investment in the consumer credit business segment. On the other hand, Results from Assets and liabilities at fair value through profit or loss, which reflect the effect of the amortisation of contracts related to the Pelican Finance 2 securitisation operation, fell by 1.2 million euros compared to 2024, offset by the accounting net interest income.

Operating costs amounted to 6.5 million euros at the end of June 2025, representing an increase of 0.8 million euros compared to the same period in the previous year (+13.6%), determined by the increase in General administrative costs (+0.4 million euros), Staff costs (+0.4 million euros), reflecting, on the one hand, the growth of the business and, on the other, one-off costs linked to staff management and optimisation.

As a result, Operating income before impairments and provisions totalled 1.4 million euros in the first half of 2025, reflecting an improvement of 5.5 million euros compared with the first half of 2024. In turn, Impairments and provisions totalled 0.5 million euros in 2025, 0.3 million euros more than in the same period of the previous year, reflecting the increase in Loan impairments of the same magnitude.

The good business performance associated with the context of falling interest rates made it possible for Montepio Crédito to return to positive territory, with Net income for the first half of 2025 amounting to 0.6 million euros, which compares with a loss of -3.6 million euros in the same period of the previous year.

Activity and Results

(million euros)

	Jun-24	Dec-24	Dec-24	Change YoY	
				Amount	%
Total assets	590.5	610.0	665.4	75.0	12.7
Loans to customers (net)	564.0	586.3	633.9	69.9	12.4
Equity	61.0	72.4	74.3	13.2	21.7
Total operating income	1.6	4.9	7.9	6.3	>100
Operating costs ¹⁾	5.7	12.4	6.5	0.8	13.6
Net operating income before impairment and provisions	(4.1)	(7.4)	1.4	5.5	>100
Net income	(3.6)	(6.8)	0.6	4.2	>100

¹⁾ Includes Staff costs, General and administrative expenses and Depreciation and amortisation.

MONTEPIO INVESTIMENTO, S.A.

Montepio Investimento, S.A., a bank 100% controlled by Banco Montepio Group, through Montepio Holding, SGPS, S.A., adopted the commercial name of Banco de Empresas Montepio (referred to as BEM for short in this report), on June 2019, and began to develop Commercial Banking and Investment Banking activities on an aggregated basis, with the objective of making available to the market a complete, integrated and global service offering. As part of the Group's simplification strategy, aimed at streamlining and maximising efficiency in various dimensions, and in line with market trends, it was deliberated in August 2022 the reorganisation and integration of BEM into Banco Montepio, as well as to carve out most of its activity to the parent company.

In this context, on 8 September 2023, Montepio Holding entered into a Share Purchase Agreement ("SPA") with RAUVA Enterprises, S.A. with a view to the sale of 100% of the share capital of BEM, the closing of which is currently subject to obtaining the necessary authorisations from the supervisory and regulatory authorities.

The integration of BEM's activity into Banco Montepio was achieved through a harmonious operation, divided into several phases. In November 2023, through BEM's subscription to Banco Montepio's capital increase, new contributions in kind were made amounting to 178,775 thousand euros, corresponding to the net value of BEM's assets. On December 2023, the General Meeting of Banco Montepio deliberated to reduce the Bank's capital by 144,188 thousand euros through the cancellation of the shares subscribed by BEM in the aforementioned capital increase. The consideration received by BEM amounted to 178,755 thousand euros, which includes the issuance premium of 34,587 thousand euros. In July 2024, BEM's Board of Directors decided to reduce its share capital by 150 million euros, the amount corresponding to the shares wholly owned by Montepio Holding.

Following this carve-out operation and transfer of activity to Banco Montepio, BEM no longer has business centres and Employees at its service, as well as its governance and internal control structure having been adjusted, in accordance with a principle of proportionality and in compliance with the respective legal and regulatory obligations, in view of the reduction of its activity and balance sheet, until the date of the effective conclusion of the sale of the shareholding.

Until the sale is completed, BEM will continue to manage the remaining assets and liabilities from the carve-out operation, and the financial statements therefore show the impact of this transfer of activity and reduction in capital on the balance sheet and income statement items. Thus, BEM's accounts as at 30 June 2025 reflect an institution with very limited activity, awaiting the completion of the sale process, showing a balance sheet composed almost entirely of deposits with the parent company and an income statement that reflects, on the one hand, the income generated by the investment of liquidity and, on the other, the costs of the structure that remain until the completion of the sale to RAUVA Enterprises, S.A.

Thus, at the end of the first half of 2025, BEM's Net assets remained practically unchanged compared to the close of 2024, at 38.7 million euros, with a reduction of 150.7 million euros compared to the same period last year, essentially reflecting the 149.3 million euros reduction in Equity, following the 150 million euros Share capital reduction operation carried out in July 2024. As a result, BEM's liquidity decreased, as reflected in the reduction of the heading Cash and deposits at credit institutions'.

In this context of the objective of selling this subsidiary, BEM presented an Operating income before impairments and provisions was of only 0.3 million euros in the first half of 2025. Operating income amounted to 0.5 million euros in this period, a drop of 1.2 million euros compared to the previous year, due to the lower contribution from interest received as a result of the reduction in available liquidity due to the reduction in Share capital. Net interest income amounted to 0.3 million euros in the first six months of 2025 and was associated with interest on deposits held with Banco Montepio.

At the same time, reflecting the reduction in activity and in the respective balance sheet, Operating costs also fell, standing at 0.2 million euros. In turn, Operating Profit (before Impairments and Provisions) amounted to 0.3 million euros in the first half of this year, a drop of 1.2 million euros compared to the same period last year.

Net income stood at 0.3 million euros (1.1 million euros in the same period last year) and reflects the impact of the integration of BEM's activity into Banco Montepio.

The key indicators of BEM are presented in the following table.

Activity and Results					
	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Total assets	189.3	38.9	38.7	(150.7)	(79.6)
Equity	187.8	38.2	38.5	(149.3)	(79.5)
Total operating income	1.8	2.6	0.5	(1.2)	(70.1)
Operating costs ¹⁾	0.3	0.5	0.2	(0.1)	(29.0)
<i>Cost-to-Income</i>	14.9%	18.1%	35.4%	20.5 p.p.	
Net operating income before impairment and provisions	1.5	2.1	0.3	(1.2)	(77.3)
Net income	1.1	1.5	0.3	(0.8)	(72.4)

1) Includes Staff costs, General and administrative expenses and Depreciation and amortisation.

SSAGINCENTIVE - SOCIEDADE DE SERVIÇOS AUXILIARES E GESTÃO DE IMÓVEIS, S.A.

SSAGINCENTIVE – Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A. (SSAGINCENTIVE) is 100% controlled by Banco Montepio through Montepio Holding SGPS, S.A., and its corporate purpose is the transaction and management of real estate properties. The evolution of this company's financial statements is closely linked to the execution of the Banco Montepio Group's Real Estate Reduction Plan, so the main mission of this subsidiary is to achieve the sale of the properties held in the portfolio (and without new entries). Thus, the entity's financial statements reflect a continued deleveraging trajectory, accompanied by a corresponding reduction in the heading Inventories on its Balance Sheet.

As at 30 June 2025, SSAGINCENTIVE's assets stood at 53.5 million euros, practically at the same level as the previous year, but with changes in terms of structure. In fact, as mentioned, SSAGINCENTIVE has been delivering in accordance with the objectives defined in the Banco Montepio Group's Real Estate Reduction Plan, contributing by selling the properties remaining on its balance sheet and without additional activity.

As a result of this continued deleveraging, compared to the end of 2024, there was an increase in Cash and deposits at banks of 2.4 million euros, reflecting deposits made with the parent company, and in other accounts receivable (+0.5 million euros), offset by a decrease in inventories (-2.4 million euros) and the State and other public entities (-0.3 million euros).

The heading Inventories reflects the acquisitions made in the past from Banco Montepio, related to properties for sale, namely fractions of properties valued at market value, which still remain to date, pursuing the objective of selling them, included in the overall plan to reduce exposure to real estate, in consolidated terms. At the end of June 2025, the heading Inventories amounted to just 5 million euros, less than half the value for the same period in the previous year (a reduction of 5.3 million euros or -51.7%, and -32.3% compared to the end of 2024), which reflects SSAGINCENTIVE's contribution to the targets set for this component.

Equity stood at 53.3 million euros and was the main source of funding for Assets, accounting for 99.6%, in line with previous periods.

SSAGINCENTIVE's Net Profit for the first six months of 2025 was positive at 0.5 million euros, an increase of the same amount compared to the same period last year. This evolution was essentially determined by the reduction in Impairment charges for inventories (-0.46 million euros), the increase in Interest and similar income (+0.12 million euros) which, on the whole, made it possible to offset the drop in Gross margin (-0.02 million euros).

The heading Interest and similar income earned shows the remuneration on deposits held by SSAGINCENTIVE with Banco Montepio, which stood at 0.5 million euros in the first half of this year.

In the same period, and in line with the objectives set out in the Banco Montepio Group's Real Estate Reduction Plan, 15 properties were sold, generating capital gains of 0.14 million euros, this compares with

the sale of 23 properties and capital gains of 0.2 million euros in the same period of 2024, in a trajectory of accelerated portfolio reduction, in line with the Banco Montepio Group's strategy of disposing of non-core assets and simplifying its shareholding structure.

The key indicators of SSAGINCENTIVE are presented in the following table.

Activity and Results	(million euros)				
	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Total assets	53.2	53.3	53.5	0.3	0.6
Inventories	10.4	7.4	5.0	(5.3)	(51.7)
Equity	52.7	52.8	53.3	0.6	1.1
Total operating income (before financing costs and taxes)	(0.4)	(0.9)	0.0	0.5	>100
Net income	0.0	0.1	0.5	0.5	>100

SOLVENCY AND LIQUIDITY

SOLVENCY

At the end of June 2025, Banco Montepio's Common Equity Tier 1 (CET1) ratio on a consolidated basis was 16.3%, representing a substantial buffer of 7.3% above the minimum regulatory requirement set by the supervisory authority (9.02%). At the same time, the Total capital ratio stood at 19.5%, likewise reflecting a comfortable buffer relative to the minimum regulatory requirement (13.87%). Also in terms of solvency, the leverage ratio remained stable at 6.7%, comfortably above the minimum benchmark set by the Basel Committee on Banking Supervision (3%).

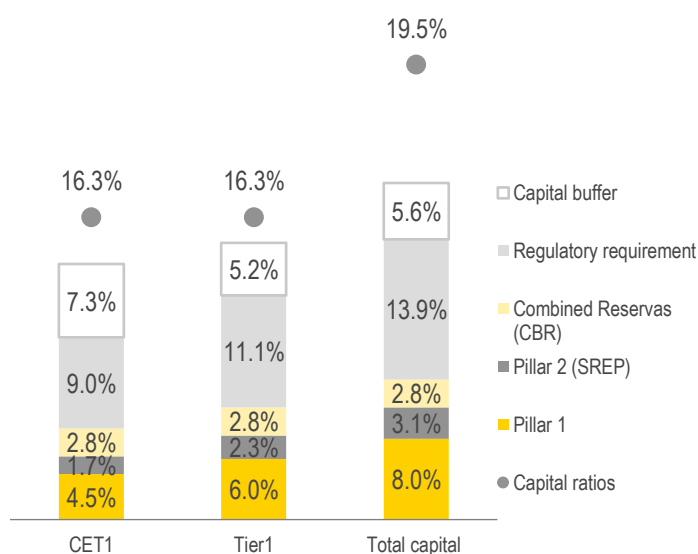
The MREL TREA ratio, calculated on the total amount of exposures: The MREL – Minimum Requirement for Own Funds and Eligible Liabilities and TREA – Total Risk Exposure Amount, corresponding to a percentage of total risk-weighted assets (RWA), stood at 26.87% at the end of the first half of the year, providing a comfortable margin above the minimum requirement in force, as communicated by the Banco de Portugal (23.54% since 1 January 2025, including the combined own funds buffer requirement). In turn, the MREL LRE ratio, calculated based on the total leverage ratio exposure (LRE), stood at 11.1% on 30 June 2025, well above the minimum requirement (5.33% in force since 1 January 2025).

In August 2025, Banco Montepio was notified of the new MREL requirements to be met as of 30 September 2025, as determined by the resolution authorities, corresponding to a minimum MREL TREA ratio of 21.68% and a minimum MREL LRE ratio of 5.30% on a consolidated basis. Considering the combined capital buffer requirement (2.77% as of 30 June 2025), the total requirement on a TREA basis amounts to 24.45%, confirming the adequacy of the levels achieved by the Bank, as reflected in the comfortable margins above the newly defined requirements.

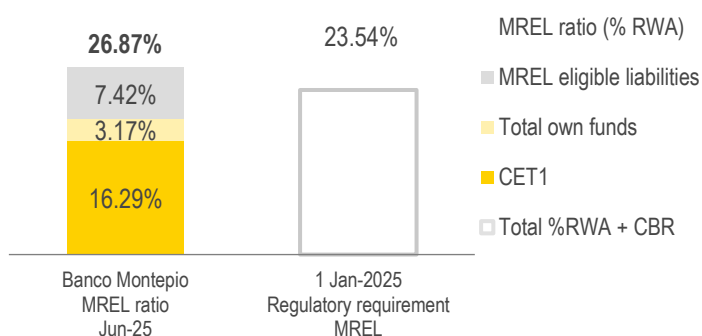
Banco Montepio is not subject to any minimum subordination requirement, which allows for greater flexibility in the management of eligible liabilities. The solid position it has achieved allows it to fully meet the minimum MREL requirements in this new ambitious growth cycle, guided by the Triple A Programme, with an adequate reserve in view of its overall strategy and risk profile.

The excess capital achieved reflects the growing financial strength of Banco Montepio, reaching historical levels and aligned with market benchmarks, reinforcing the ability to face challenges in different contexts.

Capital ratios, requirements and buffers
(30 June 2025)



MREL ratio and requirements



Note: as notified by Banco de Portugal, from 30/09/2025 Banco Montepio must permanently comply with MREL of 21.68% (TREA) and 5.30% (LRE). Considering the combined own funds reserve (2.77% in June 2025), the total requirement on a TREA basis will be 24.45%.

The good indicators at this level, in particular the reinforcement of capital ratios and the deleveraging of risky assets, show the solidity of the path followed and reinforce investor confidence, which was recognised by the three rating agencies – Moody's, DBRS and Fitch – which in 2025 classified Banco Montepio's senior unsecured debt as Investment Grade²²

Within the scope of strengthening the MREL position and effective funding management, it is worth noting that in June 2025 a Liability Management operation was carried out, consisting of a new issuance of senior preferred debt in the amount of 350 million euros with a coupon rate of 3.5%, under its EMTN (Euro Medium Term Note) Programme with a term of 4 years (with the option of early repayment by Banco Montepio at the end of the 3rd year) and, simultaneously, the purchase and early repayment of the debt issued in 2023 in the amount of 200 million euros (term of 3 years, with the possibility of an early call in October 2025) at a rate of 10%.

Recognition of Banco Montepio's good financial performance is reflected in the substantial drop in the coupon rate paid on the two MREL issuances mentioned, which, in a period of less than 2 years, fell by around a third, from 10% to 3.5%, with the market ratifying, *pari passu*, the Investment Grade quality attributed by the rating agencies to senior unsecured debt. This recognition was also reflected in the high level of interest from investors, with demand reaching around 2.4 billion euros, exceeding the offer amount by around seven times. A final allocation was made to more than 130 geographically diversified institutional investor accounts: United Kingdom and Ireland (22%), France (21%), Iberian Peninsula (20%), Italy (17%) and Benelux (11%), among others.

As part of its multi-annual Funding plan, Banco Montepio aims to maintain a balanced MREL surplus, as well as an adequate capital structure at the various levels, consistent with its strategy and risk profile, through a sustainable combination of debt issuance, organic capital generation and balance sheet optimisation, balanced by careful management of the net interest income rate. Currently, Banco Montepio has two MREL outstanding debt issuances for a total amount of 600 million euros, fully placed on the market with a diverse range of investors, and has had an active presence on the market in recent years through various debt operations.

Outstanding senior preferred issuances eligible for MREL		
• Amount	250 million euros	350 million euros
• Date of issuance	29 May 2024	25 June 2025
• Interest rate (fixed until early redemption option date)	5.625%	3.5%
• Early repayment option date	At the end of the 3rd year	At the end of the 3rd year

The flexibility provided by these headroom, both in terms of total capital and other eligible liabilities, allows Banco Montepio to leverage the growth and innovation opportunities set out in the current Strategic Programme, strengthening its long-term sustainability and competitiveness.

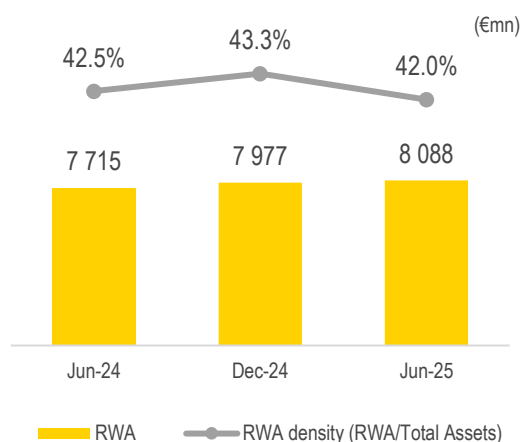
Thus, in the first half of 2025, RWAs rose by 4.8% year-on-year to 8,088 million euros, mainly supported by the dynamics of the loan portfolio in the period, with a particular focus on mortgage loans, which have lower associated capital consumption, with benefits under the new Basel IV rules, given the reduced risk profile of Banco Montepio's mortgage loan portfolio (residential with low Loan-to-Value ratios), which was reflected in a reduction in RWA allocated to this business component.

On the numerator side, there has been a steady increase in equity, which amounted to 1,538 million euros in June 2025, through organic capital generation, as well as the strengthening of instruments eligible for Tier 2,

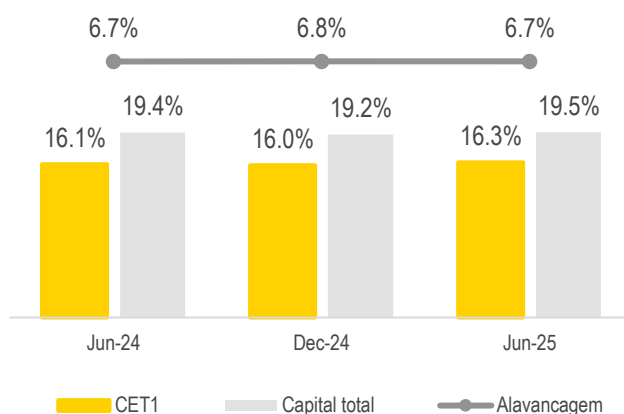
²² In May 2025, Moody's upgraded the Senior Unsecured Debt to Baa3, maintaining a Positive Outlook; then in June 2025, DBRS upgraded the Long-Term Senior Debt to BBB (low); and in September 2025, Fitch upgraded the Senior Unsecured Debt to BBB-, placing all ratings at Investment Grade.

with the issuance of 250 million euros of subordinated debt on the market in March 2024, which resulted in a net increase of 50 million euros compared to the previous position.

Risk-weighted assets



Capital and leverage ratios



Note: in accordance with CRD IV / CRR. Fully implemented ratios in Jun-24 and Dec-24. The IFRS9 transition (phasing-in) ended on 31 December 2024. The ratios include the accumulated net profit for the period, net of the amount of dividends to be distributed.

The maintenance of Banco Montepio's capital ratios at solid levels and in line with market references was determined by the organic generation of capital, resulting from the higher levels of recurring profitability, and the implementation of management measures that promoted the optimisation of the balance sheet structure, driven by a significant reduction in non-performing assets and growth in the core business.

The following is a summary of the evolution of the equity ratios of the Banco Montepio Group:

Capital and capital requirements

				(million euros)			
	Jun-24	Dec-24	Jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Total own funds							
Common Equity Tier 1	1 242	1 276	1 317	75	6.1	41	3.2
Tier 1	1 242	1 276	1 317	75	6.1	41	3.2
Total Capital	1 498	1 532	1 573	75	5.0	41	2.7
Risk-weighted assets	7 715	7 977	8 088	373	4.8	111	1.4
Fully implemented ratios							
Common Equity Tier 1	16.1%	16.0%	16.3%	0.2 p.p.		0.3 p.p.	
Tier 1	16.1%	16.0%	16.3%	0.2 p.p.		0.3 p.p.	
Total Capital	19.4%	19.2%	19.5%	0.1 p.p.		0.3 p.p.	
Leverage ratios							
Fully implemented	6.7%	6.8%	6.7%	0.0 p.p.		(0.1) p.p.	

Note: Pursuant to CRD IV / CRR. Fully implemented ratios on Jun-24 and Dec-24. The IFRS9 transition (phasing-in) ended on 31 December 2024. The ratios include the accumulated net income for the period, net of the amount of dividends to be distributed.

LIQUIDITY

Reflecting the implementation of the multi-annual funding and liquidity management plan, Banco Montepio did not resort to funding from the ECB, maintaining a surplus position since the first quarter of 2024, and it should be noted that, at the end of the first half of 2025, deposits with the Central Bank amounted to 1,544 million euros.

Also on that date, the pool of collateral eligible for Eurosystem operations amounted to 4,121 million euros, an increase of 149 million euros compared to the same period last year, mainly due to the growth of the banking portfolio. The collateral pool consisted mainly of high-quality liquid assets (HQLA), mainly public debt

securities from European countries, whose valuation at market prices and net of the haircuts applied by the ECB, amounted to 3,817 million euros. It also included non-tradable assets, such as credit rights relating to loans granted to Non-financial institutions and public sector entities that meet specific eligibility criteria, valued at 305 million euros, according to the methodology defined for discounting assets in Eurosystem operations.

With the implementation of the Eurosystem's new collateral management system (ECMS), it became necessary to create a second pool, dedicated exclusively to providing guarantees to the Interbank Clearing System (SICOI), which amounted to 31 million euros on 30 June 2025.

The liquidity²³ buffer thus stood at 5,666 million euros as at 30 June 2025, an increase of 194 million euros compared to 30 June 2024, reflecting a solid liquidity position.

As part of the diversification of funding sources, the Bank has been active in the collateralised money market (Repo), amounting to 250 million euros in funding obtained at the end of June 2025. In addition, and as mentioned above, Banco Montepio has successfully carried out several debt issuances on the market, the latest related to compliance with MREL requirements in the amount of 350 million euros, with a total amount of debt issued on the market to date of 850 million euros, of which 250 million euros in subordinated debt and the remainder in senior preferred debt. The new debt issuance operations have been carried out at a substantially lower interest rate than the previous ones, and the choice of shorter maturities and hedging should be highlighted, in the expectation, at the time of the beginning of a new downward interest rate cycle, aimed at ensuring efficient management of net interest income.

Pool of eligible assets for refinancing operations with the ECB

	(million euros)						
	Jun-24	Dec-24	Jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Pool of eligible assets ^(a)	3 972	4 125	4 152	180	4.5	27	0.7
Use of the pool	0	0	31	31	-	31	-
Pool of available assets	3 972	4 125	4 121	149	3.8	(4)	(0.1)

(a) Includes eligible assets, free of charge, for operations in the MIC (Collateralized Interbank Market).

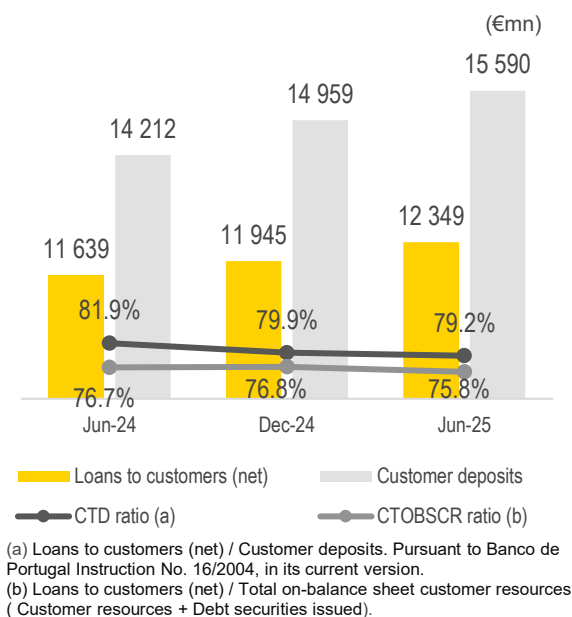
The total wholesale funding amounted to around 1.4 billion euros at the end of the first half of 2025, with the remaining funding being supplemented by a large and growing base of Customer deposits.

Despite the favourable evolution of Loans to Customers, the Loan-to-deposit ratio, calculated in accordance with Bank of Portugal Instruction No. 16/2004, decreased to 79.2% at the end of June 2025, compared to 79.9% at the end of 2024 and 81.9% in the same period last year. This evolution was determined by the strong growth of Banco Montepio's Customer Deposits, significantly above the sector's average, and at a higher rate than that recorded in Loans and advances to Customers, resulting in the significant widening of the commercial gap, which has surpassed a new threshold since the end of 2024, reaching an unprecedented 3,241 million euros and a year-on-year growth of 668 million euros.

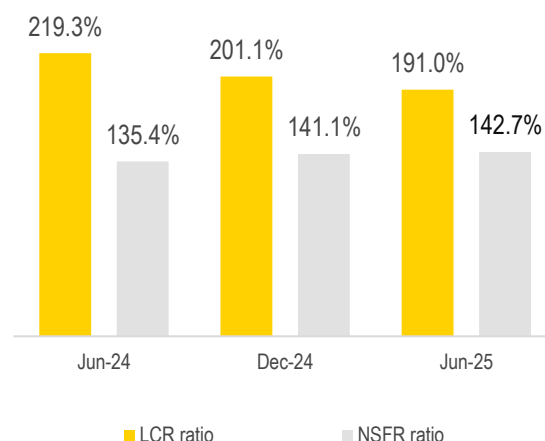
In this context, Banco Montepio maintained stable and comfortable liquidity levels, in line with the defined strategic objectives and risk appetite, with the LCR and NSFR ratios standing at 191.0% and 142.7%, respectively, at the end of the first half of this year.

²³ Liquidity Buffer = 1,544 million euros of Deposits with the BdP + 4,088 million euros of ECB pool + 65 million euros of eligible securities outside the pool - 31 million euros of SICOI Guarantee (Interbank Clearing System).

Loan-to-deposit ratios



Liquidity ratios



Reflecting commercial dynamics, Banco Montepio continued to stand out in terms of deposit growth, exceeding its new target and reaching 15.59 billion euros, setting successive highs and showing a year-on-year increase of 9.7%, corresponding to 1.378 billion euros.

Without overlooking the positive momentum in the sector, which saw a 6.4% rise²⁴ in the total deposit portfolio, Banco Montepio's performance was once again above average in the period under review (a differential of +3.3 p.p.), achieving significant gains in market share. In fact, considering the evolution of the total deposit portfolio, which includes the segments of Individuals, Non-financial corporations and the Public administrative sector²⁵, Banco Montepio registered an increase of 8 b.p. in market share compared to the same period last year, reinforcing its vocation as a Savings Bank.

This performance was achieved alongside strict control of deposit costs, ensuring that interest rates on new term deposit transactions were in line with the industry average.

²⁴ According to the Monetary and Financial Statistics for June 2025 (Banco de Portugal).

²⁵ Individuals, Non-financial corporations and the Public administrative sector, source and segmentation according to the Monetary and Financial Statistics (Banco de Portugal).

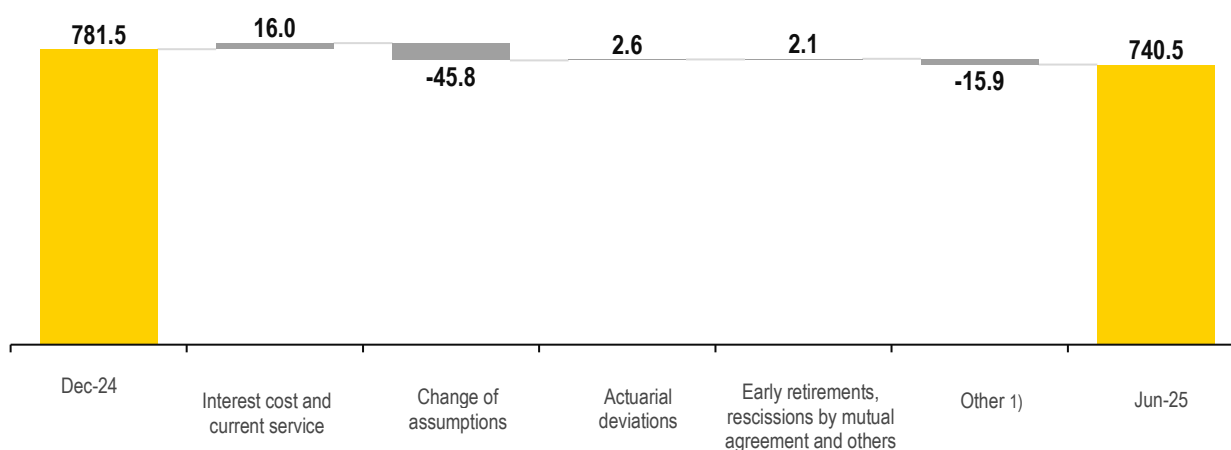
PENSION FUND

Liabilities for post-employment and long-term employee benefits totalled 740.5 million euros at the end of June 2025, a decrease of 41.0 million euros compared to the end of the year, which was essentially determined by the impact of the evolution of the discount rate in this period, which rose by 45 b.p. (from 3.55% to 4.00%), corresponding to the only change in the actuarial assumptions.

In a detailed analysis, the evolution of pension liabilities was determined, on the one hand, by the increase in Interest and current service costs of 16.0 million euros, by the aforementioned change in actuarial assumptions in terms of the discount rate, which resulted in a decrease of 45.8 million euros, by the Actuarial deviations component of 2.6 million euros, by the effect of early retirements, terminations by mutual agreement and others, in 2.1 million euros. On the other hand, the component Others, which includes Pensions paid by the Fund, Pensions paid by Banco Montepio, Participants' contributions and Others, contributed to the reduction in liabilities by 15.9 million euros, as shown in the following figure.

Evolution of pension liabilities

(€mn)



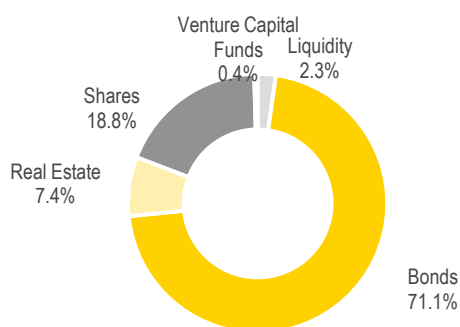
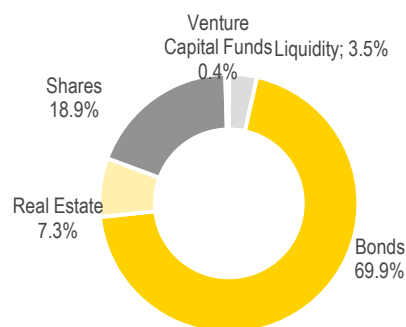
(1) Includes Pensions paid by the Fund, Pensions paid by Banco Montepio, Contribution from participants and others.

The Pension Fund's assets stood at 813.2 million euros as of 30 June 2025, compared with 823.4 million euros at the end of 2024, this variation reflects the impact of negative financial deviations and pension payments, partially offset by the expected return on assets. Following the approval of the new Investment Policy in September 2024, and with a view to reducing risk exposure, particularly relevant to the Pension Fund, in the downward cycle of interest rates, the duration of the debt portfolio was increased to better match the duration of liabilities. In turn, as a result of the passage of time and operational adjustment programmes, there has been a reduction in the duration of liabilities (i.e. pension fund liabilities).

The Pension Fund's assets remained conservatively allocated, with liquidity increasing to 3.5% (2.3% in December 2024) and 69.9% of these assets invested in Bonds (71.1% in December 2024), in line with the investment policy and in compliance with the legal restrictions and limits on prudential diversification and dispersion.

As of 30 June 2025, the average duration of the bond portfolio was 10.3 years, closer to the average duration of liabilities at 13.8 years, reflecting greater convergence towards natural hedging of interest rate risk.

Banco Montepio's total liabilities were fully funded, showing a coverage ratio of 110.4% at the end of June 2025, an increase of 4.4 p.p. compared to the end of the year, which constitutes a significant cushion to accommodate future unfavourable actuarial impacts on the pension fund, resulting from a context of falling interest rates.

Distribution of the pension fund asset portfolio
31 December 2024

30 June 2025

Pension Fund

(million euros)				
	Dec-24	Jun-25	Change YoY	
			Amount	%
Total liabilities	781.5	740.5	(41.0)	(5.3)
Minimum liabilities to be financed	749.7	725.3	(24.4)	(3.3)
Value of the Pension Fund's assets	823.4	813.2	(10.2)	(1.2)
Coverage:				
Minimum liabilities ⁽¹⁾	110.5%	112.7%	2.2 p.p.	
Total liabilities ⁽¹⁾	106.0%	110.4%	4.4 p.p.	

(1) Also considering the component directly financed by Banco Montepio referring to employees who are temporarily suspended from employment contracts and the contribution to Social Welfare Services (defined contribution).

In accordance with Banco Montepio's accounting policy, and following the assessment carried out on the adequacy of actuarial assumptions, the discount rate was updated to 4.00% (from 3.55% on 31 December 2024), reflecting the evolution of the main market indices in relation to high-quality bonds and the duration of the Pension Fund's liabilities.

The main actuarial assumptions used to determine liabilities for post-employment benefits are detailed in the following table, and are aligned with market references. At the close of the year, there was only a change in the discount rate, in line with the reduction in the fund's expected rate of return, while the other assumptions were maintained. Additional information can be found in the Notes to the consolidated financial statements of this report.

Actuarial assumptions

	Dec-24	Jun-25
Financial Assumptions		
Salary growth rate	2.5% in the first year, 2.0% in the second and 1.0% in subsequent years	2.5% in the first year, 2.0% in the second and 1.0% in subsequent years
Pension growth rate	2.0% in the first year, 1.5% in the second and 0.75% in subsequent years	2.0% in the first year, 1.5% in the second and 0.75% in subsequent years
Rate of return of the Fund	3.55%	4.00%
Discount rate	3.55%	4.00%
Revaluation rate	0.00%	0.00%
Salary growth rate - Social Security	1.50%	1.50%
Pension growth rate	1.25%	1.25%
Demographic assumptions and valuation methods		
Mortality table		
Men	TV 88/90 -1 year	TV 88/90 -1 year
Women	TV 99/01 -2 years	TV 99/01 -2 years
Actuarial Valuation Methods ⁽¹⁾	UCP	UCP

(1) Projected Unit Credit method.

BALANCE SHEET AND INCOME STATEMENT ANALYSIS

In the first half of 2025, Banco Montepio achieved a consolidated net profit of 70.7 million euros, a new six-month high, which represents an increase of 2.8% on the same period last year, and a gross return on equity of 10.1%.

The positive evolution of recurring profitability and the Bank's adequate level of capitalisation, together with a robust funding and liquidity profile, culminated this year in the assignment of Investment Grade ratings to senior unsecured debt by the following three international agencies: Moody's, DBRS and Fitch, a significant fact that reflects external and independent recognition of the Bank's strong financial performance over recent years.

These unparalleled results in Banco Montepio's nearly two-century history were achieved in the light of the new Triple A Programme, approved by the Board of Directors, which defines the strategic lines for the three-year period 2025-2027. This programme marks the beginning of a sustainable phase of growth, under the aegis of being an **Ambitious, Authentic and Agile Bank** – focused on the relevance of size and gaining market share, within a framework of prudent and realistic management, but capable of adapting to market and situational changes.

BALANCE SHEET ANALYSIS

Synthetic balance sheet as at 30 June 2025 and 2024 and 31 December 2024

	(million euros)						
	Jun-24	Dec-24	Jun-25	Var. YoY		Var. YtD	
				Amount	%	Amount	%
Cash and deposits at central banks	1 663	1 475	1 691	28	1.7	217	14.7
Loans and deposits to credit institutions payable on demand and Other loans and advances to credit institutions	194	188	259	65	33.2	71	37.6
Loans to customers	11 639	11 945	12 349	710	6.1	404	3.4
Securities portfolio and other financial assets ^{a)}	3 646	3 908	4 071	425	11.6	163	4.2
Non current assets held for sale and investment properties	52	45	38	(14)	(26.6)	(6)	(14.4)
Current and deferred tax assets	345	325	307	(37)	(10.8)	(18)	(5.4)
Current tax assets	1	1	1	(1)	(48.1)	(1)	(57.3)
Deferred tax assets	344	324	307	(37)	(10.7)	(17)	(5.2)
Other	630	530	519	(111)	(17.6)	(10)	(1.9)
Total assets	18 169	18 415	19 235	1 066	5.9	820	4.5
Deposits from central banks and other credit institutions	778	607	588	(190)	(24.5)	(20)	(3.2)
Customer resources	14 212	14 959	15 590	1 378	9.7	631	4.2
Debt issued	1 210	860	972	(238)	(19.7)	112	13.0
Other	310	314	343	34	10.8	29	9.2
Total liabilities	16 510	16 740	17 493	983	6.0	752	4.5
Share capital*	1 210	1 210	1 210	0	0.0	0	0.0
Reserves, results and other	450	464	532	82	18.3	68	14.6
Total equity	1 660	1 674	1 742	82	5.0	68	4.1
Total liabilities and equity	18 169	18 415	19 235	1 066	5.9	820	4.5

a) Includes instruments at fair value through profit or loss, namely credits that do not meet the SPPI tests (Solely Payments of Principal and Interest).

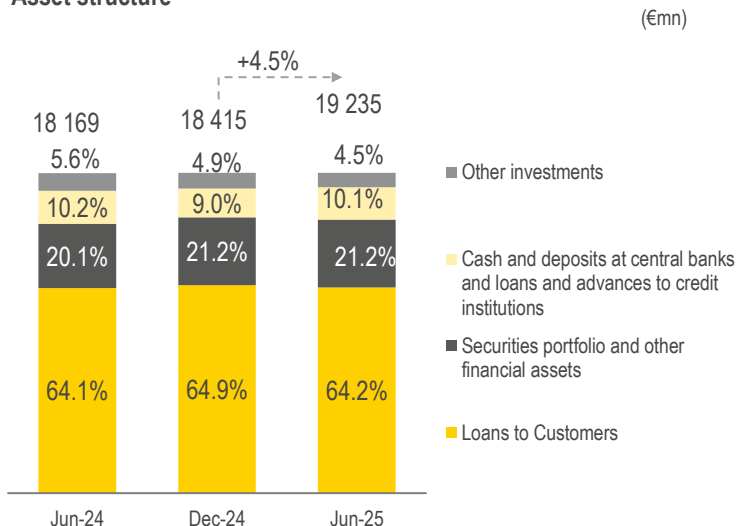
ASSETS

Reflecting the new growth cycle, Banco Montepio's consolidated total assets stood at 19,235 million euros on 30 June 2025, up 5.9% year-on-year, corresponding to an increase of 1,066 million euros. This evolution is largely explained by Loans and advances to Customers, which rose by 710 million euros, as well as by the 425 million investment in the Securities Portfolio, as a strategy for using surplus liquidity, due to the growing commercial gap, given the strong deposit-taking.

On the other hand, there continues to be a deleveraging of non-performing assets and a reduction in the stock of deferred tax assets, in the context of the continued generation of positive results, as well as the reduction in the corporate income tax (IRC) rate from 21% to 20%, approved by the government at the end of last year.

The structure of Assets reflects the conservative operating position of a commercial bank, with Loans and advances to Customers accounting for 64.2%, the securities portfolio for 21.2% and around 15% corresponding to Liquidity and Other investments.

Asset structure



Cash, Central Banks and Loans and advances to Other Credit Institutions

In fact, at the end of the first half of this year, Cash and deposits at central banks amounted to 1,691 million euros, a 1.7% increase compared to the same period last year (+28 million euros), reflecting the strong momentum of commercial activity, whose liquidity needs underlying the growth in lending activity were fully met by Customer funds, even generating a surplus.

Loans and deposits to other credit institutions are not very significant on the Bank's balance sheet, with a value of only 59 million euros at the end of June 2025, compared to 46 million euros in the same period last year, this heading is intrinsically linked to the management of collateral in derivative operations or securitisations with financial counterparties.

Loans to Customers

As of 30 June 2025, loans and advances to Customers (gross) totalled 12,543 million euros, an increase of 666 million euros (+5.6%) compared with the same period in 2024, performing loans grew by 760 million euros (+6.6%), partially offset by a 94 million euros reduction (-28.5%) in non-performing loans. In turn, when compared to the end of last year, performing loans grew by 405 million euros (+3.4%), while non-performing loans fell by 24 million euros (-9.2%).

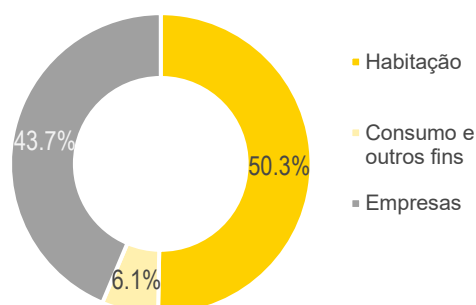
The strong growth in credit activity essentially reflects the dynamics of the Individuals segment, namely in Mortgage Loans, where Banco Montepio, true to its tradition, supports Families with the best offers in this product, where in addition to the competitive interest rate, other financial benefits for the Customer also stand out, such as the Bem Bom campaign, the allocation of a percentage of the loan on a Worten card and the Member Get Member action.

In the Companies segment, Banco Montepio has played an important and dynamic role in supporting the Portuguese business community, standing out for the high number of approvals and credit contracts guaranteed under the BPF InvestEU Lines of Banco Português de Fomento, reaffirming its commitment to financing the economy and supporting business investment.

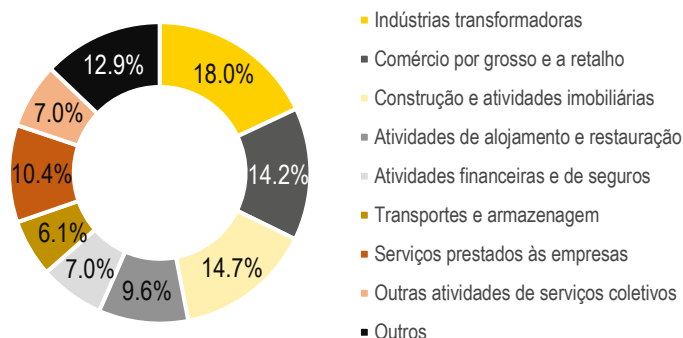
In the first half of this year, Banco Montepio reinforced its commitment to sustainable financing, taking an active role as an agent of positive change. By structuring and placing financial instruments aligned with environmental and social principles, Banco Montepio has demonstrated how financial institutions can be strategic partners in the transition to a more sustainable economy. Thus, in this period, Banco Montepio advised and structured sustainable bond issuances, namely Green Bonds and Sustainability-Linked Bonds, for various national companies, totalling around 17.2 million euros, compared to 17.8 million euros in the first half of 2024.

Loan portfolio (gross) – 30 de June 2025

Loan portfolio structure



Loans to companies (by activity sector)



Customer credit by activity sector

	Jun-24	Dec-24	Jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Individuals	6 479	6 770	7 067	588	9.1	297	4.4
Housing loans ¹⁾	5 743	6 031	6 308	565	9.8	277	4.6
Others	736	739	759	23	3.1	20	2.7
Corporate	5 397	5 392	5 476	79	1.5	84	1.6
Manufacturing industries	1 065	994	986	(78)	(7.4)	(7)	(0.7)
Wholesale and retail trade	816	769	779	(37)	(4.5)	10	1.3
Construction and Public works, and Real estate activities	889	873	806	(83)	(9.3)	(67)	(7.7)
Accommodation and catering activities	511	556	527	16	3.1	(29)	(5.3)
Financial and insurance activities	343	360	382	39	11.2	22	6.0
Transportation and storage	339	314	337	(2)	(0.6)	23	7.3
Business Services	451	494	572	121	26.7	78	15.7
Other collective service activities	383	384	383	(0)	(0.0)	(1)	(0.3)
Others	601	648	705	104	17.3	57	8.8
Gross loans	11 877	12 162	12 543	666	5.6	381	3.1
Impairment for credit risk	238	217	194	(44)	(18.4)	(23)	(10.5)
Net loans	11 639	11 945	12 349	710	6.1	404	3.4

1) Includes multi-purpose credit with a mortgage on residential property (housing).

As already mentioned, the growth of the Individuals segment stands out, with an increase of 9.1% compared to the same period in the previous year, supported by Banco Montepio's strategy regarding Mortgage Loans, as an anchor product for bonding and long-lasting relationships with Customers. In fact, the evolution of the mortgage loan portfolio (which includes mortgage loans and complementary financing secured by the respective property) stood out with an increase of 9.8% or 565 million euros compared to the same period in the previous year.

On a comparable basis, using the information provided by the Banco de Portugal as a source, Banco Montepio's mortgage portfolio grew more than the sector, with a differential of +0.1 p.p., resulting in a corresponding gain in market share, reflecting a combined strategy of maintaining a consistently competitive offer in new production while retaining existing loans, within a close and trusted relationship with the

Customer, which marks Banco Montepio's tradition. In the six months to date this year, the volume of new mortgage loans (excluding renegotiations) rose by 13.7% compared to the same period last year.

At the end of the first half of the year, Banco Montepio was one of the banks with one of the lowest NPL ratios, at just 1.9%, well below the sector average in Portugal²⁶, which according to the latest available data was 2.3%.

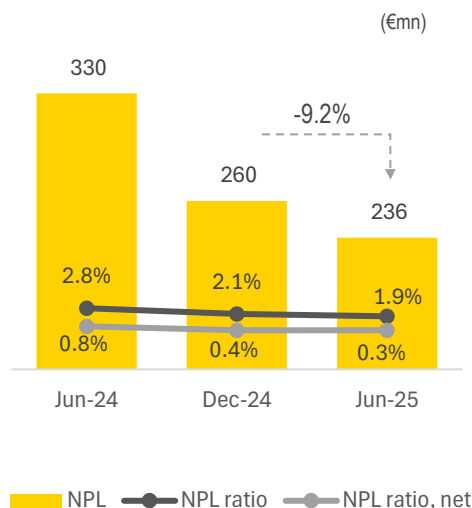
The remarkable continued decline in the stock of non-performing loans to just 236 million euros as of 30 June 2025 illustrates the successful execution of a strategic and operational NPL reduction plan, which was again reflected this semester in the favourable outcome of recoveries of significant dossiers and sales of aged loans, making a very positive contribution to the operating account and largely supporting the delivery of a negative cost of risk of -0.1% this semester, compared with +0.2% for the full year 2024.

In addition, the strict discipline in risk-taking, reflecting a distinct period in Banco Montepio's appetite for risk, as well as the reorganisation of the organic structure of the NPL management areas, which has resulted in greater efficiency in credit collection and recovery, has had an impact on the consistently low levels of the cost of risk in recent years.

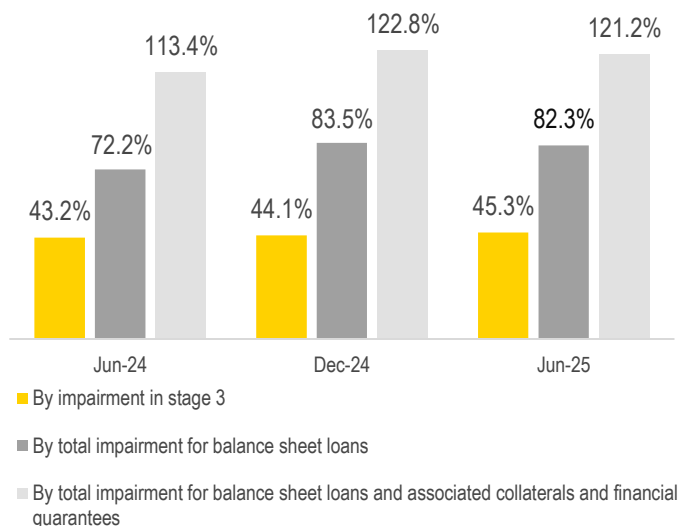
The improvement in the quality of the balance sheet has also been driven by more effective and integrated management of non-performing exposures, focusing on recovery through alternative means to bringing properties onto the balance sheet, the use of corporate finance solutions, among others, the restructuring of economically viable Customer debt and selling NPL portfolios.

The conservative management of credit risk is particularly visible in the low value of the NPL ratio net of impairments, which reflects the effective exposure to risk, which fell from 0.8% in June 2024 to 0.3% in June 2025. This level of coverage strengthens the solidity of Banco Montepio's credit risk management and highlights its prudence in provisioning for impairments.

Non-performing loans (NPL)⁽¹⁾



NPL coverage⁽¹⁾



⁽¹⁾ NPL according to EBA criteria. Gross loans and advances to customers (numerator and denominator as applicable).

It can also be seen that, as of this date, the coverage of NPLs by specific Stage 3 impairments has once again been strengthened, standing at 45.3% at the end of the semester (compared to 43.2% in June 2024), remaining above the average of the Member States of the European Union, which stood at 41.7%, according to the latest available data.²⁷

In turn, total NPL impairment coverage for on-balance sheet loans was 82.3% in June 2025, compared to 72.2% in the same period last year, while total NPL impairment coverage, including collateral and associated financial guarantees, reached 121.2% (113.4% in June 2024).

²⁶ As published by Banco de Portugal (Portuguese banking system: recent developments, 2nd quarter 2025).

²⁷ According to the "EBA Risk Dashboard Q2 2025" (weighted average).

Securities Portfolio and Other Financial Assets

As part of its strategy to rebalance its asset structure, in the first half of the year the Bank continued to identify and implement a series of measures aimed at improving liquidity levels and active management of the securities and other instruments portfolio, in compliance with the risk appetite approved by the Board of Directors.

The portfolio of Securities and other instruments totalled 4,071 million euros as of 30 June 2025, reflecting an increase of 425 million euros compared to the same period last year, aimed at maximising net interest income through the deployment of surplus liquidity arising from the growing commercial gap. In terms of composition, there was an increase in the portfolio of debt instruments from other issuers and a decrease in public debt instruments. Overall, as reference to 30 June 2025, the structure of the securities portfolio was composed of 86.9% public debt instruments.

Securities Portfolio and Other Instruments

	(million euros)						
	Jun-24	Dec-24	Jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Financial assets held for trading	29	27	38	9	30	11	42.2
Financial assets at fair value through other comprehensive income	329	304	344	15	5	40	13.0
Other financial assets at amortised cost	3 173	3 474	3 588	415	13	114	3.3
Financial assets not held for trading mandatorily at fair value through profit or loss ¹⁾	115	103	101	(14)	(12)	(2)	(1.6)
Total Securities portfolio and other financial assets	3 646	3 908	4 071	425	12	163	4.2

¹⁾ Includes instruments at fair value through profit or loss, namely credits that do not meet the SPPI tests (Solely Payments of Principal and Interest).

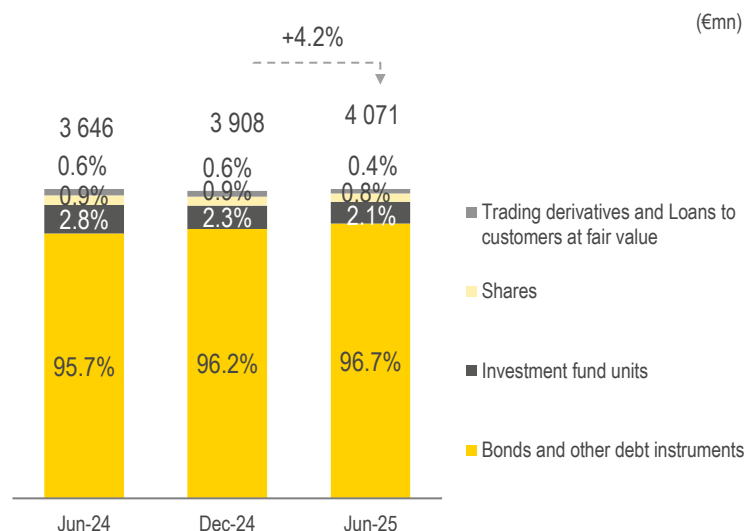
In terms of the business model, the vast majority of the portfolio was set up on a Hold to Collect basis, with the respective accounting record being made at amortised cost, the total value of which amounted to 3,588 million euros at the end of June 2025, corresponding to a weight of 88.1% in the overall value of the Securities portfolio and other financial assets.

In the analysis of the securities portfolio by type of instrument, with reference to the end of the first half of 2025, there was an increase of 446 million euros in Bonds and other debt instruments compared to the same period last year, the only type of financial instrument with a materially relevant positive variation. In addition, it is worth highlighting the reduction in exposure to Investment fund units, which fell by 16 million euros in the same period, to 86 million euros, essentially reflecting the deleveraging of non-core assets, specifically restructuring funds, in line with the Bank's strategy of optimising its balance sheet and capital structure.

Securities portfolio by instrument type

	(million euros)						
	Jun-24	Dec-24	Jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Bonds and other debt instruments	3 488	3 763	3 934	446	12.8	171	4.5
Shares	34	33	33	(1)	(1.9)	(0)	(0.1)
Investment fund units	102	89	86	(16)	(15.4)	(3)	(3.6)
Trading derivatives	14	13	7	(7)	(52.1)	(6)	(46.3)
Loans to customers at fair value	9	10	11	2	25.3	1	15.1
Total securities portfolio and other financial assets	3 646	3 908	4 071	425	11.6	163	4.2

Structure of the securities portfolio and other instruments



As of 30 June 2025, the securities portfolio remained predominantly composed of Bonds and other debt instruments, representing 96.7% of the total, slightly higher than in the same period of the previous year. This composition reflects a prudent financial asset allocation policy that is consistent with the Bank's strategy in terms of profitability and application of surplus liquidity.

Non-current assets held for sale and Investment properties

The evolution of these headings was impacted in the past by the reclassification of Non-current assets held for sale relating to real estate owned, to the heading Other assets, but with no change in terms of the strategy to reduce exposure to real estate risk. The analysis of the evolution of exposure to real estate assets is thus presented from a management perspective, in an aggregated manner, despite being recorded in separate accounting items, with the purpose of sale prevailing, regardless of whether the properties entered the balance sheet through loan recovery or form part of a real estate investment fund fully consolidated by the parent company.

In this way, Banco Montepio is pursuing its goal of reducing its exposure to these non-performing assets to immaterial levels, having once again recorded a drop of 16.8% compared to the end of the year, to a net balance sheet value of 156 million euros. The accounting heading Non-current assets held for sale contributed 118 million euros (76%) and investment properties 38 million euros (24%). The weight of real estate in the Bank's total assets is increasingly insignificant, having reached just 0.8% at the end of June 2025, compared to 1.3% in the same period last year.

This evolution reflects, on the one hand, property sales and, on the other, the strategic management of NPA (Non-Performing Assets) reduction plans, which favour other credit recovery options, minimising the entry of properties on the balance sheet.

The plan to reduce exposure to real estate risk has been successfully implemented, as reflected in the downward trend in the weight of real estate assets in total net assets, which reached an all-time low, as well as in relation to own funds, a significant reduction of 5.5 percentage points, from 15.4% in June 2024 to 9.9% a year later.

Current and deferred tax assets

In the first half of 2025, the stock of Deferred tax assets fell again to 307 million euros.

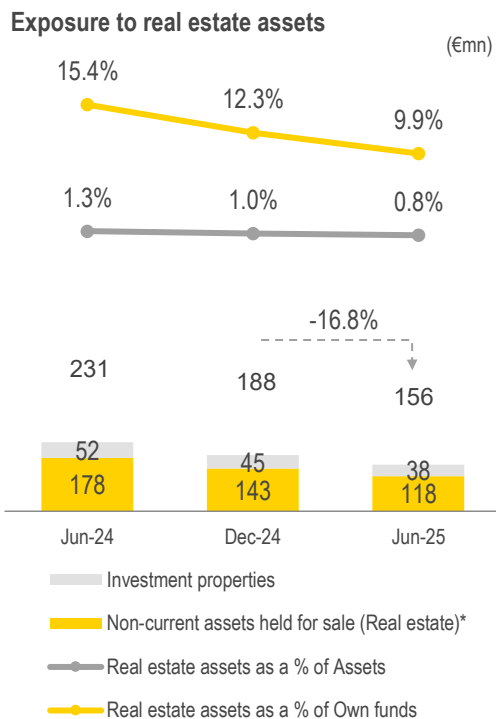
According to the respective accounting policy, Deferred tax is calculated based on the tax rates that are expected to be in force on the date of the reversal of the temporary differences, which correspond to the rates approved or substantially approved on the reporting date.

In this way, the closing of the 2024 financial year was negatively impacted by the deduction from the deferred tax asset base resulting from the 1% reduction in the corporate income tax rate, which reduced the amount shown on the balance sheet (against net income, which was affected by the increase in tax costs of around 14 million euros), which largely explains the variation compared to the same period last year. The remainder reflects the evolution of activity, namely in terms of changes in the loan portfolio, as well as the positive generation of profitability and the inherent use of deferred tax assets for tax losses accumulated in the past.

Other assets

The aggregate of Others presented in the Assets of the accounting synthetic balance sheet includes the headings of Assets with repurchase agreements, Hedge derivatives, Other tangible assets, Intangible assets, Investments in associates and Other assets.

At the end of June 2025, this item showed a reduction of 111 million euros, to a total value of 519 million euros, supported by the evolution of the accounting heading Other Assets, which fell by 116 million euros in the same period (corresponding largely to the deleveraging of properties held for sale, which were reclassified from Non-current assets held for sale to Other assets in due course). The other headings were not very significant, namely Intangible assets (+6.2 million euros year-on-year), Tangible assets (-0.9 million euros) and Hedging derivatives (+0.2 million euros).



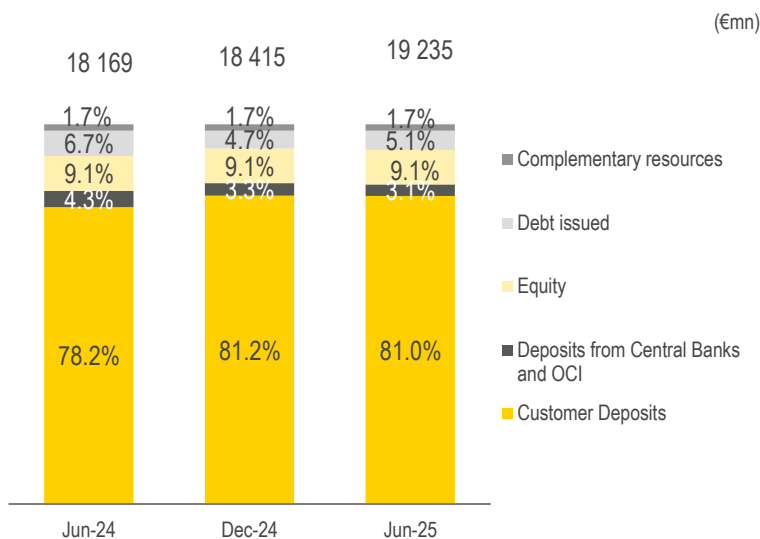
* Including the amount reclassified to other assets.

LIABILITIES

At the end of June 2025, total Liabilities stood at 17,493 million euros, reflecting an increase of 983 million euros (+6.0%) compared to the same period last year.

This increase resulted, on the one hand, from the favourable evolution of Customer Deposits, which grew by 1,378 million euros, which was partially offset by the reduction in the headings Resources from Other Credit Institutions by approximately 190 million euros, roughly corresponding to the non-renewal of repo transactions, and liabilities represented by securities by 242 million euros, explained by the maturity of mortgage bonds (-329 million euros) and the amortisation of Pelican Mortgage Bonds (-71 million euros), partially offset by the strengthening of senior preferred debt eligible for MREL (+158 million euros).

Liabilities and equity structure



In terms of funding structure, Customer deposits remained the Bank's main source of balance sheet funding, increasing their relative weight to 81.0% of total Liabilities and Equity (+2.8 p.p. compared to the same period last year). Capitalisation levels remained stable, despite the increase in liabilities resulting from profitability generated during the period, with the weight of Equity remaining at 9.1% at the end of the first half of 2025.

Resources From Central Banks and Other Credit Institutions

As of 30 June 2025, funding obtained from Central Banks and Other Credit Institutions totalled 588 million euros, entirely relating to Resources from other credit institutions, as ECB funding has stood at zero since March 2024. This structural change reflects Banco Montepio's strategy of diversifying funding sources and increasing market issuance activity, capitalising on the anticipated recognition of Banco Montepio as Investment Grade, which was confirmed during the current year by all three major international rating agencies.

The 190 million euros reduction in Resources from other credit institutions almost entirely reflects the 180 million euros reduction in repo operations by Banco Montepio, as part of efficient liquidity management, taking into account market opportunities, with the remainder resulting from the flow of deposits received as collateral from financial counterparties (for example, under Credit Support Annex (CSA) agreements for derivatives).

Customer Resources

In a holistic view, the Total Customer resources, which includes Customer deposits and off-balance sheet resources (such as securities and real estate investment funds, pension funds and capitalisation insurance) increased to 17,283 million euros at the end of the first half, corresponding to a year-on-year change of +10.9% and an inflow of 1,692 million euros.

As a result of the sharp decline in interest rates during this period, which encouraged greater diversification by private Customers in terms of demand for alternative investments, there was an acceleration in the growth rate of Off-balance sheet resources, which stood at 22.8% compared to the same period last year.

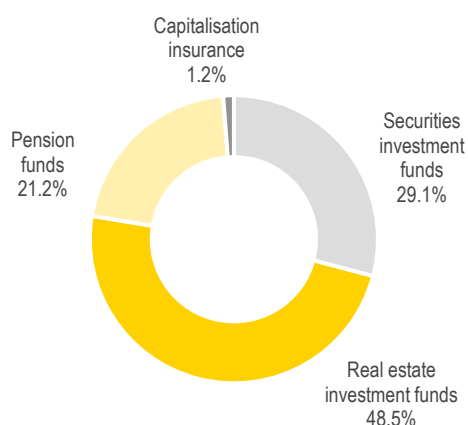
As a result, the weight of off-balance sheet resources in the overall value of Customer resources increased from 8.8% in June 2024 to 9.8% in June 2025. When measured in terms of the flow in this period, investment in Off-balance sheet products by Customers accounted for 18.6% of the variation in total resources.

In terms of composition, Real estate investment funds accounted for the largest share of Off-balance sheet resources, with a weight of 48.5% of the overall position as at 30 June 2025, followed by Securities investment funds (29.1%) and Pension funds (21.2%), while Capitalisation insurance had a residual weight of 1.2%.

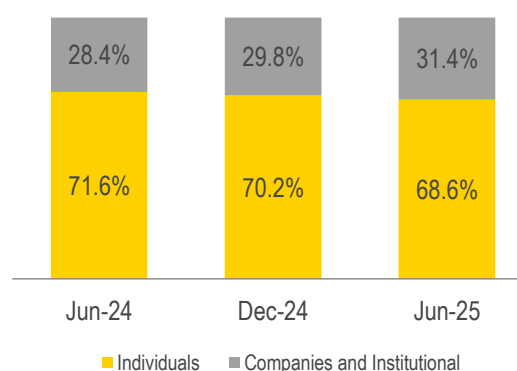
Total Customer resources

	(million euros)						
	jun-24	dez-24	jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Customer deposits	14 212	14 959	15 590	1 378	9.7	631	4.2
Sight deposits	5 533	5 821	6 349	816	14.7	528	9.1
Term deposits	8 679	9 138	9 241	562	6.5	103	1.1
Off-balance sheet resources	1 379	1 529	1 693	314	22.8	164	10.7
Total Customer resources	15 591	16 488	17 283	1 692	10.9	795	4.8

Off-balance sheet resources



Customer deposits structure



At the end of June 2025, Customer deposits amounted to 15.590 billion euros, an increase of 1.378 billion euros compared to the same period last year, with growth across the various segments, but with particular emphasis on the performance of the Corporate segment. In fact, this performance was mainly supported by the positive variation of 862 million euros in deposits from Corporate and Institutional Customers (+21.4%), with Individuals making up the remaining 516 million euros (+5.1%), which was naturally reflected in the change in structure, with the weight of that segment rising to 31.4%, compared to 28.4% a year earlier.

In addition, from the perspective of interest rate sensitivity and defined maturities, it is important to note the structural shift observed across the Portuguese market, whereby changes in the volume of demand deposits significantly exceeded those of term deposits, this reflects strong liquidity in the economy and, conversely, lower demand/price elasticity, driven by the downward trend in interest rates.

Banco Montepio's performance followed the same trend, with a year-on-year change of +816 million euros in Demand Deposits (+14.7%), significantly outstripping the +562 million euros achieved in Term Deposits (+6.5%). As a result, at the end of June 2025, the mix of the Demand Deposits/Term Deposits portfolio rose to 41%/59% compared to 39%/61% in the same period last year.

Banco Montepio's superior performance compared to its peers in terms of its deposit portfolio resulted in significant market share gains, particularly in the corporate segment, which grew well above the Portuguese banking sector average, with a positive differential of +8.4 p.p. compared to the market average²⁸. This new

²⁸ According to the Monetary and Financial Statistics (Banco de Portugal).

dynamic contributed to strengthening Banco Montepio's liquidity position and diversifying its funding base, with a favourable impact in terms of net interest income.

Debt Issued

At the end of the first half of 2025, the amount of debt issued²⁹ by Banco Montepio stood at 972 million euros, representing a decrease of 238 million euros (-19.7%) compared to the same period last year. The main reductions to note are the repayment, on maturity in November 2024, of the outstanding amount of 329 million euros in mortgage bonds, with an associated rate of 0.125%, as well as the partial amortisation of 29 million euros from the Pelican Finance 2 credit securitisation operation in the first half of this year, in accordance with the financial plan.

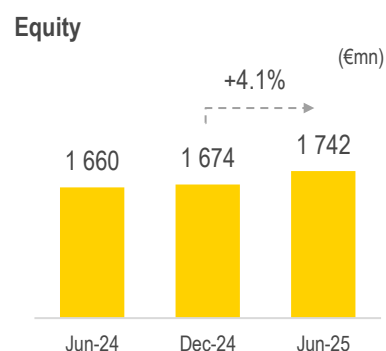
As far as new inflows are concerned, the successful liability management exercise carried out in June 2025 is noteworthy. This operation consisted of the early repayment of the issuance of 200 million euros of senior preferred debt, with a coupon of 10% and the possibility of an early call in October 2025, of which 187.7 million euros was executed in the first half of 2025 (the remainder carried over to the second half), alongside a new public issuance of 350 million euros, with a substantially lower coupon of 3.5%.

Other liabilities

As of 30 June 2025, Other liabilities³⁰ amounted to 343 million euros, an increase of 34 million euros compared to the same period last year, essentially due to the increase in the value of Hedging Derivatives (+28.1 million euros) and Provisions (+11.1 million euros).

EQUITY

Shareholders' equity amounted to 1.742 billion euros as of 30 June 2025 an increase of 82.5 million euros compared to the same period last year and 67.9 million euros compared to the end of the year (+4.1%), reflecting the positive impact of the half-year net profit of 70.7 million euros, the distribution of dividends of 30.6 million euros and the accounting of actuarial deviations of 34 million euros resulting from the increase in the discount rate.



²⁹ Debt issued includes the headings balance sheet and Liabilities represented by securities and Subordinated liabilities.

³⁰ The aggregate of Others presented in the Assets of the accounting synthetic balance sheet includes the headings of Assets with repurchase agreements, Hedge derivatives, Other tangible assets, Intangible assets, Investments in associates and Other assets.

INCOME STATEMENT ANALYSIS

In the first half of 2025, Banco Montepio achieved a consolidated net profit of 70.7 million euros, an increase of 2.8% compared to the same period last year, achieving a new record in terms of half-year results, and showing resilience in the context of falling interest rates. This evolution reflects an upward trend in organic profitability, in light of the new Strategic Plan approved for the three-year period, the Triple A Programme, which focuses on growth and achieving scale.

Synthetic income statement

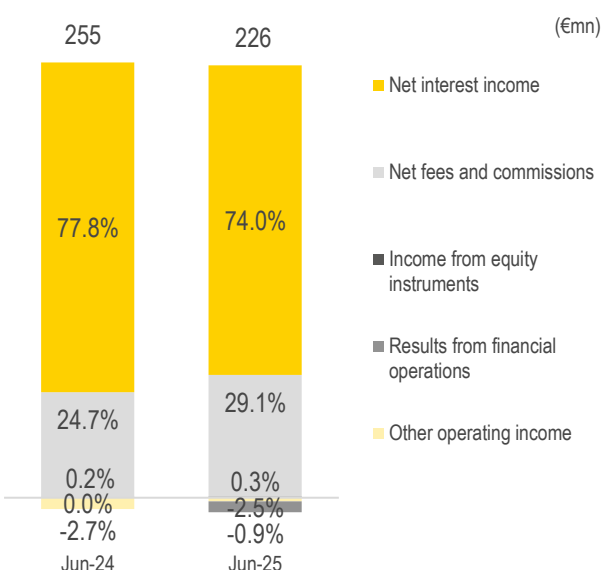
	Jun-24	Dec-24	Jun-25	Change YtD	
				Amount	%
Net interest income	198.6	384.4	167.2	(31.4)	(15.8)
Net fees and commissions	63.1	127.8	65.8	2.7	4.3
Core total operating income	261.6	512.2	232.9	(28.7)	(11.0)
Income from equity instruments	0.5	1.2	0.6	0.1	15.2
Results from financial operations	0.0	2.5	(5.7)	(5.7)	<(100)
Other operating income	(7.1)	(16.8)	(1.8)	5.2	74.2
Total operating income	255.1	499.1	226.0	(29.1)	(11.4)
Staff Costs	77.4	162.3	79.8	2.4	3.1
General and administrative expenses	34.6	73.7	37.7	3.1	9.0
Depreciation and amortization	21.6	45.5	25.4	3.8	17.7
Operating costs	133.6	281.5	143.0	9.4	7.0
Operating costs, excluding specific impacts ^(a)	132.2	272.4	143.1	10.8	8.2
Net operating income before provisions and impairments	121.4	217.6	83.0	(38.5)	(31.7)
Net provisions and impairments	13.8	52.1	(2.6)	(16.3)	<(100)
Share of profit (losses) booked under the equity method	(0.3)	0.6	(0.3)	(0.0)	(4.5)
Net income before income tax	107.3	166.0	85.2	(22.2)	(20.7)
Income tax	38.6	56.2	14.5	(24.1)	(62.5)
Net Income	68.7	109.9	70.7	1.9	2.8

(a) Excludes the amount related to one-off costs associated with Staff costs of €4 million in June 2024, €9.1million in December 2024 and €0.1million in June 2025, related to early retirement and terminations by mutual agreement.

The evolution of profitability in the first half of this year reflects the change in the macroeconomic environment, with the downward cycle of interest rates having an impact, on the one hand, on the contraction of the commercial margin compared to the previous year, as a result of the downward repricing of the loan portfolio and, on the other hand, the improvement in credit risk, reflected in the evolution of the cost of risk, due to the improvement in the financial capacity of Households and Companies to service their debt.

In this context, there was a drop of 29.1 million euros in Operating income, which reached 226 million euros at the end of June 2025, essentially impacted by the negative evolution of Net interest income, which was, however, offset by the reduction in Impairments and provisions (-16.3 million euros) and taxes (-24.1 million euros).

Operating income breakdown



Net Interest Income

Net interest income for the first six months of 2025 amounted to 167.2 million euros, a decrease of 15.8% compared to the same period in 2024, corresponding to a -31.4 million euros impact on the Operating income. This evolution was essentially determined by a reduction of -51.5 million euros in commercial net interest income, mainly due to the effect of the re-fixing of interest rates on loan contracts, partially offset by the revision of interest rates on deposits, and by the increase in financing costs of 5.0 million euros, associated with the issuance of senior preferred debt (eligible for MREL) at the end of May 2024.

The partial compensation through the reduction in interest paid on deposits stems not only from the lower elasticity of this heading through the demand deposits component (which is not sensitive to changes in interest rates), but also from the strong growth in liquidity through Customer funding (+1,594 million euros in average balance compared to the previous year) and the consequent increase in interest paid (volume effect), but which is offset by the increase in loans and advances with the central bank, with a final favourable impact on overall Net interest income.

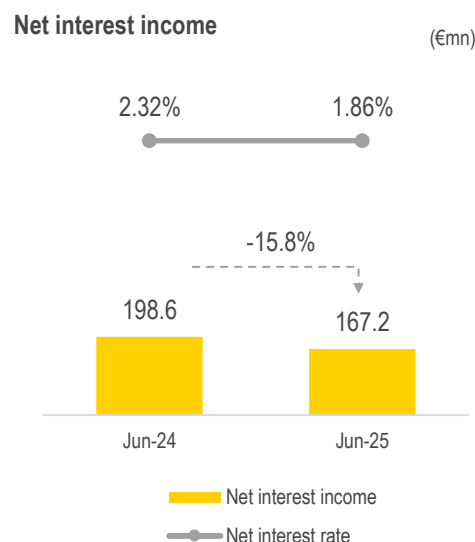
The market context has had an impact on the profitability of financial assets and liabilities, thus requiring the Bank to rigorously manage interest rates and strategies to mitigate risk.

However, as far as financial liabilities are concerned, Banco Montepio has been able to preserve a risk premium that tends to be zero compared to the sector average in new term deposit operations. In fact, the performance seen in the heading Customer deposits reflects the active management of the commercial business, which was able to balance growth above the sector, in a competitive context, with adequate pricing. Contributing to this effectiveness were Banco Montepio's tradition of savings, the high profile of the brand and the trust of Investors and Customers, as well as external recognition by rating agencies of its credit quality, with the attribution of an Investment Grade rating to Banco Montepio's deposits in 2024, which allowed it to capitalise on the momentum in new market niches.

Reflecting the execution of the funding strategy, the strong growth in Banco Montepio's Deposit base created a surplus liquidity position, which allowed treasury management (in line with ALCO guidelines and risk appetite) to generate a positive impact of 18.7 million euros compared with the previous year.

Thus, in terms of the evolution of the main balance sheet masses over a one-year horizon, on the asset side it should be highlighted the -1.1 p.p. drop in the interest rate on Customer loans to 4.2% at the end of June 2025, which led to a contraction in interest received of -66.2 million euros (price effect), only partially offset by the volume effect (increase of 471 million euros in the average balance), so the final impact was -58.1 million euros on net interest income. In turn, the interest rate on Total Deposits fell -0.2 p.p. to 1.3% at the end of the first half of 2025, justifying an improvement in net interest income of 16.1 million euros (price effect), along with a notable growth of 1,594 million euros in the average balance, which is offset by the return on the remuneration of excess liquidity.

The evolution of Net interest income reflected the prevalence of the price effect over the volume effect, as the implicit interest rate on interest-bearing assets fell from 4.1% in the first half of 2024 to 3.3% in the first half of 2025 (-0.8 p.p.), while the implicit interest rate on interest-bearing liabilities went from 1.9% to 1.6% (-0.3 p.p.) in the same period. Overall, there was a decline in the net interest margin from 2.3% to 1.9% (-0.5 p.p.) on an annual basis, reflecting, however, effective balance sheet management in a challenging environment of falling market interest rates.



Breakdown of net interest income by interest-bearing assets and liabilities

(million euros)

	1st half of 2024			1st half of 2025		
	Avg. amount	Avg. rate (%) ^(a)	Interest	Avg. amount	Avg. rate (%) ^(a)	Interest
Assets						
Cash and deposits	1 074	3.3	18.0	1 473	2.1	15.9
Loans and advances to OCI	186	2.7	2.6	182	2.9	2.7
Loans to customers	11 863	5.3	315.8	12 333	4.2	257.7
Securities portfolio	3 825	0.8	14.6	3 926	1.1	21.1
Other assets at fair value	8	4.9	0.2	10	4.0	0.2
Other (includes derivatives)	0	0.0	0.0	0	0.0	3.1
subtotal	16 956	4.1	351.3	17 924	3.3	300.6
Liabilities						
Resources from central banks	376	4.1	7.8	0	0.0	0.0
Resources from OCI	974	2.7	13.5	670	1.4	4.6
Customer deposits	13 699	1.5	103.6	15 292	1.3	97.0
Senior debt	786	2.9	11.4	597	5.6	16.9
Subordinated debt	257	8.6	11.2	274	7.8	10.7
Other (includes derivatives)	0	0.0	5.2	0	0.0	4.2
subtotal	16 092	1.9	152.8	16 835	1.6	133.4
Net interest margin		2.32	198.6		1.86	167.2

(a) Average rate: implicit interest rate, i.e. it corresponds to the quotient between the accounting interest and the average balances at the end of the month.

Detailed evolution of net interest income between the first half of 2024 and the first half of 2025

(million euros)

	Volume effect	Price effect	Residual effect	Total
Assets				
Cash and deposits	6.7	(6.4)	(2.5)	(2.2)
Loans and advances to OCI	(0.1)	0.2	(0.0)	0.1
Loans to customers	12.5	(66.2)	(4.4)	(58.1)
Securities portfolio	0.4	6.0	0.1	6.4
Other assets at fair value	0.0	(0.0)	(0.0)	(0.0)
Other (includes derivatives)	0.0	0.0	3.1	3.1
subtotal	19.9	(65.0)	(5.6)	(50.7)
Liabilities				
Resources from central banks	(7.8)	0.0	0.0	(7.8)
Resources from OCI	(4.2)	(6.7)	2.0	(8.9)
Customer deposits	12.0	(16.1)	(2.4)	(6.6)
Senior debt	(2.7)	10.9	(2.7)	5.5
Subordinated debt	0.7	(1.1)	(0.1)	(0.5)
Other (includes derivatives)	0.0	0.0	(1.0)	(1.0)
subtotal	7.0	(24.4)	(2.0)	(19.3)
Change in net interest income	12.9	(40.6)	(3.7)	(31.4)

Net Fees and Commissions

Net commissions totalled 65.8 million euros in the first six months of 2025, compared to 63.1 million euros in the same period of 2024, an increase of 2.7 million euros (+4.3%). This evolution was essentially due to the increase in commissions associated with market activity and insurance mediation, reflecting the commercial dynamism and expansion of the business, particularly in lending to individuals.

Income from Equity Instruments

The heading of Income from equity instruments includes the income associated with variable yield securities, namely shares related to investments stated in the portfolio of assets available for sale, which currently have a negligible value, after the sale of non-strategic assets.

The amount recorded in the first half of 2025 amounted to 0.6 million euros, slightly higher than in the same period last year (0.5 million euros), and related to dividends received from SIBS.

Results from financial operations

The Results from financial operations recorded in the first six months of 2025 were negative by 5.7 million euros, compared to practically zero in the same period of 2024. This negative impact was driven by an unfavourable currency revaluation of 1.3 million euros during the period, losses of 2.2 million euros on the securities portfolio, mainly due to the depreciation of the participation units of restructuring funds, and an adverse effect of 2.3 million euros from the revaluation of derivative instruments net of the fair value of financial assets and liabilities.

Results from financial operations

	Jun-24	Dec-24	Jun-25	(million euros)	
				Change YoY	
				Amount	%
Net gains / (losses) from financial assets and liabilities at fair value through profit or loss	(1.0)	(3.5)	(5.2)	(4.2)	<(100)
Net gains / (losses) from financial assets at fair value through other comprehensive income	0.0	5.3	0.7	0.7	-
Net gains / (losses) from foreign exchange differences	1.0	0.8	(1.3)	(2.2)	<(100)
Results from financial operations	0.0	2.5	(5.7)	(5.7)	<(100)

Other Net Income

This aggregate incorporates the Net gains/(losses) from the sale of other assets and Other operating income, which include, among others, the income obtained from the revaluation of investment properties, from services rendered, from investment property rents and from the reimbursement of expenses, as well as costs related to sector-specific contributions or taxes (IFRIC 21), namely to the two Resolution Funds (the national and, at European level, the Single Resolution Fund), to the Deposit Guarantee Fund, and the Additional Solidarity Contribution on the Banking Sector.

In the first six months of 2025, Other Income was negative and stood at -1.8 million euros, but showed a favourable evolution of +5.2 million euros compared to the same period in 2024, which was the result of a number of exceptional events, the overall impact of 9.7 million euros relating to the return of the Additional Solidarity Contribution on the Banking Sector from past years and the annulment of the cost for the current year, following the Constitutional Court rulings which declared this tax unconstitutional.

On the other hand, the costs incurred with the Liability Management operation, which involved the repurchase and early amortisation of the MREL eligible debt issued in October 2023, were immediately recognised, which had a negative impact on the operating account of -5.4 million euros, with reference to June 2025, but this effect will be fully offset in the second half of the same year through lower interest expenses, thereby contributing to an improvement in the net interest margin.

Also noteworthy are the results obtained in the ongoing activity of reducing exposure to performing assets, with the respective compliance with the deleveraging plan being achieved with capital gains compared to the book values recorded on the reference dates. In the first six months of the year, gains from the sale of loans amounted to 6.4 million euros, an increase of 4.6 million euros compared with the same period last year, reflecting the Bank's conservative risk policy regarding the recognition of impairments and the effectiveness of loan recovery. In the real estate component, sales generated gross capital gains of 2.8 million euros in the same period, practically the same as in the same period last year (3.0 million euros), which reflects a higher effective return, given the significant reduction in properties on the balance sheet, a drop of 16.8% in the first half of 2025, to a net stock of 156 million euros, compared to 231 million euros in the same period last year.

Operating Costs

Operating costs totalled 143.0 million euros in the first six months of 2025, compared to 133.6 million euros in the same period of 2024, reflecting increases in Staff costs, General administrative expenses and Depreciation and amortisation.

Staff costs amounted to 79.8 million euros, reflecting an increase of 3.1% compared to the 77.4 million euros recorded in the same period in 2024, essentially associated with the updating of salaries and adjustments resulting from the internal policy of valuing and retaining talent, which included the payment of variable remuneration.

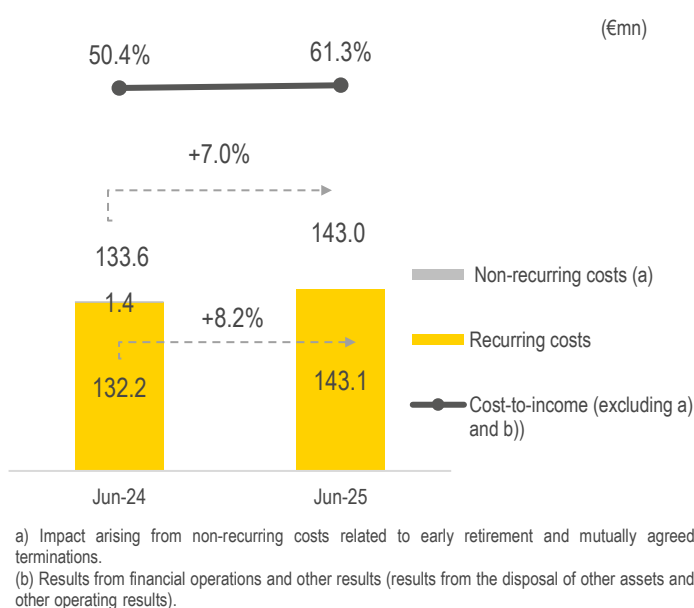
General and administrative expenses stood at 37.7 million euros, a 9.0% increase compared to the same period in 2024, in line with the budget, which reflects the effect of inflation on the costs associated with contracting and renewing services, particularly in the context of Banco Montepio's digital transformation process and developments related to information systems.

Depreciation and amortisation totalled 25.4 million euros in the first six months of 2025, an increase of 17.7% compared to the 21.6 million euros recorded in the same period of 2024. This increase reflects the reinforcement of investment in information technologies and digitalisation, as well as in the development of data collection, processing and governance models, with the aim of promoting automation and the continuous re-engineering of internal processes.

Efficiency, measured by the recurring Cost-to-income ratio, defined as the proportion of Operating income by Operating costs, excluding Results from financial operations, Other income and non-recurring costs related to staff adjustment, increased to 61.3% in the first half of 2025, reflecting a deterioration in both the numerator and the denominator due to the contraction of total operating income in the downward interest rate cycle.

This performance should be framed in the context of Banco Montepio's size, whose smaller scale, compared to the average of the sector in Portugal, and the structure oriented towards a model of proximity to Customers – with a strategic focus on the segments of Individuals and Companies, with special attention to small and medium enterprises (SMEs) and Social economy entities – affect the dilution of operating costs on operating product, which includes particularly significant regulatory burdens. Banco Montepio maintains a continuous commitment to operational efficiency, seeking to mitigate these effects through rigorous and disciplined cost management, while preserving adequate appreciation of human capital.

Operating costs



Operating costs

	(million euros)				
	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Staff Costs	77.4	162.3	79.8	2.4	3.1
General and administrative expenses	34.6	73.7	37.7	3.1	9.0
Depreciation and amortisation	21.6	45.5	25.4	3.8	17.7
Operating costs	133.6	281.5	143.0	9.4	7.0
Operating costs, excluding specific impacts	132.2	272.4	143.1	10.8	8.2
Efficiency ratios					
Cost-to-income (Operating costs / Total operating income) ^(b)	52.4%	56.4%	63.3%	10.9 p.p.	
Cost-to-income, excluding specific impacts ^{(a) (c)}	50.4%	53.1%	61.3%	10.9 p.p.	

(a) Excluding one-off costs associated with staff costs of €1.4 million in June 2024, €9.1 million in December 2024 and €-0.1 million in June 2025, related to early retirements and terminations by mutual agreement.

(b) Pursuant to Banco de Portugal Instruction No. 16/2004, in its current version.

(c) Excluding results from financial operations and Other income (proceeds from the sale of other assets and other operating income).

Impairment and Provisions

Allocations for Impairments and Provisions totalled -2.6 million euros in the first half of 2025, representing a decrease of 16.3 million euros compared to the same period last year, reflecting the improvement in asset quality, the reduction in NPLs, and the lower need for impairment charges resulting from the strengthening of the loan portfolio's quality.

In fact, in the first half of the year, loan impairment recorded a reversal of -8.0 million euros, compared to the 7.3 million euros recorded in the same period in 2024, corresponding to a drop of 15.3 million euros, a very favourable evolution that was supported by the largely positive outcome of relevant NPL dossiers, with the effective settlement of the loans.

The strict credit risk management criteria, associated with a careful analysis in the granting and an effective credit recovery dynamic, contributed to the significant improvement in the quality of the loan portfolio, reflected in the reduction of the cost of credit risk to -0.1% in the first half of 2025, compared to 0.1% in the same period last year (-0.2 p.p.).

In turn, the aggregate Impairment of other financial assets, other assets and provisions net of replacements and write-offs amounted to 5.4 million euros in the first six months of 2025, compared to 6.5 million euros in the same period of 2024, reflecting the evolution of impairments for trading properties and other assets and debtors, as well as the reduction of other provisions (such as those associated with guarantees or lawsuits).

Impairment and provisions

	(million euros)				
	Jun-24	Dec-24	Jun-25	Change YoY	
				Amount	%
Impairment of loans and advances to customers and to credit institutions	7.3	21.8	(8.0)	(15.3)	<(100)
Impairment of other financial assets	0.9	1.2	0.1	(0.8)	(85.9)
Impairment of other assets	7.9	17.7	6.8	(1.1)	(14.4)
Other provisions	(2.4)	11.5	(1.5)	0.9	37.8
Total net impairments and provisions	13.8	52.1	(2.6)	(16.3)	<(100)

Income tax

Deferred tax assets result from the fact that the accounting treatment differs from the tax framework, thus determining the recording of deferred tax assets associated with temporary differences, as well as other costs not accepted for tax purposes, whose movements of constitution, reduction or use have a counterpart in the income statement.

Thus, with an impact on the final net result for the first half of 2025, current and deferred taxes totalled 14.5 million euros, a decrease of 24.1 million euros compared to the same period in the previous year, adding the effects of the 22.2 million euro decrease in profit before tax and the 1% reduction in the nominal corporate income tax rate, as well as the recognition of the 4.0 million euro tax benefit from SIFIDE (Tax Incentive System for Business Research and Development), due to the investments made in research and development, essentially in the technological component.

REPORT AND ACCOUNTS

STRATEGY



Banco Montepio

1ST HALF 2025

TRIPLE ^ STRATEGIC PROGRAMME

Triple A: A new cycle for a more ambitious, authentic and agile Bank

Banco Montepio began a new strategic cycle with the launch of the Triple A Programme, materialising the five lines of force that translate the organisation's strategic objectives for the three-year period 2025-2027. Ambition, Authenticity and Agility are the three axes that guide this transformative plan, approved at the General Meeting and designed to strengthen the institution's role with families, companies and the social economy.

The Triple A Programme reflects a clear ambition to deliver a Bank that is closer, more efficient and better prepared for the challenges of the future, growing efficiently, strengthening profitability and consolidating Banco Montepio's position in the market with a focus on capital, liquidity and value for Customers.

By the end of the first half of 2025, around 75% of the planned initiatives were already underway. Multidisciplinary teams from across the organisation have been engaged in the implementation of the actions, supported by a comprehensive internal communication plan that promotes alignment and mobilisation around this new ambition. This involvement has been essential to ensure the coordinated execution of priority initiatives, structured around eight strategic pillars aimed at accelerating growth, strengthening efficiency and consolidating the Bank's position in the market.

This collective mobilisation has enabled the translation of strategic ambition into concrete action, with progress already achieved that reflects the Bank's commitment to innovation, Customer proximity, and the continuous improvement of the Customer experience.

Triple A is more than a strategic plan. It's an affirmation of the future. A commitment to sustainability, to the development of internal talent, and to building a simpler, more agile, and more Customer-focused Bank – serving communities, the economy, and the trust of those who choose us every day.

STRATEGY

The first half of 2025 was marked by the development of the implementation of the **Triple A Strategic Programme**, which aims to deliver an Ambitious, Authentic and Agile Banco Montepio, materialising the **5 lines of force**, and which translates the organisation's strategic objectives for the period 2025-2027.



By the end of June 2025, approximately 75% of the planned initiatives had been started, with a strong involvement of multidisciplinary teams throughout the organisation, and a regular and extensive internal communication plan had also been activated, with different formats and times for the different levels of the organisation.

Main highlights

Launch of the Bem Bom 2.0 campaign, to **increase the production of mortgage loans**, which extended the value proposition to non-customers, reinforced by the launch of a digital journey, based on the Digital Mobile Key (CMD). In addition, a new workflow was made available to support the new Mortgage Loan operations, with significant improvements in flows and processes for Customers and non-customers and which will be extended to other products and operations in the future.

Development of actions aimed at increasing the **penetration of cross-selling products per Customer**, notably including measures for the renewal and management of the credit card portfolio. At the same time, with the autonomy and strengthening of the payments area, a review of the acquiring³¹ offer was initiated, including its extension to e-commerce and tactical adjustments to the card present offering.

Extension of the **partnership with Montepio Crédito** for the allocation of personal loans with no specific purpose and car loans, with the aim of speeding up production and reducing time to decision. After the successful completion of a pilot project in the second quarter, which showed an increase in the production of new credit of around 50% compared to the same period last year, the initiative was extended to the entire network in June 2025.

Start-up of initiatives to **accelerate credit to companies**, reaffirming Banco Montepio's commitment to financing the economy and supporting business investment (i) through the BPF InvestEU Lines, which enabled a high number of approvals and guaranteed credit contracts to be secured, (ii) commercial actions within the scope of short-term credit for SMEs and (iii) specialisation of portfolios of mid-corporate Customers, for better monitoring this type of economic groups.

Development of a **new App and Home banking for Individuals**, with significant changes in terms of the modernisation of the respective technological infrastructure, in line with the acceleration of digitalisation and the improvement of the omnichannel experience, expected to be launched by the end of September 2025.

Replacement of the **contact centre infrastructure** is underway, with a progressive migration of calls to the new system, alongside the development of integration with other areas, notably remote banking and the M.A.R.I.A. bot, as part of an **omnichannel** approach designed to provide a consistent and seamless Customer experience, regardless of the point of contact. Setting up a continuous monitoring working group for the **fair allocation of spending and investments in information technologies**, as well as in the development of data collection, processing and governance models, with the aim of promoting the automation, efficiency and continuous re-engineering of internal processes, in the context of Banco Montepio's digital transformation process.

³¹ The acquiring offer refers to the set of payment services and business solutions that allow merchants and companies to accept electronic payments, both in physical and online stores.

SUSTAINABILITY



GENDER EQUALITY

Gender Equality: a renewed and realised commitment

At Banco Montepio, gender equality is more than a principle – it is a living, transversal practice, which is affirmed as a strategic vector of organisational culture and sustainability. In line with SDG 5 – Gender Equality, the Bank subscribes to the Women's Empowerment Principles (WEPs) and the United Nations Global Compact, publicly committing to promoting equity, representativeness and valuing female talent at all levels of the organisation.

In 2024, Banco Montepio strengthened its position as a "Leader" in the WEPs Gender Gap Analysis Tool, with a score of 88%, among the top 7% globally. This international recognition reflects the consistency of the practices adopted and the ambition to lead by example in the financial sector.

In governance, gender equality is promoted through a balanced and representative composition of the governing bodies. The Board of Directors has a female majority, with 58% women, exceeding the national target of 40% for management positions. The Executive Committee has a 50% female representation, and in the C-level functions – key function holders appointed by the Board of Directors – the female presence reaches 67%.

This commitment extends to the entire organisation. By 31 December 2024, women held 37% of decision-making positions, and 41% of roles in STEM fields (Science, Technology, Engineering, and Mathematics) were occupied by women. These indicators show a sustained and intentional evolution, resulting from the implementation of active diversity and inclusion policies, as defined in the Bank's Diversity and Inclusion Policy.

In recognition of its practices, Banco Montepio was distinguished by the World Economic Forum with the New Champions Award, in the category "Excellence in Diversity as a Strategic Asset", during the ceremony held in Geneva on November 29, 2024. This international distinction reinforces the institution's reputation as a promoter of equity and inclusion, drivers of innovation, competitiveness and value creation.

Gender equality at Banco Montepio is therefore a commitment that is implemented with ambition, consistency and impact, reflecting a vision of the future that places people at the centre of strategy and transformation.

SUSTAINABILITY

Sustainability strategy

The Banco Montepio Group's Sustainability Strategy, developed under the **Delivering the Future** banner, is structured in a three-year strategic cycle, based on pillars and foundations that guide priorities, goals and lines of action in the context of new models of sustainable development.

The Sustainability Strategy is the result of the convergence of internal and external dynamics, public commitments and operational guidelines. It is also anchored in international benchmarks that promote ethical, integrated and transformative action, going beyond mere regulatory compliance.

Its development has been structured around four pillars, which organise Banco Montepio Group's commitments and targets into a taxonomy focused on tangible results:

People – Promoting the well-being, diversity, inclusion and development of people, both inside and outside the organisation.

Planet – Reducing the environmental impact of activity and actively contributing to the climate and ecological transition.

Governance Principles – Strengthening integrity, transparency and accountability in management, promoting a culture of ethics and trust.

Prosperity – Generating economic and social value in a sustainable way, supporting the development of communities and the economy.

The definition of the Sustainability Strategy 2024-2026 ensured alignment with the SDGs of the United Nations 2030 Agenda, with a special focus on five priority SDGs, which reflect the institutional potential of the Banco Montepio Group to reduce negative impacts and maximise positive impacts: SDG 8 – Decent Work and Economic Growth, SDG 10 - Reduced Inequalities, SDG 11 - Sustainable Cities and Communities, SDG 12 – Responsible Consumption and Production and SDG 13 – Climate Action.

Strategic objectives of the sustainability strategy

The strategic approach to sustainability is achieved through its transversal integration into the business model, geared towards creating sustainable value, innovating the offer, promoting inclusion and continuous dialogue with stakeholders. This integration is accompanied by proactive management of impacts, risks and opportunities, ensuring the organisation's resilience and relevance in a constantly changing context.

It is this commitment that inspires us to **deliver the future** with responsibility, vision and purpose, translated into clear and ambitious strategic objectives:

Net zero and management of environmental impacts (SDGs 12, 13; Planet and Prosperity pillars): Climate change and decarbonisation and environmental management and efficiency;

Revenue generation and value proposition (SDGs 8, 10, 11, 12, 13; Governance Principles and Prosperity pillars): Sustainable financing and investment and ESG offer or products and services with a positive social and environmental impact;

Engagement with stakeholders and corporate culture (SDGs 8, 10, 11; People and Governance Principles pillars): Community impact investment, supply chain management, diversity, equity and inclusion, involvement and training of our people and stakeholder engagement;

Managing impacts, safeguarding risks, integrating opportunities (SDGs 8, 11, 13; Governance Principles and Prosperity pillars): ESG risk management, digital transformation and ESG data management, reputation, transparency and reporting and dual materiality.

Integration into business strategy

The Banco Montepio Group has begun a new strategic cycle with the implementation of the Triple A programme³², aimed at delivering an Ambitious, Authentic and Agile Banco Montepio and materialising the lines of force that embody the strategic objectives for 2025-2027.

The Triple A programme makes the defined strategic priorities a reality, structured in operational initiatives organised in pillars of action, with a transversal impact on the various dimensions of sustainability – economic, social and environmental – reinforcing the Bank's commitment to sustainable and responsible growth.

The Sustainability pillar of the Triple A programme aims to consolidate the ESG agenda and deepen its integration into the business model and organisational culture. Within this scope, two operational initiatives stand out: i) establishing and communicating clear targets to achieve carbon neutrality (Net Zero), and ii) disseminating the ESG perspective throughout the organisation:

These initiatives reinforce the convergence between the Banco Montepio Group's transversal strategic programme and the sustainability strategy, ensuring compliance in the management and mitigation of risks, the measurement of impacts, prudent and responsible action and the identification of opportunities to generate sustainable value.

Essential to the fulfilment of these initiatives and reflecting the recognition of Sustainability as a driver of business model transformation, opportunity identification, and long-term value creation, Banco Montepio has significantly increased its investment dedicated to sustainability. In 2024, this investment increased by more than 200% compared to 2023, and in 2025 it grew by around 128%, with the aim of accelerating the climate, digital and social transition, both within the Group and with Customers and other stakeholders.

This budget increase has made it possible to scale up structuring initiatives, namely:

- **Reinforcement of internal skills**, with a focus on the technical training of teams and the consolidation of specialised knowledge, increasing the capacity to respond to emerging regulatory and operational demands;
- **Support for SMEs and Customers** in measuring and reducing their environmental footprint, including access to practical tools such as carbon emissions calculators;
- **Integration of ESG criteria into operational processes**, with emphasis on assigning sustainability ratings, improving reporting systems and adopting evaluation metrics;
- **Encouraging responsible innovation**, promoting solutions geared towards the common good, aligned with long-term objectives and the creation of economic, social and environmental value.

The implementation of these priorities has been supported by strategic partnerships with ESG specialists, digital platforms to support the sustainable transition, and the development and application of robust ESG performance metrics.

This structured investment consolidates sustainability as a cross-cutting dimension of the Banco Montepio Group's strategy, aligned with the opportunities of a changing financial sector and crucial to reconciling socio-economic progress with the preservation of natural ecosystems.

³² For more details see 'chapter 06 – Strategy'.

Sustainability Governance

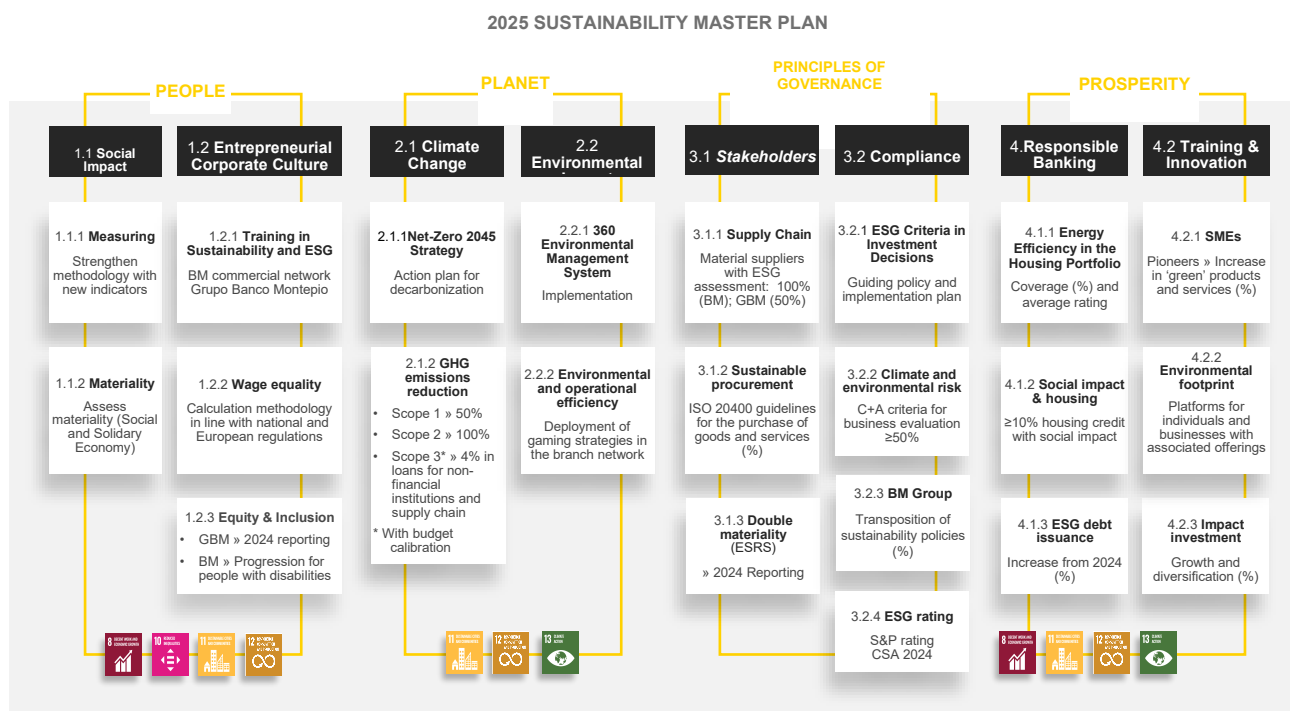
In the first half of 2025, Banco Montepio pursued the implementation of the sustainability governance model continued, ensuring coordination between the different internal structures dedicated to integrating ESG factors into the Group's management.

Meetings of the Sustainability Commission (COMSESG), the Banco Montepio Assessment, Nominations, Ethics, Sustainability and Governance Committee (CANESG) and the cross-cutting working were maintained on a regular basis, allowing strategic, technical and operational monitoring of the initiatives underway, as well as monitoring the commitments made. This continuous process of interdivisional involvement has strengthened the consistency of decisions and the maturity of internal processes, in line with the objectives defined in the Sustainability Master Plan 2025.

Sustainability Master Plan 2025

The Sustainability Master Plan guides the creation of sustainable value based on the four pillars of the Banco Montepio Group's Sustainability Strategy – People, Planet, Governance Principles and Prosperity – and is based on an agile, collaborative and transversal governance model, which integrates the Bank's key areas and ensures effective coordination between sustainability and banking operations. By defining shared objectives and responsibilities, it promotes an organisational culture aligned with the Group's strategic commitments.

As a guiding instrument, the Master Plan establishes structuring initiatives that operationalise the commitments made in the Sustainability Strategy and, more recently, in the Triple A initiatives. It thus constitutes a central axis of governance and execution of the ESG agenda, reinforcing sustainability as an essential vector for transformation and long-term value creation.



REPORT AND ACCOUNTS

RISK



Banco Montepio

1ST HALF 2025

RISK

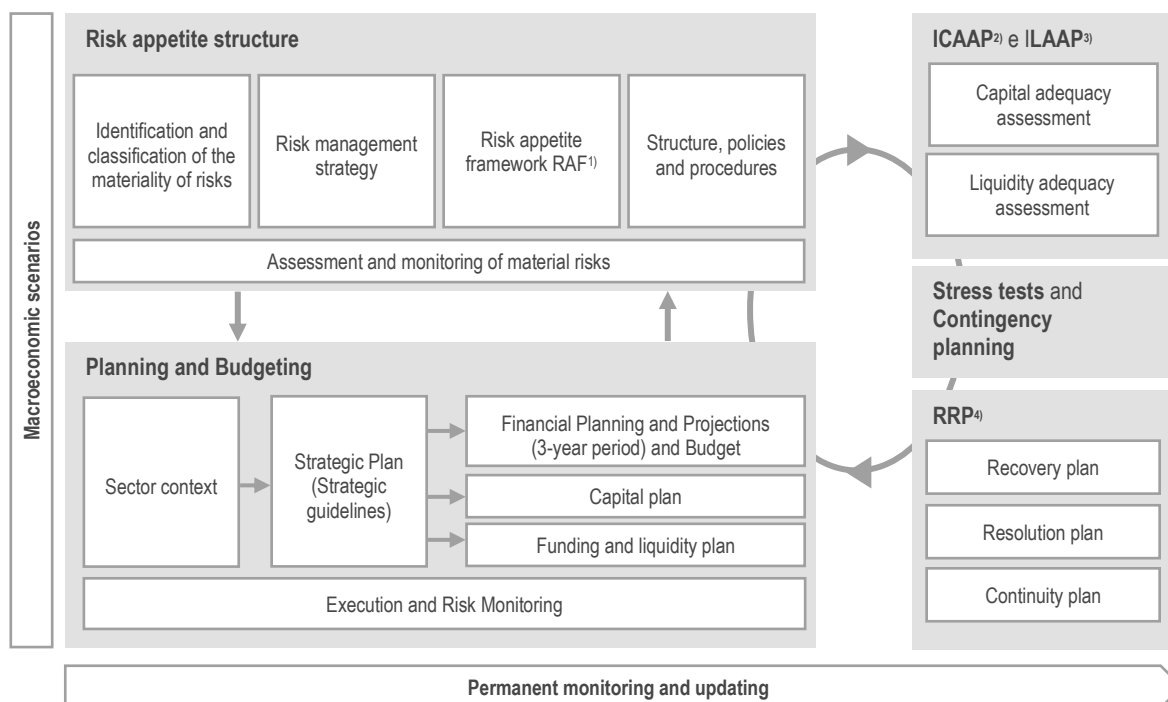
RISK MANAGEMENT

The Banco Montepio Group's risk management framework includes a set of policies, procedures, limits and controls that enable it, in an appropriate and integrated manner, to identify, measure or evaluate, monitor, mitigate and report the risks posed by the activities carried out in the various business lines and entities.

Main elements supporting Banco Montepio Group's risk management framework

- Identification and classification of the materiality of risks;
- RAF – Risk Appetite Framework;
- Risk management strategy;
- Structure, policies and procedures;
- Assessment and monitoring of material risks;
- Economic capital and liquidity planning and management;
- Monitoring and overall reporting of risk and internal capital;
- Stress tests;
- Contingency planning.

The figure below illustrates the main elements that support the risk management framework of the Banco Montepio Group, and the articulation and integration with the other organisational components (business strategy and global vectors of the risk strategy), and with the Planning and Budgeting exercises, Internal Capital Adequacy Self-Assessment Process (ICAAP), Internal Liquidity Adequacy Self-Assessment Process (ILAAP) and Recovery Plan.



1) RAF – Risk Appetite Framework; 2) ICAAP – Internal Capital Adequacy Assessment Process; 3) ILAAP – Internal Liquidity Adequacy Assessment Process; 4) RRP – Recovery and Resolution Planning.

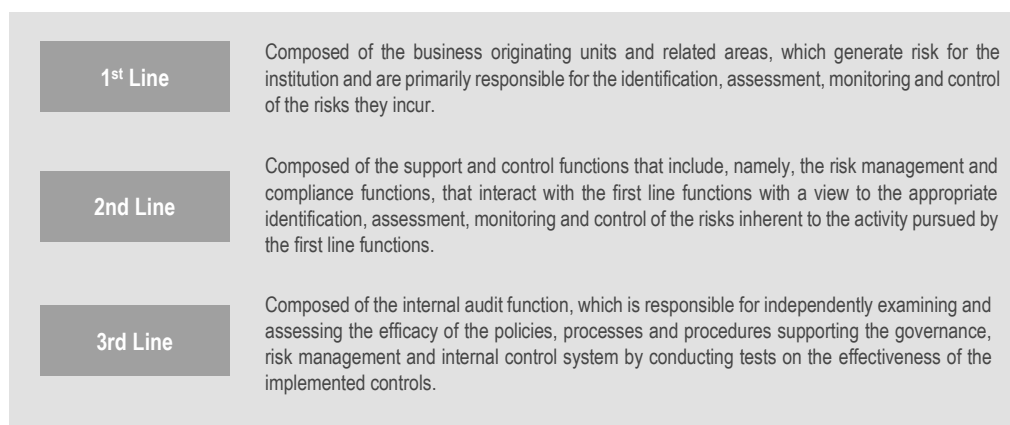
INTERNAL CONTROL SYSTEM

In line with Banco de Portugal Notice 3/2020 and other provisions, the Banco Montepio Group's internal control system includes a set of strategies, policies, procedures, systems and controls aimed at ensuring that the following objectives are achieved:

- Profitable and sustainable performance: ensure compliance with the objectives established in strategic planning, the efficiency of operations, the efficient use of resources, the safeguarding of assets and, consequently, the sustainability of the business in the medium and long term;
- Prudent risk management: an adequate identification, assessment, monitoring and control of the risks to which the Group is or may be exposed;
- Quality information and sound accounting procedures: the existence of timely, objective, complete and reliable accounting, financial and management information, and of mechanisms for the independent reporting of that information to management and oversight bodies and to internal control functions;
- Normative compliance: respect for the legal and regulatory provisions of prudential or performance-related nature, as well as compliance with Banco Montepio's own internal rules and with the professional and ethical rules, practices and codes of conduct endorsed by Banco Montepio.

The adopted government follows the three lines of defence model.

3 lines of defence model



Accordingly, the internal control system is based on:

- An adequate control environment supported by a well-defined organisational structure and safeguarding the segregation of functions, and by a code of ethics and conduct applicable to all Employees, which defines the standards of ethics, integrity and professionalism;
- A robust risk management system, aimed at the identification, evaluation, follow-up and control of all risks which might influence the strategy and goals defined by the Group;
- An efficient information and communication system, implemented to ensure the capture, processing and exchange of relevant, comprehensive and consistent data, within an appropriate timeframe and in a way that allows the effective and timely performance of the management and control of the Group's activities and risks;
- An effective monitoring process, implemented with a view to ensuring the adequacy and effectiveness of the internal control system itself over time, ensuring, inter alia, the timely and continuous identification of any deficiencies whose resolution has contributed to the strengthening of the internal control system.

The monitoring process incorporates a set of actions and evaluations developed by the Institution in order to ensure the adequacy and effectiveness of the Institution's organisational culture and governance systems in this matter:

- The monitoring is carried out through actions and control evaluations, implemented by the risk management and compliance functions within the scope of its activities;
- The internal audit function carries out autonomous and periodic assessments, with its own resources or through subcontracting coordinated and supervised by the latter, with a view to ensuring the alignment, throughout the Group, of internal auditing practices, compliance with professional and regulatory requirements;
- All Banco Montepio Employees, at various hierarchical levels, participate in control actions, namely through the execution of procedures to review the tasks performed and in the fulfilment of their daily responsibilities;
- The Board of Directors acts at the highest level, in the internal governance structure, in the organisational culture, in the main business/support areas and in the evolution of the institution's overall objectives, monitoring internal and external changes that could compromise the execution of the defined strategy and objectives;
- The Audit Committee carries out control actions within the scope of its legal and regulatory powers, monitoring the internal control system and following up on any deficiencies;
- The main mission of the Internal Control Commission (COMCI) is to support Banco Montepio's Executive Committee in the process of implementing an effective internal control system, through a continuous and effective process of follow-up and monitoring of detected deficiencies, the respective mitigation measures and their follow-up, contributing to promote a robust control environment and solid risk management.

The Internal Control Commission, integrated into the Organisation and Quality Division, is responsible for monitoring the resolution of deficiencies detected by the internal control functions, external auditors and supervisors, as well as the respective mitigation measures and action plans for their implementation. It promotes implementation with those responsible for the measures, through periodic monitoring to identify and resolve any constraints, covering all Banco Montepio Group entities.

INTERNAL CONTROL FUNCTIONS

The Banco Montepio Group has a risk management system which is one of the pillars of the internal control system, and which consists of a set of processes to identify, assess, monitor and control the material risks to which the institution is or may be exposed, both internally and externally, ensuring that they are correctly understood and kept within the levels previously defined by the management body. The key functions on which Banco Montepio's internal control system is based: risk, compliance and internal audit, form the core of the three lines of defence model established by the EBA guidelines on best internal governance practices.

The risk management strategy is established in accordance with the Banco Montepio Group's risk appetite statement, considering aspects of solvency, liquidity, profitability and asset quality, as well as other financial and non-financial risks.

The risk management function is performed by the Risk Division (DRI) at Banco Montepio, which is responsible for the effective application of the risk management system. DRI operates as a second line of defence, ensuring the existence of an appropriate risk management system and aimed at obtaining a vision of the Institution's overall risk profile, while challenging and supporting the business lines in the implementation of the first line processes of control.

Among its main responsibilities, the Risk Division is responsible for implementing and ensuring the effective operation of a risk management system on an ongoing basis, promoting the implementation of risk strategies and policies and ensuring the adequate identification of the risks underlying the activity of the entities that

constitute the Banco Montepio Group, with a view to their assessment and measurement and guaranteeing effective monitoring and control.

Key developments within the risk management function in the first half of 2025

- Implementation of a new framework for monitoring rating and scoring models;
- Continued to strengthen and improve the risk management information system and the reports produced, including the strengthening of the processes for reporting capital and liquidity risk and for calculating and reporting interest rate risk, in accordance with Banco de Portugal Instruction no. 34/2018 and most recent EBA guidelines;
- Self-assessment of the gaps in internal processes and methodologies in the light of the regulatory requirements in the field of digital operational resilience issued in the Digital Operational Resilience of Financial Services Act (DORA) approved by the European Commission at the end of 2022;
- Updating and review of internal regulations on the various processes related to risk management;
- Regular monitoring of the bank's risk taxonomy, as well as the process of identifying material risks;
- Participation in the European Central Bank's Quantitative Impact Study (QIS), aimed at estimating and anticipating the impacts associated with the impact of the regulatory changes under study on the solvency of financial institutions;
- Consolidation of the use of the MGIRO (Montepio Integrated Operational Risk Management) application, by all areas of Banco Montepio, to support operational risk management in all its phases; and
- Continuation of the implementation of the framework for managing climate-related risks and other ESG risk factors;
- Progress is being made on the portal for the collection of ESG risk-related information from companies, in partnership with other banks and under the ownership of SIBS;
- Assessment of the materiality of climate risk through three climate scenarios from the Network for Greening the Financial System (NGFS): Current Policies, Net Zero 2050 and Delayed Transition;
- Definition of a methodology that relates physical climate and transition risks to prudential risks, making it possible to measure their impacts;
- Sensitivity analyses to climate risks in the ICAAP and ILAAP exercises, with the aim of demonstrating the robustness of economic capital requirements in the face of climate risk scenarios;
- Strengthening the regulations, internal processes and methodologies that support the Bank's resolvability within the scope of the regulatory requirements inherent in compliance with the European Directive on the resolution of credit institutions;
- Participation in the cyber stress test exercise conducted by the Banco de Portugal;
- Review of Banco Montepio's business continuity plan;
- Survey of cybersecurity risks, vulnerabilities and threats and take out insurance to mitigate this;
- Implementation of the processes for calculating and reporting prudential capital information, following the entry into force of CRR3³³ in January 2025.

The compliance function, carried out by the Compliance Division (DCOMP) in the Banco Montepio Group, also acts as a second line of defence, taking responsibility for managing compliance risk, which materialises in the probability of negative impacts on results or capital arising from violations or non-compliance with laws, regulations, contracts, codes of conduct, established practices or ethical principles. This can result in legal or regulatory sanctions, the limitation of business opportunities, the reduction of expansion potential or the impossibility of demanding compliance with contractual obligations.

³³ CRR3, the acronym for Capital Requirements Regulation III, is the third revision of the European regulation on capital requirements and transposes the final elements of Basel III, often referred to as Basel IV, into EU law.

DCOMP has the necessary autonomy to carry out its duties in an independent manner, reporting functionally to the Board of Directors, as well as to the Audit Committee, namely on relevant matters such as activity and training plans, activity reports, compliance policies, the organic regulation and statute of the compliance function, as well as reporting on any indications of violation of legal obligations or rules of conduct that may cause Banco Montepio and/or Group Companies to incur an administrative offense.

Compliance risk is mitigated by promoting a culture of ethics and compliance and by the intervention of the respective function in Banco Montepio's main processes that entail this type of risk, *a priori* by analysing the compliance of processes and procedures, and *a posteriori* by carrying out compliance monitoring actions. For the purposes of managing compliance and reputational risks, Banco Montepio has a Compliance Risk Management Policy and a Reputational Risk Management Policy, accessible to all Employees, which support the adoption of a compliance culture based on the identification, assessment, monitoring and reporting of these risks.

The Code of Ethics and Conduct is also a fundamental instrument in mitigating compliance risk, to the extent that it identifies the values, principles of action, and standards of professional conduct that all Employees, members of governing bodies, and service providers must observe in the performance of their activities.

Adopting ethical business conduct is essential for Banco Montepio in order to serve its Customers properly, meet the expectations of its shareholders and other stakeholders, satisfy and motivate its employees and, in general, contribute to consolidating its position as a financial institution that is unique on the national scene due to its origin and mutualist basis.

Main developments within the compliance function in the first half of 2025

- Preparation of the compliance function's Annual Activity Plan, incorporating, in addition to recurring activities, a set of projects and activities aligned with the Bank's objectives and also activities that resulted from the independent assessment of the compliance function and are aimed at strengthening it. The Compliance Plan also includes the Compliance Monitoring Plan, a structured programme for verifying adherence, tailored to the processes with the highest compliance risk, through the execution of compliance tests (monitoring actions);
- Preparation of the Annual Training Plan for compliance function employees, as well as other employees, governing bodies, and entities within the Banco Montepio Group, specifically addressing compliance risk;
- Implementation of improvements to the Know Your Customer (KYC) framework;
- Development of use cases supported by the use of machine learning (ML) and Generative AI (GenAI) models to support the effective performance of some compliance function activities;
- Dissemination of the new Code of Ethics and Conduct – the Yellow Code – and definition of a set of initiatives with a view to fostering an organisational culture of compliance aligned with the values and principles of Banco Montepio and with the legal and regulatory requirements applicable to the activity developed;
- Adoption of a new methodology for implementing and monitoring supervisory measures and new legislation;
- Preparation of the first Annual Evaluation Report of the Banco Montepio Group's Corruption Prevention Plan;
- Definition and revision of various structural regulations in compliance risk management, such as the Compliance Risk Management Policy, the Policy on Communication of Irregularities, the Policy on Transactions with Related Parties, the Policy on Customer Classification and the Policy of Customer Assets and Funds Safeguard;
- Continuous implementation of compliance monitoring actions in line with the approved Monitoring Plan, namely on the compliance risk associated with the handling of complaints, the marketing of products, the supervision of the depositary function, control of transactions with related parties, the product governance process, non-compliance with the Code of Conduct or the control of regulatory reporting.

The internal audit function in the Banco Montepio Group is carried out by the Internal Audit Division (DAI), as the third line of defence, which performs its duties independently and objectively, reporting functionally to the Board of Directors and the Audit Committee.

The internal audit function's mission is to provide the management and supervisory bodies with a systematic and disciplined assessment of the effectiveness and improvement of risk management, control and governance processes.

The aim is to make an overall assessment of the adequacy and effectiveness of the institution's organisational culture, internal governance structures and internal control system, within an appropriate time horizon, of the risk management, control and governance processes.

The 2025 Audit Plan of the Banco Montepio Group covered regulatory, business process, risk management and continuous monitoring of internal control deficiencies activities.

Risk Appetite Framework (RAF)

The RAF is the main element of the Banco Montepio Group's risk management system, consisting of a general approach, according to which the risk appetite and strategy are established, communicated and monitored, including the necessary policies, processes, controls and systems. The risk limits underlying the risk management strategy and the maintenance of appropriate levels of capital and liquidity are documented in a Risk Appetite Statement (RAS) approved by the management body. The risk management system is part of the internal control system of the Banco Montepio Group, whose objective is the development of the activity in a sustained manner in line with the established RAS.

The evolution of the Banco Montepio Group's risk profile is regularly monitored in relation to the established risk appetite, with the respective reporting to the Board of Directors and monitoring by the Supervisory Board.

RISK MANAGEMENT GOVERNANCE MODEL

At Banco Montepio, the risk management function is the responsibility of the Risk Division (DRI), the organic unit that conducts this function in a manner independent from the functional areas subject to assessment.

In Banco Montepio's current internal governance model, the head of the Risk Division reports hierarchically to the member of the Executive Committee responsible for Risk (Chief Risk Officer), and there is also functional reporting to the Risk Committee (made up exclusively of non-executive directors), to the Audit Committee, as Banco Montepio's supervisory body, and to the Board of Directors.

The hierarchical and functional reporting lines are described in the internal governance structure defined in the Risk Management Policy of the Banco Montepio Group.

The Board of Directors is responsible for the strategy and policies to be adopted regarding risk management. This includes the approval of policies at the highest level that should be followed in risk management.

The management bodies of the Banco Montepio Group's subsidiaries are responsible for approving their own risk management strategies, in line with the business strategy defined for each subsidiary and in consolidated terms, as well as the Banco Montepio Group's overall risk strategy.

Audit Committee

The Audit Committee is the supervisory body of Banco Montepio, whose competencies include the supervision of the Bank's management; the supervision of auditing activities, the process of preparing and disseminating financial information, and the effectiveness of the internal control systems, as well the preparation of opinions on the policies and procedures to support the risk management system prior to approval by the Board of Directors, compliance control and the activity and independence of the statutory auditor and of the Statutory Auditor.

Risk Committee

The Board of Directors appoints the Risk Committee, including the nomination of its Chair, whose duties, exercised in an independent form, are established in the respective Articles of Association. The Risk Committee's mission is to constantly monitor the definition and execution of the institution's risk strategy and risk appetite and to verify that these are compatible with a sustainable medium and long-term strategy and

with the approved action programme and budget, advising the Audit Committee and the Board of Directors in these areas.

Supporting Commissions of the Executive Committee

Commissions providing support to the Executive Committee have been constituted, as forums of debate and support to decision-making, through formulation of proposals and recommendations in the areas of their scope of intervention. The following commissions stands out:

- The Executive Credit Commission (CEC) and Credit Commission (CdC) meet on a weekly basis, where credit operations are assessed and decided in accordance with the delegation rules defined in the Credit Risk Regulations.
- The Asset-Liability Commission (ALCO) meets monthly and is responsible for monitoring capital management, the balance sheet and the income statement. Its functions include the issuance of proposals or recommendations with a view to managing liquidity, interest rate or capital positions, considering the scenarios of the evolution of the activity, the macroeconomic context and the indicators related to the real and projected evolution of the different risks.
- The Cybersecurity Commission (COMCIBER), meets quarterly and is responsible for defining and monitoring the objectives for the management of cybersecurity (information security), aligned with business requirements and with the requirements and expectations of stakeholders, relevant laws and regulations and monitoring the implementation and continuous improvement of the information security management system. It also deliberates on matters of management, definition of requirements and adoption of information security policies and procedures.
- The Operational Resilience Commission (COMRO) (former Business Continuity Commission having changed its name in January 2025), meets on a biannual basis and is responsible for ensuring the completeness and continuous update of the Business Continuity Plan (PCN), and where applicable, propose improvements in the detection, evaluation and recovery processes with a view to continuous improvement of Incident Management and associated internal control framework.

Risk Division (DRI)

The DRI is the unit at Banco Montepio responsible for the risk management function, overseeing all financial and non-financial risks in partnership with DCOMP. It performs its duties independently and in accordance with best practices and regulatory requirements.

It ensures the analysis and management of risks, providing advice to the management body, namely through the proposal of regulations and management models for the different risks, the preparation of management reports that serve as the basis for decision-making and the participation in Support Committees for the Board of Directors and the Executive Committee.

The Risk Division also ensures compliance with the set of prudential reports to the supervision authority, namely in the area of capital requirements, control of major risks, liquidity risk, interest rate risk, country risk, counterparty risk, self-assessment of the adequacy of capital and liquidity (ICAAP – Internal Capital Adequacy Assessment Process and ILAAP – Internal Liquidity Adequacy Assessment Process), Market Discipline, Recovery Plan and Resolution Plan.

It is also responsible for the Customer rating and monitoring process, based on an Early Warning System (EWS), including the definition of classification rules, and the monitoring and reporting of the information derived from this process.

Subsidiary Companies

In order to ensure effective management of the risks associated with the Group's activities, DRI is responsible for ensuring that all Banco Montepio Group companies adopt risk management systems that are consistent with each other and in accordance with the defined requirements:

- in the Internal Regulations of Banco Montepio's risk management function;
- in the Banco Montepio Group's Overall Risk Policy;

- other applicable internal policies and regulations, without prejudice to the respective legal and regulatory framework.

DRI is also responsible for monitoring the risk management activity of the Banco Montepio Group Companies, on a consolidated and individual basis, with a view to ensuring:

- the consistency of the risk concepts used;
- risk identification, assessment and control methodologies;
- the supporting regulations and risk profile monitoring processes;
- compliance with the applicable regulatory and prudential requirements, particularly in consolidated terms.

Independent Model Validation

The Model Validation Office (GVM) is responsible for the independent validation of the models developed within the Group, ensuring compliance with the applicable internal and external requirements. This structure reports hierarchically to the Director responsible for Risk and functionally to the Risk Committee, thus safeguarding independence from other organic structures responsible for developing and monitoring models.

The Model Validation Office is therefore responsible for the Banco Montepio Group's model risk management, ensuring that the Model Risk Management Policy is updated and that the defined requirements are met, guaranteeing the existence of a centralised and up-to-date inventory of the Group's models and verifying the proper application of the model risk level classification by those responsible for them (model owners), in accordance with the defined risk tiering methodology, with continuous monitoring and reporting of model risk.

During the first half of 2025, the GVM completed several validation procedures, namely: (i) the periodic validations of the models, methodologies and outcomes of the ICAAP and ILAAP processes; (ii) the periodic validation of the LGD (Loss Given Default) model under IFRS 9 (International Financial Reporting Standard 9); (iii) the initial validation of the ESG rating model; (iv) the initial validation of the application scoring model for auto loans; and (v) the periodic validations of the corporate rating models. It updated the risk classification of the Group's various models and also carried out control of the model inventory, monitored the implementation of recommendations with model owners, analysed rating model overrides with their respective quarterly reports, and monitored model risk limits.

As part of the internal governance model, the GVM ensured the presentation and reporting to the Executive Committee and the Risk Committee, in accordance with the requirements set out in the Model Risk Management Policy.

Information Management

Throughout the first half of 2025, Banco Montepio continued to consolidate its governance and data quality practices, under the leadership of the Data and Analytics Division (DDA). The operational governance model has been implemented in the organic control units and critical areas, ensuring alignment with the best regulatory practices and responding to the recommendations resulting from the special data quality audit conducted by Banco de Portugal between 2023 and 2024.

The Chief Data Officer Office (CDO Office) has strengthened its role in the implementation and oversight of Banco Montepio's data governance model, encompassing the continuous development and review of policies and operational manuals, the incremental appointment of Data Owners³⁴ and Data Stewards³⁵ (both business and technical) for each data domain and subdomain, as well as the creation of essential items, including business glossaries, data catalogues, information flow mappings and quality control mechanisms.

The Governance and Data Quality by design approach is a strategic pillar, ensuring that solutions and processes are designed from the ground up to high quality and compliance standards. This methodology reinforces the reliability and consistency of data, facilitates the efficient and responsible use of information by

³⁴ Data Owner: is responsible for the definition, decision and compliance of the data in their domain.

³⁵ Data Steward is responsible for the operational management, quality, documentation and control of data.

Data Owners and Data Stewards and promotes a culture of operational and analytical excellence, supported by relevant and appropriate information.

Governance assets, together with the quality dashboards and data events made available, provide data owners and data stewards with a comprehensive perspective of the data ecosystem, including context, origin, sensitivity and associated responsibilities. At the same time, they ensure the reliability of the results, mitigate operational risks associated with the interpretation and replication of solutions and impact analyses.

The governance of End User Computing processes³⁶ (EUCs) and external databases is underway, with the aim of guaranteeing the resilience and consistency of data processes. A formal process for cataloguing and updating EUCs was established, with technical and regulatory support, and the new EUC platform was presented at monthly forums. The CDO Office maintains support and ensures compliance with the Organic Units in the management of these processes. At the same time, the definition of ownership of external databases is being developed, as well as the implementation of the respective governance assets in order to ensure correct interpretation, usability and access management.

Interdivisional coordination was also strengthened through regular forums with Data Owners and Data Stewards, promoting the sharing of best practices, the monitoring of initiatives and the swift resolution of critical issues. Cooperation with key areas, such as Risk, Accounting and Financial Reporting, Compliance and the Information Systems Division, proved to be fundamental in ensuring the cross-cutting nature and robustness of the data governance model.

The Single Resolution Board (SRB) project, which aims to transform and harmonise data flows and models in accordance with the architectures and reference models defined by the European Central Bank, namely the Banks' Integrated Reporting Dictionary (BIRD) and the Integrated Reporting Framework (IReF), is currently being consolidated. By the end of 2025, this model is expected to be expanded to support Credit Responsibility Centre (CRC) reporting.

CREDIT RISK

Credit risk is associated with the degree of uncertainty of the expected returns, by inability either of the borrower (or guarantor, if there is one), the issuer of a security or the counterparty in a contract to comply with the respective obligations. Credit risk management benefits from a robust analysis and decision process, supported by a set of support tools, in which the quantification of credit risk is embodied in the model for calculating impairment losses.

During the first half of 2025, Banco Montepio continued to review its credit risk management models and policies, keeping up with changes in the regulatory framework, guidelines issued by national and European supervisors and regulators and best market practices.

The decision-making process for loan operations is based on a series of policies using scoring models for the retail and business portfolios and rating models for the Corporate segment. These models, developed based on internal historical data, enable obtaining an assessment which is reflected in the attribution of a risk category to the Customer/operation, aggregated in a single risk scale, representing the respective probability of default. These models are subject to validation by a unit independent of the one responsible for their development, which reports functionally to the Risk Committee (composed of non-executive directors) where the respective validation reports and opinions for changes to the models are approved.

The implemented models are monitored on a regular basis by the Risk Division, with a process also existing for regular updating in light of the results obtained, business or regulatory alterations that imply the need to review these models

In addition to the rating and scoring models, the decision-making process for loan operations is also based on certain filters or rules for rejection or escalation. Rejections or filters in terms of decision levels are

³⁶ End User Computing refers to applications, files and databases developed and maintained by business users, such as spreadsheets, macros, Access databases, scripts or low/no-code dashboards.

determined by the occurrence of credit events in the financial system, breach of credit rules (for example, the indicator of the analysis of individual Customer solvency defined by Banco de Portugal, named Debt Service-to-Income (DST)) and whenever the pricing associated with a particular operation represents a risk of adverse selection.

In order to monitor the evolution of the Customer's risk profile, the Bank has a classification framework (Early Warning Systems), used by the commercial, credit analysis and credit recovery areas, with the aim of identifying early signs of possible difficulties in meeting its financial plans and thus defining the best strategies with Customers in order to mitigate the risk of default.

As of 30 June 2025, the proportion of non-performing loans (NPLs) within loans and advances to Customers (gross) fell by 0.2 percentage points compared with 31 December 2024, to 1.9%, driven by a 24 million euros reduction in non-performing loans (-9.2%) and a 405 million euros increase in performing loans (+3.4%).

The amount of total impairments for credit risk reached 194 million euros as at 30 June 2025, giving rise to a ratio of coverage of loans and interest overdue by more than 90 days of 233.3%. Additionally, NPL coverage for impairment at stage 3 stood at 45.3%, while total balance sheet impairment coverage stood at 82.3%, and considering collateral and associated financial guarantees at 121.2%.

Loan quality indicators

	(million euros)						
	Jun-24	Dec-24	Jun-25	Change YoY		Change YtD	
				Amount	%	Amount	%
Gross loans to customers	11 877	12 162	12 543	666	5.6	381	3.1
Loans and interest overdue by more than 90 days	118	87	83	(34)	(29.2)	(4)	(4.6)
Loans impairment	238	217	194	(44)	(18.4)	(23)	(10.5)
Ratios (%)							
Cost of credit risk	0.1	0.2	(0.1)	(0.2 p.p.)		(0.3 p.p.)	
Loans and interest overdue by more than 90 days	1.0	0.7	0.7	(0.3 p.p.)		0.0 p.p.	
Non-performing exposures (NPL) ^(a) / Gross loans to customers	2.8	2.1	1.9	(0.9 p.p.)		(0.2 p.p.)	
Forborne exposures ^(a) / Gross loans to customers	1.9	1.6	1.4	(0.5 p.p.)		(0.2 p.p.)	
Coverage (%)							
Loans and interest overdue by more than 90 days by Impairments for balance sheet loans	202.5	248.5	233.3	30.8 p.p.		(15.2 p.p.)	
NPL coverage ^(a) by impairment at stage 3	43.2	44.1	45.3	2.1 p.p.		1.2 p.p.	
NPL coverage ^(a) by Impairments for balance sheet loans	72.2	83.5	82.3	10.1 p.p.		(1.2 p.p.)	
NPL coverage (a) by Impairments for balance sheet loans and associated collaterals and financial guarantees	113.4	122.8	121.2	7.8 p.p.		(1.6 p.p.)	

(a) NPL according to EBA criteria. Gross loans and advances to customers (numerator and denominator as applicable).

CREDIT CONCENTRATION RISK

Credit concentration risk arises from the existence of risk factors that are common or correlated between different entities or portfolios, to such an extent that the deterioration of any of these factors could have a negative effect on the loan quality of each counterparty or on the earnings of each category of assets and liabilities. In a concentration scenario, the effect of the losses on a small number of exposures can be disproportionate, confirming the importance of the management of this risk in maintaining suitable solvency levels.

There are various procedures related to the identification, quantification and management of credit concentration risk. Credit concentration risk refers to the degree of concentration of the risk of default in the

granted loan, derived from possible over-exposure to individual counterparties or groups of counterparties that are related to counterparties operating in the same activity sector, in the same geographic area or exposures with collateral or assets under common operation, excluding Group companies. In order to limit credit concentration risk due to exposure to a Customer/group of interrelated Customers, maximum exposure limits are defined for the aggregate positions of the credit and investment portfolios, for various entities of the Banco Montepio Group.

Within the framework of the established risk appetite (RAS), limits and objectives are set for key indicators for concentration risk, in the various relevant dimensions.

Credit concentration risk is monitored regularly, considering relevant risk indicators (individual and sector concentration) in comparison to previous periods so as to follow the evolution. The identification and monitoring of the largest exposures and most significant increased exposure of the loan portfolio are conducted daily.

MARKET RISK

The concept of market risk reflects the potential loss that could be recorded by a given portfolio as a result of changes in rates (interest and exchange) and/or in the prices of the different financial instruments comprising the portfolio, considering both the correlations that exist between them and their volatility.

Value-at-Risk (VaR) is one of the main metrics used to measure and monitor the market risk calculated on a daily basis, both for its trading portfolio and for the portfolio of financial assets at fair value through other comprehensive income, which is calculated for a time horizon of 10 working days and at a significance level of 99%, using the historical simulation method. The types of risk considered in this method are interest rate risk, exchange rate risk, price risk, spread risk and commodities risk.

Regular reporting on Banco Montepio's own portfolios and those of other entities of the Group is ensured, with various risk limits being defined, including overall VaR limits and Stop Loss and Loss Trigger limits for positions held for trading and in other comprehensive income, as well as exposure limits per issuer and per type/class of asset. The reports that are produced are used to control the different limits of exposure, analysing the risks of concentration, credit, interest rate and asset price variation, among others. These analyses include the analysis of scenarios, namely the sensitivity of the bond portfolio to variations in interest rates, spreads, as well as analyses of stress scenarios based on extreme events that occurred in the past.

In order to ensure more effective risk management, the positions in portfolio are disaggregated into a portfolio of financial assets at fair value through other comprehensive income, portfolio of other financial assets at amortised cost, portfolio of financial assets not necessarily held for trading at fair value through profit or loss, and portfolio of assets held for trading (which exclude hedge coverages and fair value option), with risk limits being defined according to the type of portfolio. The thresholds applicable to the portfolios are defined in internal regulations, which are updated at least annually. Stop Loss and Loss Trigger thresholds are also defined, applicable to the portfolios. Whenever any of these thresholds are reached, the re-examination of the strategy intrinsic to this position is compulsory.

A summary of the VaR indicators in June 205 and 2024 is presented below.

VaR indicators ⁽¹⁾

	Jun-25		Dec-24	
	Banking Book	Trading Portfolio	Banking Book	Trading Portfolio
Market VaR ^{(1) (2)}	1.06%	0.93%	0.92%	3.40%
Interest Rate Risk	1.02%	0.44%	0.99%	1.96%
Exchange Rate Risk	0.10%	0.08%	0.05%	0.13%
Price Risk	0.02%	0.44%	0.01%	1.28%
Credit risk (spread)	0.46%	0.14%	0.66%	0.08%
Commodity Risk	0.00%	0.06%	0.00%	0.00%

(1) 10-day time horizon and significance level of 99%; As a Percentage of total portfolio assets; Includes the portfolios of BM and BEM.

(2) Includes diversification effect.

Moreover, analyses are also conducted of scenarios and stress (based on past extreme events) for the trading book to complement the analysis of all the other risk indicators.

EXCHANGE RATE RISK

Concerning the exchange rate risk of the banking book, in general, the different resources captured in different currencies are invested in assets in the respective money market for maturity periods that are not higher than those of the resources. Therefore, the existing foreign exchange gaps essentially derive from possible mismatches between the maturity periods of the investments and resources. The foreign exchange exposure of the Banco Montepio Group on a consolidated basis showed a reduction compared to the previous year, primarily due to the positions in Kwanza related to deposits of Montepio Holding in Access Bank Angola (formerly Finibanco Angola, whose stake held by Montepio Holding was sold in 2023).

With regard to the exchange rate risk of the bank portfolio, exposure limits are defined, which are monitored by the management and oversight bodies and by the Asset-Liability Commission (ALCO), and any possible exceeding of the established limits follows the defined circuit, which may require approval by the management body or the implementation of measures to cover said risk.

The limits defined for exchange rate risk include limits of position by currency, in consolidated and individual terms, as well as in terms of VaR, and are also disaggregated in terms of the trading book and banking book.

INTEREST RATE RISK IN THE BANKING BOOK

The interest rate risk caused by operations of the banking book is assessed through risk sensitivity analysis, on an individual and consolidated basis for the subsidiaries included in the Group's consolidated balance sheet.

Interest rate risk is appraised in accordance with the impacts on net interest income, economic value and own funds caused by variations in market interest rates. The main risk factors result from the mismatch between the repricing dates and/or residual maturities between assets and liabilities (repricing risk), from the non-parallel change in the interest rate curves (yield curve risk), from the lack of a perfect correlation between different interest rates with the same repricing time limit (basis risk) and from the options associated with instruments enabling a diverse action on part of the stakeholders dependent on the level of contracted and practised interest rates in the moment (option risk).

Following the Basel recommendations and the Banco de Portugal Instruction no. 10/2024, the Group calculates, on a monthly basis, its exposure to balance sheet interest rate risk based on the Bank of International Settlements (BIS) methodology, classifying all asset, liability and off-balance sheet items that do not belong to the trading portfolio, by repricing levels.

In this context, limits have been set for exposure to interest rate risk factors, which are monitored by the Asset-Liability Commission, and any overrunning of any of the established limits, even if temporary, follows the procedure defined by the bank in the respective policy, and may require approval by the board of directors or the application of measures to hedge exposure.

At the same time, a stress test is carried out with six interest rate curve shock scenarios, which measures the impact on net interest income at one year and on the economic value of the interest rate curve shocks prescribed in the BIS document of April 2016, Standards – Interest rate risk in the banking book.

Based on the financial features of each contract, the respective expected cash flow projection is made, according to the rate repricing dates and any pertinent performance assumptions that are considered.

LIQUIDITY RISK

Liquidity risk is assessed using regulatory indicators defined by the supervisory authorities and other internal measurements for which exposure limits are also defined. This control is reinforced by the execution of stress tests and reverse stress tests, aimed at characterising Banco Montepio's risk profile and ensuring that the Group meets its liabilities in the event of a liquidity crisis.

The objective of controlling the liquidity levels is to maintain a satisfactory level of disposable assets so as to meet financial needs in the short, medium and long term. The liquidity risk is monitored on a daily basis and is monitored through a weekly report, and various reports are prepared for control purposes and to monitor and support decision-making of the Asset-Liability Commission (ALCO). Under the control of risk levels, limits are defined for various liquidity risk indicators, which are monitored through monthly reports.

The evolution of the liquidity situation is analysed, in particular, based on estimated future cash flow projections for various time horizons, considering Banco Montepio's balance sheet. The liquidity position on the day of the analysis and the amount of assets deemed highly liquid existing in the uncommitted securities portfolio are added to the ascertained values, thus determining the accumulated liquidity gap for many time horizons.

Moreover, there is also monitoring of the level of compliance of the liquidity prudential indicators, Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and Additional Liquidity Monitoring Metrics (ALMM), and of internal ratios such as, for example, ratios of loans to deposits, concentration of funding sources, short term funding and eligible assets.

In June 2025, the liquidity gaps up to 12 months were as presented in the table below.

Liquidity position gaps in June 2025

Position reference date + forecast amount	Maturity periods				
	On sight and up to 1 week	Above 1 week and up to 1 month	Above 1 month and up to 3 months	Above 3 months and up to 6 months	Above 6 months and up to 12 months
Accumulated mismatches	5 907	5 891	5 919	5 886	5 819

(million euros)

Customer resources constitute the main source of funding, accounting for 89.1% of total funding sources in June 2025.

Breakdown of liabilities June 2025

Liabilities	%
Resources from central banks	0.0%
Resources from other credit institutions	3.4%
Resources from Customers	89.1%
Debt securities issued	4.1%
Other liabilities	3.4%
Total	100.0%

The Liquidity Coverage Ratio (LCR) reached 191% in June of 2025, comfortably above the minimum requirement of 100%. Also noteworthy is the strengthening of the commercial gap with the loan-to-deposit ratio, considering Net loans to Customers and Customer deposits, standing at less than 100%.

The Net Stable Funding Ratio (NSFR) stood at 142.7% in June 2025, also with a significant gap compared to the minimum requirement of 100%.

REAL ESTATE RISK

Real estate risk arises from possible negative impacts on Banco Montepio's net income or own funds, due to fluctuations in the market price of real estate assets.

Real estate risk arises from the real estate assets on the balance sheet, whether from properties given in lieu of repayment or judicial auction sale in the context of recovery procedures for loans, as well as for investment

units of real estate funds held in the securities portfolio. These exposures are monitored based on analyses of scenarios that seek to estimate potential impacts of alterations in the real estate market on the portfolios of these real estate assets, providing necessary information for the definition of the real estate risk management policy.

In June 2025, the Banco Montepio Group's accounting exposure, net of impairment, to real estate risk, in the components described above, was reduced by around 31.2 million euros, from 222.6 million euros at the end of 2024 to 191.3 million euros as at 30 June 2025. The net book value of real estate on the consolidated balance sheet (which includes the Banco Montepio Group's real estate funds, that are fully consolidated) amounted to 156 million euros, corresponding to a ratio of less than 1.0% of net assets. It should be noted that in prudential terms, the Group has been allocating additional capital to cover the risk of the properties recorded on the consolidated balance sheet, so the exposure at risk to properties on the consolidated balance sheet (which includes the Banco Montepio Group's real estate funds, which are fully consolidated), considering that allocation, is 89.5 million euros, representing a weight of 6% on own funds (compared to 8% in December 2024).

PENSION FUND RISK

The Pension Fund's risk results from the potential devaluation of the asset portfolio or the decrease in the respective expected returns, as well as the increase in liabilities as a result of the evolution of the different actuarial assumptions. Faced with scenarios of this type, Banco Montepio will have to make unforeseen contributions in order to maintain the benefits defined by the Pension Fund.

The Pension Fund Monitoring Commission is responsible for the regular analysis and monitoring of the management of Banco Montepio's Pension Fund (COMAFP). In addition, the Risk Division produces monthly reports on the evolution of the market value of the Pension Fund's portfolio and the respective risk indicators.

As at 31st June 2025, the Pension Fund's accumulated negative actuarial deviations stood at 188.1 million euros (222.2 million euros in 2024), reflecting the effect of the change in the discount rate from 3.55% in 2024 to 4.0% in 2024, while the coverage of total liabilities by assets, reflected in a funding ratio of 110%, mitigated the impact on capital ratios.

OPERATIONAL RISK

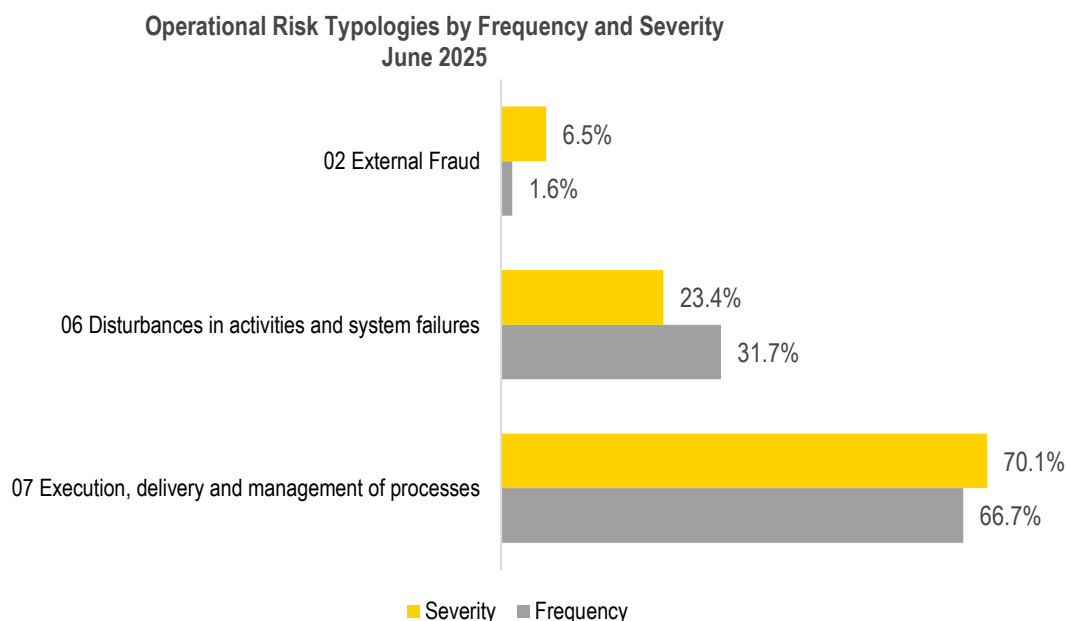
Operational risk corresponds to the probability of negative impacts on results or capital resulting from failures or inadequacy of internal processes, human resources or information and technology systems. It also includes potential losses arising from external events.

Banco Montepio adopts the standard method for quantifying capital requirements associated with operational risk, supported by an operational risk management system based on the pillars of identifying, assessing, monitoring, controlling and measuring this type of risk.

The operational risk management model implemented follows the principle of the 3 lines of defence, in line with the Bank's internal control system.

Banco Montepio's corporate operational risk management function is carried out by DRI, with the support of designated interlocutors in the different organic units, who are responsible for the proper implementation of the defined framework.

Systematic assessment of the operational risk profile of new products, processes and systems, as well as regular monitoring, enables early identification and mitigation of potential risks, contributing to proactive management.



One of the central aspects of managing operational risk is identifying it in advance whenever products, processes or systems are introduced or revised. This process is complemented by rigorous monitoring of the action plans defined with the aim of mitigating the materialisation of risks with greater frequency or severity, as well as those with a high residual value identified in the self-assessment exercises.

Monitoring

Under the scope of monitoring Banco Montepio's Operational Risk, key risk indicators (KRIs) are tracked to monitor the factors of exposure associated with the main risks, enabling the measurement and follow-up of the risk appetite and anticipate the occurrence of losses through preventive actions. To this end, the defined limits were regularly monitored and action plans were promoted in the cases where these limits were surpassed. These indicators are reported quarterly in the Operational Risk Report and presented to the Risk Committee and the Executive Committee.

Self-assessment of Operational Risks

The operational risk management cycle implemented at Banco Montepio is based on the preparation of a map of activities, operational risks and respective controls, which identifies the potential exposure of each body or organic unit to operational risk, defines its risk profile and prioritises the necessary mitigation actions.

Operational risks are classified according to the categories set out in the Basel II regulations. The identification and assessment of these risks, as well as the associated controls, are carried out periodically through self-assessments, conducted collaboratively between the representatives of the respective organic units and DRI.

Based on the results of these self-assessments - which evaluate the risks in terms of impact and frequency, and the controls in terms of effectiveness – a residual risk matrix is constructed. This matrix establishes the level of risk considered acceptable by Banco Montepio, thus making it possible to identify the risks that require additional mitigation measures.

Business Continuity Management

The business continuity management cycle is based on a structured set of assessment, design, implementation and monitoring activities, integrated into a cycle of continuous improvement. This cycle has

as its main objective the strengthening of the resilience of critical business processes, ensuring the continuity of operations in the event of disruptive incidents that could compromise the Bank's activities.

The Operational Resilience Commission (COMRO), a body delegated by the Executive Committee, is responsible for monitoring and supporting matters relating to business continuity. Its duties include: ensuring that the Business Continuity Plan (BCP) is complete and constantly updated; approving disaster scenarios and the respective recovery strategies; and ensuring an integrated view of incidents and events. This approach makes it possible to identify risk trends and patterns, promoting the review and strengthening of preventive controls, with a view to proactively mitigating any impacts.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) RISK

Information and communication technology (ICT) risk is one of the risks monitored under Operational Risk. However, given the increasing digitalisation of the financial sector, the complexity of the associated vulnerabilities and the high operational dependence on technological systems, Banco Montepio deemed it essential to assign ICT risk an autonomous and strategic dimension within its risk management framework.

ICT risk is characterised by the risk of losses to Banco Montepio's capital and equity position arising from breaches of confidentiality, integrity, or availability of systems and data, as well as from a lack of agility in adapting information technology (IT) to new requirements or changes in the operational context within reasonable timeframes and costs. This also includes risks associated with internal process failures, inadequate physical security and external threats such as cyberattacks.

ICT risk management is carried out by DRI, which assumes overall responsibility for identifying, assessing, monitoring and reporting risk events related to information technologies. It should be noted, however, that other Bank structures have essential responsibilities. The Cybersecurity Office centralises skills and resources in implementing a robust framework for mitigating security risks and defining incident response plans. The Information Systems Division ensures the operationalisation of technical controls, the management of the technological infrastructure and the implementation of corrective and preventive measures. These areas work closely with DRI, ensuring an integrated and coordinated approach to ICT risk management.

In response to the growing exposure of financial institutions to this type of risk, at the end of 2022 the European Commission approved the DORA Regulation, which consolidates the requirements applicable to ICT risk management into a single regulatory framework. This regulation defines uniform security standards for networks and information systems, with the aim of ensuring a high level of digital operational resilience.

In this context, throughout the first half of 2025, Banco Montepio has prioritised the mitigation of gaps identified in relation to DORA requirements, fostering full compliance with regulatory obligations regarding the management and monitoring of ICT risk.

ESG RISKS

The guiding principles followed by Banco Montepio, with regard to ESG risk, seek to align with the expectations referenced in the European Central Bank - Guide on climate-related and environmental risks, published in November 2020. Supervisory expectations cover the following areas: a) business model and strategy; b) governance and risk appetite; c) risk management; and d) disclosures.

Climate change and extreme weather events can result in tangible impacts for companies and banks, manifesting themselves through other types of risks. These risks include, but are not limited to: credit risks (the inability of borrowers to meet obligations due to weather events); market risks (market fluctuations caused by weather events); liquidity risks (the need for additional funding due to weather events); and operational risk (disruptions to operations due to weather disasters). The materialisation of climate risks is achieved through other risks, namely credit risks, market risks, liquidity risks, and operational risk.

ESG risks are based on the assessment of environmental, social and governance components. Environmental risks ("climate and environmental risk via physical risk" and "climate risk via transition risk") are defined in Banco Montepio's Risk Taxonomy and are individually identified and assessed as part of the

risk materiality assessment process. Social and governance risks are also defined in Banco Montepio's Risk Taxonomy ("social risk" and "governance risk"):

- Climate and environmental risk via physical risk: refers to the financial impact of climate change, including the more frequent occurrence of extreme weather events and gradual climate change, as well as environmental degradation, including air, water and soil pollution, pressure on water resources, biodiversity loss and deforestation;
- Climate-related and environmental risk via transition risk: refers to an institution's financial losses, which may result, directly or indirectly, from the adjustment process towards a low-carbon and more environmentally sustainable economy. This risk can be triggered, for example, by a relatively abrupt adoption of climate and environmental policies, by technological progress or by changes in market sentiment and preferences;
- Social risk: the risk of any negative financial impact to the institution arising from the current or prospective impacts of social factors on its counterparties or invested assets. This risk can be triggered for example by inequality, non-compliance with basic human rights, non-compliance with labour rights;
- Governance risk: the risk of any negative financial impact to the institution arising from the current or prospective impacts of governance factors on its counterparties or invested assets. This risk can be triggered, for example, by attempts at corruption within Customers and data protection failures.

In order to integrate ESG factors into risk management, Banco Montepio has implemented processes and methodologies to identify, evaluate, manage and monitor the impact of ESG factors on overall risk, following the framework and policies already established for other financial and non-financial risks. The institution has an ESG Risk Management Policy.

ESG risks potentially materialise over longer horizons, requiring an adjusted approach to those horizons, unlike traditional short-term risks. When analysing physical risks, acute risks may lead to short-term measures, but chronic and transition risks require an approach focused on the long-term collection of information, analysis, and monitoring.

Banco Montepio has contracted an ESG data platform, together with ESG scores for an SME portfolio. These ESG scores are currently integrated into the corporate risk assessment system (Corporate Risk Assessment Model, MARE) and the databases (Statistical Analysis System, SAS).). It also contracted the SIBS – ESG platform: The Sustainability Platform for Companies, which includes questionnaires on ESG topics from various companies, with a focus on greenhouse gas (GHG) emissions, physical risks and taxonomy. Additionally, it signed protocol with ADENE – Energy Agency, which grants it access to the database of energy efficiency certificates, with a focus on energy class, energy efficiency, renewable energy contribution, carbon dioxide emissions, among others.

In order to better control ESG risk, Banco Montepio periodically develops an internal report characterising the company portfolio by ESG risk classes, taking into account ESG scores. The risks are also analysed in this context. Additionally, it has been disclosing qualitative and quantitative models within the scope of Market Discipline, with the following activities standing out:

- It calculates the Environmental Assets Ratio (RAE), with disaggregated information on eligibility and alignment by taxonomy of exposures, regarding environmental objectives related to climate change mitigation and climate change adaptation;
- It presents disaggregated information on the level of energy efficiency of the properties given as collateral, measured in terms of energy consumption in kWh/m² in terms of the energy performance certificate label. When there is no information, estimates are made;
- It reports the physical risks associated with the banking portfolio, with its own methodology based on the location of borrowers, breaking down the monetary amounts of assets at risk by acute and chronic physical risk. It includes information on the exposures of non-financial companies and companies

guaranteed by real estate, and rescued real estate, exposed to chronic and acute climate-related risks, with a breakdown by sector of economic activity (NACE classification);

- It calculates the emissions financed by GHG (Scope 1, Scope 2 and Scope 3 emissions of the counterparty, in tons of CO₂ equivalent), fundamentally based on estimates based on a methodology developed for this purpose, seeking to follow the guidelines of the Partnership for Carbon Accounting Financials (PCAF).

More details on ESG risk management can be found in the Market Discipline document.

As part of the Banco Montepio Group's overall risk management structure, the materiality of ESG risks is assessed and an internal policy is defined to guide the way in which these risks are managed. This policy establishes the risk management model, which follows the principle of the three lines of defence, and includes mechanisms for monitoring and reporting exposure to risk. Tolerance limits are also defined and incorporated into the Bank's Risk Appetite Statement (RAS). In the context of the RAS, the limit set for Banco Montepio's Top 7 GHG Emissions sectors stands out. In addition, other relevant risk indicators are taken into account, such as the average ESG rating for SMEs, the GHG emissions financed for the portfolio of non-financial companies, the proportion of the loan portfolio to social sector institutions, and the percentage of the under-represented gender in top management positions.

Considering the Banco Montepio Group's business model, credit risk is identified as the main channel through which ESG risks influence traditional risks. This conclusion stems from the low exposure to market risk, the solid liquidity position - supported by high buffers - and the very small number of losses associated with operational risk events.

In this context, and as part of the Banco Montepio Group's risk management framework, three climate scenarios developed by NGFS are used to support the identification and assessment of ESG risks considered material. These scenarios make it possible to estimate the potential impact on credit losses resulting from the materialisation of climate risks, considering three time horizons: short term (up to 3 years), medium term (up to 8 years) and long term (up to 30 years).

The Banco Montepio Group uses three climate scenarios defined by the NGFS - "current policies", "Net Zero 2050" and "delayed transition" – to support the assessment of the materiality of climate risk.

It has also developed a methodology that establishes links between the main environmental risks – physical and transition – and traditional prudential risks, making it possible to quantify their impacts. This approach defines materiality thresholds that facilitate the assessment of the relevance of environmental risks, supporting more effective management, the definition of strategic priorities and the preparation of specific scenario analyses.

The Banco Montepio Group has incorporated climate sensitivity analyses into its ICAAP and ILAAP exercises, with the aim of demonstrating that the economic capital requirements associated with traditional risks are sufficiently robust to absorb the impacts of adverse climate scenarios. The results of these tests indicate that the Bank holds adequate levels of capital and liquidity to withstand potential equity losses arising from climate-related events.

In addition, Banco Montepio already includes weather factors in its Market Risk Report and has implemented ESG risk limits in its investment policy.

INTERNAL CAPITAL ADEQUACY ASSESSMENT PROCESS (ICAAP)

The internal capital adequacy assessment process (ICAAP) is an essential component in the risk management of Banco Montepio Group, which seeks to ensure an analysis of the evolution occurred in the practices of qualitative and quantitative assessment of the risks to which the Group is exposed, the appraisal of the internal controls and effects which enable mitigating the exposure to risk, the simulation of adverse situations with impacts on the Group's solvency and the assessment of the adequacy of internal capital.

Banco Montepio's ICAAP exercise is conducted at a consolidated level with the following main objectives:

- Promote it as a tool to support strategic decision-making in the Group;
- Fostering a risk culture that encourages the participation of the entire organisation in the management of internal capital (management body, planning and business areas and internal control functions);
- Assure the adequacy of the internal capital in relation to its risk profile and its risk and business strategies;
- Assure an appropriate identification, quantification, control and mitigation of the material risks to which the Group is exposed;
- Assure the suitable documentation of the demonstrated results, by reinforcing the integration of the risk management processes in the risk culture of the Group and in the decision-making processes; and
- Foresee a contingency plan to assure the management of the activity and the adequacy of the internal capital in the event of a recession or crisis.

The results of the ICAAP enable investigating whether the Group's capitalisation is, in a sustainable form, adequate to the risks derived from its activity. This capital adequacy is assessed based on the comparison between the available internal capital and the economic capital requirements, taking into account the risk appetite level established by the Board of Directors.

In the first phase, based on quantitative and qualitative criteria, the material risks to which the Banco Montepio Group's activity is subject are identified based on an internal risk taxonomy, in alignment with Banco de Portugal Instruction no. 18/2020. All the risks identified as material and the risks considered in Basel Pillar I, regardless of being considered material or not, are integrated in the ICAAP.

At a second stage, the material risks are modelled with a view to the quantification of the respective economic capital requirements, based on an extremely adverse scenario in line with the defined risk appetite level. The risks are thus incorporated through add-ons to the regulatory capital, whether via increased capital requirements for risks covered in Pillar I or via incorporation of capital requirements for other risks.

The result of the capital adequacy assessment is supplemented by the values obtained through reverse stress tests and under stress test scenarios. The objective is to assess the Banco Montepio Group's capacity to absorb unexpected losses, and potential contingency plans must be identified to address possible domestic capital shortages, duly aligned with other capital planning exercises, namely the Funding and Capital Plan and the Recovery Plan.

In line with the normalisation of Banco Montepio's risk profile as a result of the successful conclusion of the Adjustment Plan, no significant changes in the materiality of the various types of risk are anticipated. Additionally, the Funding and Capital Plan foresees measures that will enable strengthening the Group's solvency levels.

STRESS TESTS

Pursuant to the regulatory terms, the Group conducts stress tests, under the Group's Recovery Plan, the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Internal Capital Adequacy Assessment Process (ICAAP) submitted to Banco de Portugal.

The Group's Recovery Plan involves analysis and measurement of impacts derived from adverse scenarios, considering systemic events, idiosyncratic events of the Group and a combination of both. This analysis gave rise to a series of strategic options and recovery measures to be placed in practice in order to assure the preservation and solidity of the Group's levels of capital, liquidity, profitability and operating activities, in the event of being faced with situations of contingency or financial crisis.

The ILAAP provides the Board of Directors, Executive Committee and supervisory body with an appropriate overview of the evolution of the liquidity and funding risk profile, as well as overall exposure to risk. Moreover, it also provides information on the available liquidity sources and the adequacy of liquidity of the Banco Montepio Group.

In order to assess capital insufficiency during periods of stress, ICAAP included the definition of a series of stress tests (reverse stress tests and adverse scenarios) on the risk quantification models and capital adequacy. The outcome of these tests enables confirming the adequacy of internal capital levels to the tested adverse scenarios.

In addition to the stress tests reported to Banco de Portugal, the Group regularly carries out other impact studies aimed at providing an analytical vision of its position in terms of liquidity, net income for the year and capital when subject to adverse scenarios arising from alterations in risk factors such as interest rates, credit spreads, repayment of deposits, margins of assessment of eligible assets applied by the ECB, ratings (of the Group and counterparties), portfolio loss ratios, collateral, among others.

The stress tests and analyses of adverse scenarios are disclosed and debated with the Group's management, with the conclusions drawn being subsequently incorporated in the strategic decision-making processes, more precisely in the determination of levels of solvency, liquidity, exposure to specific risks (counterparty and price risks) and overall risks (interest rate, exchange rate and liquidity risks).

The mechanisms and tools used during the stress tests supported Banco Montepio's management under this scenario, namely in the more immediate effects in terms of liquidity and market risks.

Banco Montepio has contingency and business continuity plans for crisis situations, in order to mitigate the impacts on the operational and business component.

INVESTMENT GRADE

Investment Grade – the recognition that confirms the positive trajectory

In 2025, Banco Montepio reached a historic milestone, returning to the investment level in long-term senior debt by the three following rating agencies – Fitch, Moody's and DBRS. In deposits, the three agencies also give Investment Grade ratings and the covered bond programme is rated Aaa by Moody's and AAA by Fitch.

The improvement in risk ratings results from the consistent implementation of structural measures that have strengthened the Bank's financial pillars. The digital transition, operational optimisation, reduction of non-performing assets, and organic capital generation have contributed to a sustained improvement in profitability and risk profile, consolidating Banco Montepio's position as a more robust institution, well prepared for the sector's challenges.

This new positioning has resulted in significantly more competitive financing conditions, as evidenced by the successful public issuance of senior preferred MREL eligible debt in June 2025, an operation with demand approximately seven times higher than the offer and a coupon rate substantially lower than the comparable 2023 issuance, reflecting the improvement in the credit profile and the enhanced financial strength of the Institution.

The return to Investment Grade validates Banco Montepio's transformation journey, renews market confidence in its strategy, and demonstrates the ability to overcome the most demanding challenges of its recent trajectory, preparing the Institution to accelerate the execution of its strategic plan – invigorating the business model, enhancing profitability, and consolidating strength – while continuing to create value for Individuals, Families, Businesses, and the Social Economy.

RISK RATINGS

The successive upward revisions of the ratings reflect independent recognition of Banco Montepio's positive trajectory following the successful implementation of digital transition and operational optimisation measures, which have enhanced profitability, reduced non-performing and non-strategic assets, sustainably improved the risk profile, and strengthened capital ratios through organic generation. The positive assessment by the rating agencies also reflects the Bank's demonstrated ability to consolidate its achieved results and position itself solidly to face future challenges.



(2) Issued under the Covered Bonds Programme, converted from Conditional Pass-through to Soft-bullet format on 12 May 2025.

(3) Long-term Senior Preferred Debt rating by Fitch, Senior Unsecured Debt rating by Moody's and Long-term Senior Debt rating by DBRS.

As of 30 June 2025, Banco Montepio's long-term debt rating from DBRS Morningstar (DBRS) and Moody's Investors Service (Moody's) was BBB-, marking a return to Investment Grade after more than a decade in speculative grade. Banco Montepio's deposit rating, assigned by the three main agencies (DBRS, Moody's and Fitch Ratings), was also at investment level, reflecting the consolidation of the positive perception of the institution's solidity.

The rating actions that occurred during the first half of 2025 are detailed as follows:

- In May 2025, Moody's upgraded the rating of Banco Montepio's senior unsecured debt to Baa3, maintaining a Positive Outlook. This was the fourth notch upgrade in the last two years, for a total of five, with senior unsecured debt reaching Investment Grade.

The ratings were also upgraded as follows: Counterparty Risk Rating (CRR) and Counterparty Risk Assessment (CRA) to A3; Long-Term Bank Deposits to Baa1; Baseline Credit Assessment (BCA) to baa3; Junior Senior Unsecured MTN under the EMTN Programme to (P)Baa3; and Subordinated Debt to Ba1. According to Moody's, this improvement in the ratings reflects the positive evolution of Banco Montepio's recurring profitability and capitalisation, the consistent adoption of a risk reduction strategy, as well as the maintenance of a robust funding and liquidity profile supported by a growing and resilient deposit base. The agency also highlighted the improvement in the governance assessment, following the successful completion of the operational adjustment plan, resulting from the implementation of a sound financial strategy and better risk management practices.

The positive outlook assigned to the rating of long-term deposits and senior unsecured debt reflects Moody's expectation that the bank will maintain its recurring profitability and continue to reduce the level of non-performing assets, albeit at a more gradual pace, thus reflecting the possibility of further increases in the risk ratings if the current levels of profitability, capitalisation and execution of the risk reduction strategy are maintained.

- In June 2025, DBRS Ratings GmbH (Morningstar DBRS) upgraded the Long-Term Issuer Rating and the Long-Term Senior Debt rating to BBB (low), thereby reaching Investment Grade.

In this rating action, the agency also upgraded the Long-Term Deposits rating to BBB and the Subordinated Debt rating to BB, revising the outlook to stable across all ratings (Trend: Stable). This was the fourth consecutive upgrade of Banco Montepio's rating by Morningstar DBRS since March 2023, for a total of 5 levels. This new rating increase is supported by the sustained improvement in Banco Montepio's risk profile, capitalisation and profitability. The agency also highlighted the significant reduction in the level of non-performing assets and the strengthening of the capital position achieved through organic generation.

- After the end of the first half, on 11 September 2025, Fitch Ratings (Fitch) also upgraded Banco Montepio's Senior Preferred debt rating to BBB-, bringing it into Investment Grade. Fitch's decision was the fourth consecutive increase in Banco Montepio's rating since June 2023, for a total of six notches. Other relevant ratings were also revised upwards, such as that of deposits to BBB; the Viability Rating (VR) to bbb-; the long-term Issuer Default Rating (IDR) to BBB-; and the non-preferential senior debt rating to BB+.

This mainly reflected the strong capitalisation of Banco Montepio, which exceeded the agency's expectations, driven by the significant reduction in non-performing assets on the balance sheet and the consequent reduction in pressure on capital. Fitch also highlighted the improvement in the quality of lending, the strengthening of the financing profile evidenced by the success of the recent public debt issuance, and the greater investor confidence sustained by the positive evolution of financial indicators.

The attainment of Investment Grade by the three international rating agencies confirmed the robustness of Banco Montepio's management model, the impact of the measures implemented, and the structural reduction of balance sheet risk. With this unanimous recognition, the Bank has not only overcome the most demanding challenges of its recent trajectory, but is also prepared to accelerate the execution of its strategic plan.

REGULATORY INFORMATION



CONSOLIDATED FINANCIAL STATEMENTS

Banco Montepio

Interim Condensed Consolidated Balance Sheet on 30 June 2025

(Euro thousand)

	Jun 2025	Dec 2024
Assets		
Cash and deposits at central banks	1 691 166	1 474 538
Loans and deposits to credit institutions payable on demand	58 951	49 769
Other loans and advances to credit institutions	199 814	138 230
Loans and advances to customers	12 348 767	11 945 005
Financial assets held for trading	38 178	26 843
Financial assets at fair value through profit or loss	101 035	102 683
Financial assets at fair value through other comprehensive income	344 151	304 479
Hedging derivatives	10 699	30 257
Other financial assets at amortized cost	3 587 782	3 473 704
Investments in associated companies	4 178	4 535
Non-current assets held for sale	22	34
Investment properties	38 343	44 760
Other tangible assets	192 302	196 047
Intangible assets	66 495	64 641
Current tax assets	566	1 324
Deferred tax assets	306 807	323 691
Other assets	245 760	234 238
Total Assets	19 235 016	18 414 778
Liabilities		
Deposits from other credit institutions	587 631	607 296
Deposits from customers	15 589 928	14 958 805
Debt securities issued	710 266	588 376
Financial liabilities held for trading	6 951	11 202
Hedging derivatives	30 472	27 037
Provisions	28 307	30 498
Current tax liabilities	1 140	1 481
Other subordinated debt	261 779	271 824
Other liabilities	276 243	243 900
Total Liabilities	17 492 717	16 740 419
Equity		
Share capital	1 210 000	1 210 000
Legal reserve	217 697	207 487
Fair value reserves	10 193	11 890
Other reserves and Retained earnings	233 732	135 095
Consolidated net income for the year attributable to the Shareholder	70 677	109 887
Total Equity	1 742 299	1 674 359
Total Liabilities and Equity	19 235 016	18 414 778

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

Banco Montepio

Interim Condensed Consolidated Income Statement for the six months period ended on 30 June 2025

(Euro thousand)

	Jun 2025	Jun 2024
Interest and similar income	300 636	351 312
Interest and similar expense	133 449	152 752
Net interest income	167 187	198 560
Dividends from equity instruments	569	494
Net fee and commission income	65 755	63 072
Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss	(5 200)	(972)
Net gains/(losses) arising from financial assets at fair value through other comprehensive income	731	-
Net gains/(losses) arising from exchange differences	(1 267)	976
Net gains/(losses) arising from sale of other financial assets	9 071	5 679
Other operating income/(expense)	(10 893)	(12 735)
Total operating income	225 953	255 074
Staff costs	79 838	77 439
General and administrative expenses	37 714	34 585
Depreciation and amortization	25 442	21 617
Total operating cost	142 994	133 641
Impairment of loans and advances to customers and to credit institutions	(7 994)	7 272
Impairment of other financial assets	133	942
Impairment of other assets	6 780	7 922
Other provisions	(1 479)	(2 376)
Operating income	85 519	107 673
Share of profits/(losses) booked under the equity method	(349)	(334)
Profit/(loss) before income tax	85 170	107 339
Income Tax		
Current	(1 351)	(886)
Deferred	(13 142)	(37 717)
Consolidated net profit/(loss) for the period	70 677	68 736
Earnings per share (in Euro)		
Basic	0.0292	0.0284
Diluted	0.0292	0.0284

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

ALTERNATIVE PERFORMANCE MEASURES

On 5 October 2015, the European Securities and Markets Authority published a set of guidelines – ESMA/2015/1415 – addressing the disclosure of information by entities, other than States, whose securities are admitted to trading on a regulated market and to which is required the disclosure of information as set out by the Transparency Directive 2004/109/EC of the European Parliament and of the Council.

These guidelines are mandatory for issuers as of 3 July 2016 and aim to promote transparency and clarify the usefulness of the indicators used by the issuers to measure their performance - Alternative Performance Measures (APM), contributing to improve the comparability, credibility and understanding of the APM presented.

This chapter serves the purpose of complying with ESMA guidelines on Alternative Performance Measures regarding first half 2025 financial information, with references to the various chapters of this Report.

BALANCE SHEET AND EXTRAPATRIMONIALS

SECURITIES PORTFOLIO AND OTHER FINANCIAL ASSETS

Definition	Sum of the items 'Financial assets held for trading', 'Financial assets at fair value through other comprehensive income', 'Other financial assets at amortised cost', and 'Financial assets at fair value through profit or loss'.
Relevance	Assess the relative weight of this item from an assets' structure perspective.
Reference to FSNO	(notes 22, 23, 24, 26)

Components and calculus

		(thousand euros)		
		Jun-24	Dec-24	Jun-25
(a)	Financial assets held for trading	29 468	26 843	38 178
(b)	Financial assets at fair value through other comprehensive income	328 749	304 479	344 151
(c)	Other financial assets at amortised cost	3 173 224	3 473 704	3 587 782
(d)	Financial assets at fair value through profit or loss*	114 940	102 683	101 035
(e)	Securities portfolio and other financial assets* (a + b + c + d)	3 646 381	3 907 709	4 071 146
(f)	Total net assets	18 169 441	18 414 778	19 235 016
% Securities portfolio and other financial assets (e / f)		20.1%	21.2%	21.2%

* Includes instruments at fair value through profit or loss, namely credits that do not meet the SPPI tests (Solely Payments of Principal and Interest).

OTHER INVESTMENTS

Definition	Total net assets excluding 'Cash and deposits at central banks and loans and advances to credit institutions', 'Loans to Customers', 'Financial assets held for trading', 'Financial assets at fair value through other comprehensive income', 'Other financial assets at amortised cost', and 'Financial assets at fair value through profit or loss'.
Relevance	Assess the relative weight of this item compared to Loans to Customers and Securities portfolio from an assets' structure perspective.
Reference to FSNO	(notes 18, 19, 20, 21, 22, 23, 24, 26)

Components and calculus

		(thousand euros)		
		Jun-24	Dec-24	Jun-25
(a)	Total net assets	18 169 441	18 414 778	19 235 016
(b)	Cash and deposits at central banks and loans and advances to credit institutions	1 857 241	1 662 537	1 949 931
(c)	Net loans to Customers	11 638 545	11 945 005	12 348 767
(d)	Financial assets held for trading	29 468	26 843	38 178
(e)	Financial assets at fair value through other comprehensive income	328 749	304 479	344 151
(f)	Other financial assets at amortised cost	3 173 224	3 473 704	3 587 782
(g)	Financial assets at fair value through profit or loss	114 940	102 683	101 035
(h)	Other investments (a - b - c - d - e - f - g)	1 027 274	899 527	865 172
% of Other investments (h / a)		5.7%	4.9%	4.5%

DEBT ISSUED

Definition	Sum of the balance sheet items 'Debt securities issued' and 'Other subordinated debt'.
Relevance	Assess the relative weight of this item from a funding structure perspective.
Reference to FSNO	(notes 36, 38)

Components and calculus

		(thousand euros)		
		Jun-24	Dec-24	Jun-25
(a)	Debt securities issued	952 280	588 376	710 266
(b)	Other subordinated debt	257 545	271 824	261 779
(c)	Debt issued (a + b)	1 209 825	860 200	972 045
(d)	Total liabilities	16 509 594	16 740 419	17 492 717
% of Debt issued (c / d)		7.3%	5.1%	5.6%

COMPLEMENTARY RESOURCES

Definition	Total liabilities excluding 'Central bank resources and OCI, 'Customer resources', 'Debt securities issued' and 'Other subordinated debt'.
Relevance	Assess the relative weight of this item compared to Customer resources and Debt issued from a funding structure perspective.
Reference to FSNO	(notes 34, 35, 36, 38)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Total liabilities	16 509 594	16 740 419	17 492 717
(b) Central bank resources and OCI	778 036	607 296	587 631
(c) Customer resources	14 212 181	14 958 805	15 589 928
(d) Debt securities issued	952 280	588 376	710 266
(e) Other subordinated debt	257 545	271 824	261 779
(f) Complementary resources (a - b - c - d - e)	309 552	314 118	343 113
% of Complementary resources (f / a)	1.9%	1.9%	2.0%

OFF-BALANCE SHEET RESOURCES

Definition	Assets under management by the Groups' subsidiaries being a constituent part of Total Customers resources. Excluding securities investment funds and real estate investment funds included in the Bank's own portfolio.
Relevance	Contribute to the analysis of the evolution of Total Customers resources.
Reference to FSNO	(note 47)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Securities investment funds	337 553	397 238	493 431
(b) Real estate investment funds	714 465	775 995	821 180
(c) Pension funds	305 338	335 435	359 316
(d) Capitalization Insurance	21 542	20 771	20 211
Off-balance sheet resources (a + b + c + d)	1 378 897	1 529 439	1 694 137

INCOME STATEMENT
COMMERCIAL NET INTEREST INCOME

Definition	Results arising from interest received on loans granted to Customers and interest paid on Customer resources.
Relevance	Assess the evolution of the banking activity of financial intermediation between granting loans and deposit taking.
Reference to FSNO	(note 2)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Interest received from loans to Customers	315 835	612 190	257 732
(b) Interest paid on Customers' deposits	103 623	220 075	97 043
Commercial net interest income (a - b)	212 212	392 115	160 689

OPERATING COSTS

Definition	Sum of Staff costs, General and administrative expenses and Depreciation and amortisation.
Relevance	Assess the evolution of Operating costs underlying the development of banking activity.
Reference to FSNO	(notes 10, 11, 12)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Staff costs	77 439	162 323	79 838
(b) General and administrative expenses	34 585	73 709	37 714
(c) Depreciation and amortisation	21 617	45 486	25 442
Operating costs (a + b + c)	133 641	281 518	142 994

RESULTS FROM THE COMMERCIAL ACTIVITY

Definition	Sum of Commercial net interest income and Net fees and commissions, subtracted by Operating costs required to develop the business.
Relevance	Assess the evolution of the core banking activity.
Reference to FSNO	(notes 2, 4, 10, 11, 12)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Commercial net banking income	212 212	392 115	160 689
(b) Net commissions	63 072	127 807	65 755
(c) Operating costs	133 641	281 518	142 994
Results from the commercial activity (a + b - c)	141 643	238 404	83 450

RATIOS

LOAN-TO-DEPOSIT RATIO: NET LOANS TO CUSTOMERS / ON-BALANCE SHEET CUSTOMER RESOURCES

Definition	Percentage of Net loans to Customers funded by the total amount of On-balance sheet resources from Customers.
Relevance	Assess the leverage degree of the banking activity through the relationship between Funds raised with Customers and Loans granted to Customers.
Reference to FSNO	(notes 21, 35, 36)

Components and calculus

	(thousand euros)		
	Jun-24	Dec-24	Jun-25
(a) Net loans to Customers	11 638 545	11 945 005	12 348 767
(b) Customer resources	14 212 181	14 958 805	15 589 928
(c) Debt securities issued	952 280	588 376	710 266
Net loans to Customers / On-balance sheet Customer resources (a / (b + c))	76.7%	76.8%	75.8%

EFFICIENCY RATIO: COST TO INCOME, WITHOUT SPECIFIC IMPACTS

Definition	Operating efficiency ratio measured by the portion of the total operating income that is absorbed by operating costs, excluding results from financial operations, the net gains / (losses) arising from the sale of other financial assets and the other operating income / (expenses).
Relevance	Assess the evolution of operating efficiency underlying the banking activity, removing the volatility effect of results from financial operations, the net gains / (losses) arising from the sale of other financial assets and the other operating income / (expenses).
Reference to FSNO	(notes 5, 6, 7, 8, 9, 10, 11, 12)

Components and calculus

	(thousand euros)		
	Jun-24	Dec-24	Jun-25
(a) Total operating income	255 074	499 131	225 953
(b) Results from financial operations (i + ii + iii)	4	2 540	(5 736)
(i) Net gains / (losses) from financial assets and liabilities at fair value through profit or loss	(972)	(3 535)	(5 200)
(ii) Net gains / (losses) from financial assets at fair value through other comprehensive income	0	5 268	731
(iii) Net gains / (losses) from foreign exchange differences	976	807	(1 267)
(c) Other income (iv + v)	(7 056)	(16 759)	(1 822)
(iv) Net gains / (losses) arising from the sale of other financial assets	5 679	12 154	9 071
(v) Other operating income / (expenses)	(12 735)	(28 913)	(10 893)
(d) Operating costs, excluding specific impacts ¹⁾	132 232	272 406	143 079
Cost-to-Income, excluding specific impacts ((d) / (a - b - c))	50.4%	53.1%	61.3%

1) Excluding the amount related to one-off costs associated with staff costs of €1.4 million in Jun-24, €9.1 million in Dec-24 and €-0.1 million in Jun-25, related to early retirement and mutually agreed terminations.

COST OF CREDIT RISK

Definition	Ratio that measures the cost recognized in the period, recorded as loan impairment in the income statement, to cover the risk of default of loans granted to Customers.
Relevance	Assess the quality of the loan portfolio given the cost borne with the risk of loan default.
Reference to FSNO	(notes 13, 21)

Components and calculus

		(thousand euros)		
		Jun-24	Dec-24	Jun-25
(a)	Impairment of loans and advances to Customers and to credit institutions (annualized ¹)	14 624	21 776	(16 120)
(b)	Average gross loans to Customers ²	11 862 793	11 920 049	12 176 295
Cost of credit risk (a / b)		0.1%	0.2%	-0.1%

1) Annualized values considering the total number of days elapsed and total days of the year.
2) Average balance for period.

RATIO OF LOANS AND INTEREST OVERDUE BY MORE THAN 90 DAYS

Definition	Ratio that assesses the quality of the loan portfolio.
Relevance	Measure the proportion of credit and interest overdue for more than 90 days in relation to the total loan portfolio.
Reference to FSNO	(note 21)

Components and calculus

		(thousand euros)		
		Jun-24	Dec-24	Jun-25
(a)	Loans and interest overdue by more than 90 days	117 566	87 284	83 233
(b)	Gross loans to Customers	11 876 613	12 161 896	12 542 948
Ratio of loans and interest overdue by more than 90 days (a / b)		1.0%	0.7%	0.7%

COVERAGE OF LOANS AND INTEREST OVERDUE BY MORE THAN 90 DAYS BY IMPAIRMENT FOR BALANCE SHEET

Definition	Ratio that measures the proportion of impairment for loans accumulated on the balance sheet in relation to the total amount of loans and interest overdue by more than 90 days.
Relevance	Assess the institution's ability to absorb potential losses arising from loans and interest overdue by more than 90 days.
Reference to FSNO	(note 21)

Components and calculus

		(thousand euros)		
		Jun-24	Dec-24	Jun-25
(a)	Impairment for credit risk (balance sheet)	238 068	216 891	194 181
(b)	Loans and interest overdue by more than 90 days	117 566	87 284	83 233
Coverage of loans and interest overdue by more than 90 days (a / b)		202.5%	248.5%	233.3%

NPL RATIO (NON-PERFORMING LOANS / GROSS LOANS TO CUSTOMERS)

Definition	Ratio that measures the quality of the loan portfolio.
Relevance	Measure the proportion of non-performing loans (NPL - non-performing loans, according to the EBA definition) in relation to the total Customer loans portfolio.
Reference to FSNO	(note 21, 51)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Stock of Non-performing loans	329 962	259 766	235 933
(b) Gross loans to Customers	11 876 613	12 161 896	12 542 948
Non-performing loans / Gross loans to Customers (a / b)	2.8%	2.1%	1.9%

NON-PERFORMING LOANS COVERAGE BY TOTAL IMPAIRMENT FOR BALANCE SHEET LOANS

Definition	Ratio that measures the proportion of impairment for loans accumulated on the balance sheet in relation to the balance of non-performing loans (NPL, according to the EBA definition).
Relevance	Assess the institution's capacity to absorb potential losses arising from the NPL portfolio.
Reference to FSNO	(notes 21, 51)

Components and calculus

(thousand euros)			
	Jun-24	Dec-24	Jun-25
(a) Impairment for credit risk (balance sheet)	238 068	216 891	194 181
(b) Stock of Non-performing loans	329 962	259 766	235 933
Coverage of Non-performing loans by Impairment for credit risk (a / b)	72.2%	83.5%	82.3%

NON-PERFORMING LOANS COVERAGE BY IMPAIRMENTS FOR STAGE 3

Definition	Ratio that measures the proportion of impairment for stage 3 loans in relation to the balance of non-performing loans (NPL, according to the EBA definition).
Relevance	Assess the institution's capacity to absorb potential losses arising from the NPL portfolio.
Reference to FSNO	(note 51)

Components and calculus

	(thousand euros)		
	Jun-24	Dec-24	Jun-25
(a) Impairment for loans in stage 3	142 463	114 620	106 854
(b) Stock of Non-performing loans	329 962	259 766	235 933
Coverage of Non-performing loans by Impairment for loans in stage 3 (a / b)	43.2%	44.1%	45.3%

NON-PERFORMING LOANS COVERAGE BY TOTAL IMPAIRMENT FOR BALANCE SHEET LOANS AND ASSOCIATED COLLATERALS AND FINANCIAL GUARANTEES

Definition	Ratio that measures the proportion between the sum of the impairment for loans accumulated on the balance sheet and associated collaterals and financial guarantees in relation to the balance of non performing loans (NPL, according to EBA's definition).
Relevance	Assess the institution's capacity to absorb the potential losses arising from the NPL portfolio.
Reference to FSNO	(notes 21, 51)

Components and calculus

	(thousand euros)		
	Jun-24	Dec-24	Jun-25
(a) Impairment for credit risk (balance sheet)	238 068	216 891	194 181
(b) Associated collaterals and financial guarantees	136 125	102 041	91 870
(c) Stock of Non-performing loans	329 962	259 766	235 933
Coverage of Non-performing loans by Impairment for credit risk and associated collaterals and financial guarantees ((a + b) / c)	113.4%	122.8%	121.2%

FORBORNE EXPOSURES / GROSS CUSTOMER LOANS

Definition	Ratio that measures the quality of the loan portfolio.
Relevance	Measure the proportion of Forborne exposures (according to EBA's definition) in relation to the total loan portfolio.
Reference to FSNO	(notes 21, 53)

Components and calculus

	(thousand euros)		
	Jun-24	Dec-24	Jun-25
(a) Stock of Forborne exposures	224 353	190 080	171 060
(b) Gross Customer loans	11 876 613	12 161 896	12 542 948
Forborne exposures / Gross loans to customers (a / b)	1.9%	1.6%	1.4%

GLOSSARY

ATM: Automated Teller Machine.

CET1 ratio: ratio between Common equity tier 1 capital and Risk-weighted assets.

CET1: Common Equity Tier 1.

Commercial net interest income: corresponds to the difference between the Income received from Loans and advances granted to Customers and the Interest paid on Customer deposits.

Complementary resources: sum of the balance sheet headings of Financial liabilities held for trading, Hedge derivatives, Non-current liabilities held for sale - Discontinued operations, Provisions, Current tax liabilities and Other liabilities.

Core operating income: sum of the income statement headings of Net interest income and Net fees and commissions.

Cost of credit risk: ratio between the income statement heading of Impairment of loans and advances to Customers and credit institutions (annualised value) and the average balance of Loans to Customers (gross).

Cost-to-income ratio: Ratio between Operating costs and Total operating income, pursuant to Banco de Portugal Instruction 16/2004.

Coverage of loans and interest overdue by more than 90 days by Impairment for balance sheet loans: ratio between Impairment for accumulated loans (book value) and total Loans and interest overdue by more than 90 days.

CRR: Capital Requirements Regulation.

Debt issued: sum of the balance sheet heading of Liabilities represented by securities and Other subordinated liabilities.

EBA: European Banking Authority.

EMTN: Euro Medium Term Note Programme.

Fully implemented: refers to the full implementation of the prudential rules established in the legislation in force in the European Union, that were produced based on the standards defined by the Basel Committee on Banking Supervision, in the agreements known as Basel II and Basel III.

Gross return on assets: Ratio between Net income before taxes and minority interests and Average net assets, pursuant to Banco de Portugal Instruction 16/2004.

Gross return on equity: Ratio between Net income before taxes and minority interests and Average equity, pursuant to Banco de Portugal Instruction 16/2004.

IAS: International Accounting Standards.

ICAAP: Internal Capital Adequacy Assessment Process.

IFRS: International Financial Reporting Standards.

ILAAP: Internal Liquidity Adequacy Assessment Process.

Impairments and provisions: sum of the income statement headings of Impairment of loans and advances to Customers and credit institutions, Impairment of other financial assets, Impairment of other assets and Other provisions.

kWh/m²: Kilowatt-hours per square metre is a unit of measurement used to quantify the energy efficiency of a given space or building.

LCR ratio: Liquidity Coverage Ratio. Ratio between the Buffer of net assets and the Net outflows in a stress period of 30 days.

Leverage ratio: ratio between Tier 1 own funds and Non-weighted exposure.

Liquidity buffer: Sum of the aggregate amount of the balance sheet item “Cash and deposits at central banks” and the market value, net of haircuts applied by the ECB, of eligible and uncommitted assets for liquidity-providing operations under the Eurosystem's monetary policy

Loans and interest overdue by more than 90 days: corresponds to Loans with principal instalments or interest in arrears for a period of more than 90 days.

Loans to Customers (gross): corresponds to Loans to Customers before deducting Impairment for credit risks (book value).

Loans to Customers (net): corresponds to Loans to Customers (gross) after deducting Impairment for credit risks (book value).

Loan-to-deposit ratio: ratio between Loans to Customers (net) and Customer resources, pursuant to Banco de Portugal Instruction 16/2004.

Loan-to-resource ratio: ratio between Loans to Customers (net) and the sum of the balance sheet heading of Customer resources and Securities placed with Customers.

LTV ratio: Loan-to-value ratio, referring to the ratio between the value of the loan and the value of the real estate property given as collateral.

MREL: Minimum Requirement for own funds and eligible liabilities.

Net fees and commissions: corresponds to the income statement item Net fees and commissions income.

Net interest income: sum of the balance sheet headings of Interest and similar income and Interest and similar expenses.

NPL coverage by Total impairment for balance sheet loans and associated collateral and financial guarantees: ratio between the sum of the total accumulated impairment for loans (book value) and their associated collateral and financial guarantees and the balance of non-productive loans (NPL, as defined by the EBA).

NPL coverage by Total impairment for balance sheet loans: ratio between the sum of the total accumulated impairment for loans (book value) and the balance of non-productive loans (NPL, as defined by the EBA).

NPL ratio: ratio between the non-performing loans (NPL, as defined by the EBA) and total Loans to Customers (gross).

NPL: Non-performing loans (as defined by the EBA).

NSFR ratio: Net stable funding ratio. Ratio between available stable funding and required stable funding.

OCR: Overall capital requirements.

Off-balance sheet Customer resources: corresponds to the Disintermediation resources managed by the Group's companies (assets under management), excluding securities investment funds and real estate investment funds in its own portfolio, i.e., the sum of the Securities investment funds and Real estate investment funds, Pension funds and Capitalisation insurance.

On-balance sheet Customer resources: sum of the balance sheet heading of Customer resources and Securities placed with Customers.

Operating costs: sum of the income statement headings of Staff costs, General and administrative expenses, and Depreciation and amortisation.

Operating income before impairment: sum of the income statement headings of Net interest income, Net fees and commissions, Income from equity instruments, Results from financial operations, Other operating income, Net gains from the sale of other assets, Staff costs, General and administrative expenses, and Depreciation and amortisation.

Other assets: sum of the income statement heading of Hedge derivatives, Non-current assets held for sale, Non-current assets held for sale - Discontinued operations, Investment properties, Other tangible assets, Intangible assets, Investments in associates, Current tax assets, Deferred tax assets and Other assets.

Other impairments and provisions: sum of the income statement headings of Impairment of other financial assets, Impairment of other assets and Other provisions.

Other results: sum of the income statement headings of Net gains from the sale of other assets and Other operating income.

Performing loans: corresponds to Loans to Customers (gross) after deducting non-performing exposures (as defined by the EBA).

Ratio of forbore exposures: Ratio between deferred exposures (forborne exposures, as defined by the EBA) and Loans to Customers (gross).

Ratio of loans and interest overdue by more than 90 days: Ratio between Loans and interest overdue by more than 90 days and Loans to Customers (gross).

Results from commercial activity: sum of the income statement headings of Interest and similar income, Interest and similar expenses, Net fees and commissions, Staff costs, General and administrative expenses, and Depreciation and amortisation.

Results from financial operations: sum of the income statement headings of Net gains/(losses) from financial assets and liabilities at fair value through profit or loss, Net gains/(losses) from financial assets at fair value through other comprehensive income, and Net gains/(losses) from foreign exchange difference.

ROA: Return On Assets.

ROE: Return On Equity.

RWA: Risk-Weighted Assets.

Securities portfolio: sum of the balance sheet headings of Financial assets held for trading, Financial assets at fair value through other comprehensive income, Other financial assets at amortised cost, and Financial assets at fair value through profit or loss.

Tier 1 ratio: ratio between Tier 1 own funds and Risk-weighted assets.

TLTRO: Targeted Longer-Term Refinancing Operations.

Total capital ratio: ratio between Total own funds and Risk-weighted assets.

Total Customer resources: sum of On-balance sheet Customer resources and Off-balance sheet Customer resources.

YoY: Year-on-Year, change compared to the same period in the previous year.

YtD: Year-to-Date, change compared to the end of the previous year.

ACCOUNTS, NOTES TO THE ACCOUNTS AND OPINIONS

1ST HALF 2025



ACCOUNTS AND NOTES TO THE INTERIM CONDENSED CONSOLIDATED ACCOUNTS

1ST HALF 2025



Banco Montepio

Interim Condensed Consolidated Income Statement for the six months period ended on 30 June 2025

(Euro thousand)

	Notes	Jun 2025	Jun 2024
Interest and similar income	2	300 636	351 312
Interest and similar expense	2	133 449	152 752
Net interest income	2	167 187	198 560
Dividends from equity instruments	3	569	494
Net fee and commission income	4	65 755	63 072
Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss	5	(5 200)	(972)
Net gains/(losses) arising from financial assets at fair value through other comprehensive income	6	731	-
Net gains/(losses) arising from exchange differences	7	(1 267)	976
Net gains/(losses) arising from sale of other financial assets	8	9 071	5 679
Other operating income/(expense)	9	(10 893)	(12 735)
Total operating income		225 953	255 074
Staff costs	10	79 838	77 439
General and administrative expenses	11	37 714	34 585
Depreciation and amortization	12	25 442	21 617
Total operating cost		142 994	133 641
Impairment of loans and advances to customers and to credit institutions	13	(7 994)	7 272
Impairment of other financial assets	14	133	942
Impairment of other assets	15	6 780	7 922
Other provisions	16	(1 479)	(2 376)
Operating income		85 519	107 673
Share of profits/(losses) booked under the equity method	17	(349)	(334)
Profit/(loss) before income tax		85 170	107 339
Income Tax			
Current	32	(1 351)	(886)
Deferred	32	(13 142)	(37 717)
Consolidated net profit/(loss) for the period		70 677	68 736
Earnings per share (in Euro)			
Basic		0,0292	0,0284
Diluted		0,0292	0,0284

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

1 s t H A L F 2 0 2 5

To be read with the notes attached to the Interim Consolidated Financial Statements

Banco Montepio

Interim Condensed Consolidated Statement of Comprehensive Income for the six months period ended on 30 June 2025

(Euro thousand)

	Notes	Jun 2025	Jun 2024
Items that may be reclassified to the Income Statement			
Fair value reserves			
Financial assets at fair value through other comprehensive income			
Debt instruments	42	(2 364)	(1 221)
Taxes related to fair value changes	32 and 42	710	302
		<u>(1 654)</u>	<u>(919)</u>
Items that will not be reclassified to the Income Statement			
Fair value reserves			
Financial assets at fair value through other comprehensive income			
Equity instruments	42	(43)	232
Remeasurements of post-employment and long term benefits	46	34 025	31 327
Taxes	32	(4 452)	-
		<u>29 530</u>	<u>31 559</u>
Other comprehensive income/(loss) for the period		27 876	30 640
Consolidated net income for the period		70 677	68 736
Total consolidated comprehensive income/(loss) for the period		98 553	99 376

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Consolidated Financial Statements

Banco Montepio

Interim Condensed Consolidated Balance Sheet on 30 June 2025

(Euro thousand)

	Notes	Jun 2025	Dec 2024
Assets			
Cash and deposits at central banks	18	1 691 166	1 474 538
Loans and deposits to credit institutions payable on demand	19	58 951	49 769
Other loans and advances to credit institutions	20	199 814	138 230
Loans and advances to customers	21	12 348 767	11 945 005
Financial assets held for trading	22	38 178	26 843
Financial assets at fair value through profit or loss	23	101 035	102 683
Financial assets at fair value through other comprehensive income	24	344 151	304 479
Hedging derivatives	25	10 699	30 257
Other financial assets at amortized cost	26	3 587 782	3 473 704
Investments in associated companies	27	4 178	4 535
Non-current assets held for sale	28	22	34
Investment properties	29	38 343	44 760
Other tangible assets	30	192 302	196 047
Intangible assets	31	66 495	64 641
Current tax assets	32	566	1 324
Deferred tax assets	32	306 807	323 691
Other assets	33	245 760	234 238
Total Assets		19 235 016	18 414 778
Liabilities			
Deposits from other credit institutions	34	587 631	607 296
Deposits from customers	35	15 589 928	14 958 805
Debt securities issued	36	710 266	588 376
Financial liabilities held for trading	22	6 951	11 202
Hedging derivatives	25	30 472	27 037
Provisions	37	28 307	30 498
Current tax liabilities	-	1 140	1 481
Other subordinated debt	38	261 779	271 824
Other liabilities	39	276 243	243 900
Total Liabilities		17 492 717	16 740 419
Equity			
Share capital	40	1 210 000	1 210 000
Legal reserve	41	217 697	207 487
Fair value reserves	42	10 193	11 890
Other reserves and Retained earnings	42	233 732	135 095
Consolidated net income for the period attributable to the Shareholder		70 677	109 887
Total Equity		1 742 299	1 674 359
Total Liabilities and Equity		19 235 016	18 414 778

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Consolidated Financial Statements

Banco Montepio

Interim Condensed Consolidated Statement of Cash Flows for the six months period ended on 30 June 2025

	(Euro thousand)	
	Jun 2025	Jun 2024
Cash arising from operating activities		
Interest income received	296 928	344 553
Interest expense paid	(164 772)	(136 702)
Commission received	80 620	75 915
Commission expense paid	(14 877)	(12 857)
Costs with staff and suppliers	(112 808)	(107 194)
Recovery of loans and interest	5 717	3 382
Other payments and receivables	13 214	(26 114)
Income tax payment	(934)	(305)
	103 088	140 678
(Increases)/Decreases in operating assets		
Loans and advances to credit institutions and customers	(463 689)	(161 158)
(Purchase)/Sale of financial assets held for trading	3 183	(17 064)
Purchase)/Sale of financial assets at fair value through profit or loss	(1 217)	12 812
Purchase)/Sale of financial assets at fair value through other comprehensive income	(41 551)	(281 798)
(Purchase)/Sale of other assets at amortized cost	(110 737)	673 984
Other assets	39 565	14 073
	(574 446)	240 849
Increases/(decreases) in operating liabilities		
Deposits from customers	642 574	809 751
Deposits from credit institutions	(19 569)	(130 006)
Deposits from central banks	-	(854 830)
	623 005	(175 085)
	151 647	206 442
Cash from investing activities		
Dividends received (note 3)	569	494
(Purchase) / Sale of investments in associated companies	-	674
(Purchase) / Sale of non current assets held for sale	(37)	-
Purchase of fixed assets (notes 30 and 31)	(22 849)	(19 508)
	(22 317)	(18 340)
Cash from financing activities		
Dividends paid (note 43)	(30 613)	(6 000)
Issuance of cash bonds and subordinated debt (notes 36 and 38)	133 407	296 605
Lease Contracts	(5 047)	(2 721)
	97 747	287 884
Effects of exchange rate changes on cash and cash equivalents	(1 267)	976
Net change in cash and cash equivalents	225 810	476 962
Cash and cash equivalents at the beginning of the period		
Cash and deposits at central banks (note 18)	1 474 538	1 171 398
Loans and deposits to credit institutions payable on demand (note 19)	49 769	61 041
	1 524 307	1 232 439
Cash and cash equivalents at the end of the period		
Cash and deposits at central banks (note 18)	1 691 166	1 662 990
Loans and deposits to credit institutions payable on demand (note 19)	58 951	46 411
	1 750 117	1 709 401

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Consolidated Financial Statements

Banco Montepio

Consolidated Statement of Changes in Equity for the six months period ended on 30 June 2025

(Euro thousand)

	Share Capital (Note 40)	Legal Reserves (Note 41)	Fair Value Reserves (Note 42)	Other reserves and Retained earnings (Note 42)	Consolidated net income/ (loss) for the period	Total Shareholders Equity
Balance on 31 December 2023	1 210 000	196 833	6 792	124 480	28 366	1 566 471
Application of net income in 2023						
Legal Reserves	-	10 654	-	-	(10 654)	-
Transfer to reserves and retained earnings	-	-	-	11 712	(11 712)	-
Dividends paid	-	-	-	-	(6 000)	(6 000)
Other comprehensive income:	-	-	(687)	31 327	-	30 640
Remeasurements of post-employment and long-term benefits (note 46)	-	-	-	31 327	-	31 327
Fair value changes of debt instruments	-	-	(1 221)	-	-	(1 221)
Fair value changes of equity instruments	-	-	232	-	-	232
Taxes on changes in fair value (notes 32 and 42)	-	-	302	-	-	302
Consolidated net income for the period	-	-	-	-	68 736	68 736
Total comprehensive income for the period	-	-	(687)	31 327	68 736	99 376
Balance on 30 June 2024	1 210 000	207 487	6 105	167 519	68 736	1 659 847
Other comprehensive income:	-	-	5 785	(32 424)	-	(26 639)
Remeasurements of post-employment and long-term benefits (note 46)	-	-	-	(33 731)	-	(33 731)
Fair value changes of debt instruments	-	-	5 625	-	-	5 625
Fair value changes of equity instruments	-	-	2 461	-	-	2 461
Taxes on changes in fair value (notes 32 and 42)	-	-	(2 301)	-	-	(2 301)
Realized gains on capital instruments	-	-	-	1 307	-	1 307
Consolidated net income for the period	-	-	-	-	41 151	41 151
Total comprehensive income for the period	-	-	5 785	(32 424)	41 151	14 512
Balance on 31 December 2024	1 210 000	207 487	11 890	135 095	109 887	1 674 359
Application of net income in 2024						
Legal Reserves	-	10 210	-	-	(10 210)	-
Transfer to reserves and retained earnings	-	-	-	69 064	(69 064)	-
Dividends paid	-	-	-	-	(30 613)	(30 613)
Other comprehensive income:	-	-	(1 697)	29 573	-	27 876
Remeasurements of post-employment and long-term benefits (note 46)	-	-	-	34 025	-	34 025
Fair value changes of debt instruments	-	-	(2 364)	-	-	(2 364)
Fair value changes of equity instruments	-	-	(43)	-	-	(43)
Taxes on changes in fair value (notes 32 and 42)	-	-	710	-	-	710
Taxes related to remeasurement changes of defined benefit plans (note 32)	-	-	-	(4 452)	-	(4 452)
Consolidated net income for the period	-	-	-	-	70 677	70 677
Total comprehensive income for the period	-	-	(1 697)	29 573	70 677	98 553
Balance on 30 June 2025	1 210 000	217 697	10 193	233 732	70 677	1 742 299

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Consolidated Financial Statements

Introduction

Caixa Económica Montepio Geral, caixa económica bancária, S.A. (hereinafter “Banco Montepio”), with registered office at Rua Castilho, no. 5, 1250-066, Lisbon, is a credit institution majority held by Montepio Geral Associação Mutualista (hereinafter “MGAM”), which was incorporated on 24 March 1844. Banco Montepio is authorized to operate in accordance with Decree-Laws no. 298/92, of 31 December, and no. 136/79, of 18 May, which regulate the activity of savings banks and establish some restrictions to their activities. Banco Montepio is authorized to perform banking operations in addition to those mentioned in its By-laws, if generally authorized by the Bank of Portugal. This fact leads to the practice of banking operations in general.

On 10 September 2015, Decree-Law no. 190/2015 was published, introducing amendments in the Legal Framework of Credit Institutions and Financial Companies and in the Mutual Association Code. Following the publication of this Decree-Law, Banco Montepio changed its classification to “caixa económica bancária”.

On 14 September 2017, the By-laws deed was executed, transforming Caixa Económica Montepio Geral into a public limited company, changing its legal name to Caixa Económica Montepio Geral, caixa económica bancária, S.A.

The financial statements of Banco Montepio are consolidated in the financial statements of MGAM. As at 30 June 2025, the following entities integrate the Banco Montepio Group:

Montepio Holding, S.G.P.S, S.A.

Montepio Holding integrates companies carrying out a set of varied activities, including the rendering of complementary financial services in the specialized consumer credit and long-term rental areas, as well as in real estate transacting and management.

As at 30 June 2025, Montepio Holding, S.G.P.S. holds financial shareholdings corresponding to 100% of the share capital and voting rights of Montepio Investimento, S.A. (hereinafter “BEM”), of Montepio Crédito – Instituição Financeira de Crédito, S.A. (Montepio Crédito) and of Ssag incentive, Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A..

Montepio Crédito – Instituição Financeira de Crédito, S.A.

Montepio Crédito, fully controlled by Montepio Holding, SGPS, in turn, wholly owned by Banco Montepio, is the Banco Montepio Group entity dedicated to the origination and management of the specialized credit offer, a segment framed within the axes of Banco Montepio Group’s Strategic Plan, reflecting the focus on consumer credit. Montepio Crédito’s activity is centred on making available solutions for Individuals in the Automobile, Healthcare, Automobile Repairs, Telecommunications and Furniture areas, and for Corporates and Social Economy institutions in the Logistics, Water, Transport, Energy, Energy Efficiency and Industry areas.

Banco de Empresas Montepio

Montepio Investimento, S.A. (“BEM”), 100% controlled by Montepio Holding, SGPS that, in turn, is fully owned by Banco Montepio, had its activity integrated in Banco Montepio in November 2023, within the scope of the Banco Montepio Group’s governance structure simplification and operating model optimization. Under the agreement celebrated between Montepio Holding and RAUVA Enterprises, S.A., the sale of 100% of BEM’s share capital is underway, with this operation still being subject to the verification of the precedent conditions and the approval by the Supervisory and Regulatory authorities.

Ssaginentive, Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A.

Ssaginentive, 100% controlled by Montepio Holding, SGPS, which, in turn, is wholly owned by Banco Montepio, has as its object the trading and management of real estate, including the acquisition for resale of real estate acquired by the Banco Montepio Group companies as a result of the recovery of own credit. It is also responsible for the acquisition, management and possible resale of real estate under litigation initiated by the Banco Montepio Group companies.

H.T.A. – Hotéis, Turismo e Animação dos Açores, S.A

H.T.A., 20.0% held by Banco Montepio, has as its main activity the promotion, realization, exploration and management of any tourism activities and investments, including the construction, remodelling and exploration of hotel, casino and gaming house units, the exploration of games of chance, the acquisition of real estate for resale, the import and export of goods, the explorations of spas, as well as all remaining activities related to those previously referred.

CESource

The purpose of this Grouping, 18.0% held by Banco Montepio, is to provide specialized services in the area of information technologies, contributing, through the optimization of such management, to the improvement of the conditions and means of the exercise or result of the economic activities of the members of this Grouping.

Montepio Serviços, A.C.E.

The Agrupamento Montepio Serviços, A.C.E. (Grouping) aims to improve the conditions for the exercise and the results of the economic activities of the grouped members, essentially aiming to optimize resources, achieve greater operational efficiency and obtain economies of scale through the elimination of replicated cost structures.

The remaining entities of the consolidation perimeter are disclosed in note 55.

1 Accounting Policies

a) Bases of presentation

The consolidated financial statements of the Banco Montepio Group (hereinafter “Group”) have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“EU”), in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and the Council, of 19 July and Notice no. 5/2015 of the Bank of Portugal, of 7 December. IFRS comprise accounting standards issued by the International Accounting Standards Board (“IASB”) as well as interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and their predecessor bodies.

The Group’s condensed interim consolidated financial statements herein presented refer to the period ended 30 June 2025 and were prepared for recognition and measurement purposes in accordance with IFRS endorsed by the EU and in force on 1 January 2025, applying, namely, the standard IAS 34 - Interim Financial Reporting (“IAS 34”). Consequently, these financial statements do not include all the information required in the preparation of individual financial statements prepared in accordance with IFRS, as adopted by the European Union, and should therefore be read in conjunction with the financial statements for financial year ended 31 December 2024.

The consolidated financial statements and the notes to the financial statements presented herein were approved by the Board of Directors of Banco Montepio on 29 September 2025.

The consolidated financial statements are presented in Euro, rounded to the nearest thousand, with all references to any standards always relating to the respective version in force. These financial statements were prepared on the going concern, accrual and historical cost principles, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and investment properties. Financial assets and liabilities that are classified under hedge accounting are stated at fair value in respect of the risk that is being hedged, while the remaining financial assets and liabilities, as well as non-financial assets and liabilities, are recorded at amortized cost or historical cost. Non-current assets held for sale are recorded at the lower of their carrying amount or fair value less costs to sell.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and assumptions used are based on historical experience and other factors that are believed to be reasonable under the circumstances, substantiating the basis for making the judgments about the book values of assets and liabilities that are not readily apparent from other sources, so actual results may differ from these estimates. The main estimates and assumptions involving a higher degree of judgment or complexity or where assumptions and estimates are considered to be significant are presented in the accounting policy described in point x).

b) Bases of consolidation

The consolidated financial statements now presented reflect the assets, liabilities, income and expenses of Banco Montepio and its subsidiaries ("Group"), as well as the results attributable to the Group derived from its financial investments in Associates and the book value of these financial investments measured under the equity method, for the period ended 30 June 2025 and financial year ended 31 December 2024.

Subsidiaries

Subsidiaries are entities controlled by the Group (including investment funds and securitization vehicles). The Group controls an entity when it is exposed, or has rights, to variable returns derived from its involvement with this entity, can appropriate these through the power it holds over the entity's relevant activities (de facto control) and has the ability to allocate these variable returns through the power it holds over the entity's relevant activities. As established in IFRS 10, the Group analyses the objective and the structuring of the manner the operations of an entity are developed in evaluating the control over same. The financial statements of the subsidiaries are consolidated by the full consolidation method from the moment the Group acquires control until the moment that control ceases. The interests of third parties in these Companies are presented in the caption Non-controlling interests.

Accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognize negative non-controlling interests.

In a step acquisition process resulting in the acquisition of control, the revaluation of any shareholding (elsewhere in this document also referred to as "investment" or "interest") previously acquired is booked against the income statement when the goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, the shareholding retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement.

Subsidiaries' accounting policies are changed, whenever necessary, to ensure that these are consistently applied by all Group Companies.

Associates

Associates are accounted for under the equity method as from the date the Group acquires significant influence until the date it ceases to have such influence. Associates are entities in respect of which the Group has significant influence, but not control, over the financial and operating policy decisions of the investee. It is assumed that the Group has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. If the Group holds, directly or indirectly, less than 20% of the voting rights of the investee, it is presumed that the Group does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence being held by the Group is usually evidenced by at least one of the following facts:

- representation on the Board of Directors or equivalent management body of the investee;
- participation in policy-making processes, including participation in decisions involving dividends or other distributions;
- material transactions between the Group and the investee;
- interchange of management personnel; and
- provision of essential technical information.

The consolidated financial statements include the part that is attributable to the Group of the total reserves and results of the associates accounted for under the equity method. In applying the equity method, unrealized gains or losses on transactions between the Group and its associates are eliminated. Associates' accounting policies are changed, whenever necessary, to ensure that these are consistently applied by all Group Companies. When the Group's share of attributable losses exceeds its interest in an Associate, the book value of the investment, including any medium- or long-term interest in that Associate, is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has incurred in a legal or constructive obligation to assume these losses on behalf of an associated company.

Special purpose entities

The Group consolidates by the full consolidation method certain special purpose entities, namely vehicles and funds created as part of securitization operations, set up specifically to fulfil a narrow and well-defined objective, when the substance of the relationship with such entities indicates that the Group exercises control over their activities, i.e. when it holds most of the risks and rewards associated with their activities, namely through bonds issued with a greater degree of subordination.

Goodwill

Business combinations are recorded using the purchase method. The acquisition cost corresponds to the fair value, determined at the purchase date, of the assets transferred and the liabilities incurred or assumed. Costs directly related to the acquisition of a subsidiary are recognized directly in the income statement. The positive goodwill that results from acquisitions is recognized as an asset and carried at acquisition cost, not being subject to amortization. Goodwill arising on the acquisition of shareholdings in subsidiaries and associates is defined as the difference between the total value or the cost of the acquisition and the total or corresponding share of the fair value of the assets, liabilities and contingent liabilities of the investee, respectively, depending on the option taken. When at the date of acquisition of control, the Group already holds a previously acquired shareholding, the fair value of such shareholding contributes to the determination of the goodwill or badwill. Negative goodwill arising on an acquisition is recognized directly in the income statement in the financial year the business combination occurs. The recoverable value of the goodwill is assessed annually, regardless of the existence of any impairment triggers. Impairment losses determined are recognized in the income statement for the financial year. The recoverable value is determined based on the highest between the value in use of the assets and their fair value less costs to sell, calculated using

valuation methodologies supported by discounted cash-flow techniques, considering market conditions, the time value of money and the business risks.

Goodwill is allocated to the cash-generating units to which it belongs for the purpose of carrying out impairment tests, which are performed at least once a year. Goodwill impairment losses are not reversible. When the Group reorganizes its activity, implying a change in the composition of its cash-generating units, to which goodwill has been allocated, the allocation of the goodwill to the new cash-generating units is revised whenever there is a rationale for such. The reallocation is made applying a relative fair value approach, of the new cash-generating units resulting from the reorganization. Goodwill is not adjusted in function of the final determination of the contingent purchase price paid, with such difference being booked in the income statement, or reserves if applicable, when the determination of the final contingent price occurs one year after the acquisition of control of the business, or if the determination of this price occurs less than one year after the referred date, when the adjustments relate to information obtained in respect of facts occurring after the date of the acquisition.

Acquisition and dilution of non-controlling interests

The acquisition of non-controlling interests that does not impact the control position of a subsidiary is accounted for as a transaction with shareholders and, as such, additional goodwill resulting from this transaction is not recognized. The difference between the acquisition cost and the fair value of the non-controlling interests acquired is recognized directly in reserves. Likewise, the gains and losses resulting from the sale of non-controlling interests, that does not impact the control position of a subsidiary, are always recognized against reserves.

Loss of control

The gains and losses resulting from the dilution or sale of part of a shareholding in a subsidiary, with loss of control, are recognized in the income statement.

On dilutions of controlling interests not resulting in a loss of control, the difference between the acquisition cost and the fair value of the non-controlling interests acquired is recognized against reserves.

Balances and transactions eliminated on consolidation

Intragroup balances and transactions, as well as any unrealized gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealized gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

c) Financial instruments – IFRS 9

c.1) Classification of financial assets

The Group classifies its financial assets into one of the following valuation categories:

- Financial assets at amortized cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification requirements for debt and equity instruments are as follows:

c.1.1) Debt instruments

Debt instruments are instruments that meet the definition of financial liability from the issuer's perspective, such as loans, public and private bonds, and accounts receivable acquired from customers with non-recourse factoring contracts.

The classification and subsequent valuation of these instruments in the previous categories are based on the following two elements:

- the Group's business model for financial asset management; and
- the characteristics of the contractual cash flows from the financial assets.

Based on these elements, the Group classifies its debt instruments for valuation purposes into one of the following three categories:

a) Financial assets at amortized cost, when the following two conditions are met:

- they are managed under a business model which objective is the holding of financial assets to receive contractual cash flows; and
- the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the principal outstanding.

In addition to debt instruments managed based on a business model which purpose is to receive their contractual cash flows, which are recorded in the caption Other financial assets at amortized cost, the category of financial assets at amortized cost also includes Loans and advances to credit institutions and Loans and advances to customers.

b) Financial assets at fair value through other comprehensive income, when the following two conditions are met:

- they are managed under a business model which purpose combines the receipt of contractual cash flows from financial assets and their sale; and
- the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the principal outstanding.

c) Financial assets at fair value through profit or loss, whenever due to the Group's business model or the characteristics of their contractual cash flows, it is not appropriate to classify financial assets in any of the previous categories. At the transition date, to classify financial assets in this category, the Group also considered whether it expects to recover the book value of the asset through the sale to a third party.

This portfolio also includes all instruments in respect of which any of the following characteristics are met:

- that were originated or acquired for the purpose of being traded in the short term;
- that are part of a group of identified and jointly managed financial instruments for which there is evidence of recent actions aimed at achieving short-term gains; and
- that are derivative instruments that do not meet the definition of a financial collateral agreement and have not been designated as hedging instruments.

Assessment of the business model

The business model reflects the way the Group manages its assets from a cash flow generation perspective. Therefore, it is important to understand whether the Group's objective is only to receive contractual cash flows from assets or whether it intends to receive the contractual cash flows and the cash flows from the sale of the assets. If none of these situations apply (e.g., financial assets are held for trading), then financial assets are classified as part of "another" business model and recognized at fair value through profit or loss. Factors considered by the Group in identifying the business model for a set of assets include past experience of how: (i) cash flows are received; (ii) how asset performance is assessed and reported to the management body; (iii) how risks are assessed and managed and (iv) how directors are remunerated.

Securities held for trading serve, essentially, for the purpose of being sold in the short term, or as part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-

term gains. These securities are classified under “other” business models and recognized at fair value through profit or loss.

The assessment of the business model does not depend on the intentions for an individual instrument, but rather for a set of instruments, considering the frequency, value, the timing of sales in previous financial periods, the reasons for such sales and the expectations regarding future sales. Near-maturity sales and those motivated by the increased credit risk of the financial assets, or to manage concentration risk, among others, may be consistent with the model of holding assets to receive contractual cash flows, if those sales are infrequent (albeit significant in value) or if they are of an immaterial value, both individually and in aggregate (even if frequent). To the effect, the Banco Montepio Group considers as immaterial sales of up to 10% of the nominal value of the sales of the portfolio and as infrequent 4 sales per year, regardless of the time interval between the transactions.

If a financial asset contains a contractual clause that may modify the timing or value of the contractual cash flows (such as early amortization or extension of the term), the Group determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of said contractual clause, are only payments of principal and interest on the principal outstanding.

If a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the reference interest rate term (for example, the interest rate is adjusted every three months), the Group assesses, on initial recognition, such inconsistency in the interest component to determine whether the contractual cash flows represent only payments of principal and interest on the principal outstanding.

Contractual conditions that, on initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as settlement by the issuer) do not preclude their classification in the portfolios at amortized cost or at fair value through other comprehensive income.

SPPI assessment

When the business model consists of holding assets for the purpose of: (i) receiving contractual cash flows or (ii) receiving contractual cash flows and selling these assets, the Group assesses whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the principal outstanding (the “solely payments of principal and interest” (“SPPI”) test).

In this assessment, the Group considers whether the contractual cash flows are consistent with a basic loan agreement, i.e., the interest includes only considerations regarding the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce risk exposure or cash flow variability that is inconsistent with a simple loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether cash flows correspond solely to payments of principal and interest on the principal outstanding (“SPPI” test).

c.2) Equity instruments

Equity instruments are instruments that meet the definition of capital from the issuer's perspective, that is, they are instruments that do not contain a contractual obligation to pay and that show a residual interest in the issuer's net assets. An example of equity instruments are the ordinary shares.

Investments in equity instruments are an exception to the general valuation criteria described above. The Group exercises the option, on initial recognition, to irrevocably designate in the category of financial assets at fair value through other comprehensive income the investments in equity instruments that are not classified as held for trading and which, in the case of not exercising said option, would be classified as financial assets at fair value through profit or loss.

c.3) Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be realized through the delivery of cash or another financial asset, regardless of its legal form. Financial liabilities are classified in the following categories:

(i) Financial liabilities at amortized cost

This category includes deposits from central banks and other credit institutions, deposits from customers, debt securities issued and other subordinated liabilities;

(ii) Financial assets held for trading

This category includes derivative financial instruments with a negative fair value, as per note 1 d);

(iii) Financial liabilities at fair value through profit or loss (Fair Value Option)

This category includes financial instruments designated by the Bank, on initial recognition, in this category provided that at least one of the following requirements is met:

- the financial liabilities are internally managed, valued and analysed based on their fair value;
- derivative operations are contracted to hedge these assets or liabilities, in this manner ensuring consistency in the valuation of assets or liabilities and the derivatives (countering accounting mismatch); and
- the financial liabilities contain embedded derivatives.

c.4) Recognition and initial valuation of financial instruments

On initial recognition all financial instruments are recorded at fair value. For financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting transaction costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in profit or loss.

Transaction costs are defined as costs directly attributable to the acquisition or disposal of a financial asset, or the issue or assumption of a financial liability, which would not have been incurred if the Group had not made the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalization expenses.

Financial assets and liabilities are recognized in the balance sheet on the transaction date - the date on which the Group undertakes to acquire the assets, unless there is a contractual stipulation or applicable legal figure stating that the transfer of the rights occurs at a later date.

On initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity shall recognize this difference as follows:

- When the fair value is evidenced by the quotation in an active market of an equivalent asset or liability (i.e., level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss; and
- In the remaining cases, the difference is deferred, and the moment of the initial recognition of the gain or loss is determined individually. This difference may then be: (i) amortized over the life of the instrument; (ii) deferred until the fair value of the instrument can be determined using observable market data or (iii) recognized through the liquidation of the asset or liability.

The Group recognizes in profit or loss the day one profit, generated primarily by the intermediation of derivative and foreign exchange financial products, since the fair value of these instruments, both on the date of initial recognition or subsequently, is determined based solely on observable market variables and reflects Banco Montepio's access to wholesale financial markets.

c.5) Subsequent valuation of financial instruments

Subsequent to initial recognition, the Group values its financial assets: (i) at amortized cost; (ii) at fair value through other comprehensive income or (iii) at fair value through profit or loss.

Amounts receivable from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially valued at transaction price or outstanding principal, respectively, are valued at said amount net of impairment losses.

Immediately after initial recognition, an impairment is also recognized for expected credit losses (ECL), of financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of an impairment loss when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest rate method, except for financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

Whenever there is a change in the estimate of future cash flows, the new estimate of future cash flows is discounted at the initially estimated effective interest rate. The difference between the sum of these new future cash flows discounted at the initially estimated effective interest rate and the amount currently on the balance sheet is recognized in the income statement. Subsequently, interest continues to be accrued based on the original effective interest rate considering the estimated new cash flows and the amortized cost of the recalculated liability.

c.6) Interest recognition

Interest income and expense from financial asset and liability instruments measured at amortized cost and from financial assets at fair value through other comprehensive income are recognized in interest and similar income or interest and similar expense (net interest income) using the effective interest rate method. Interest from financial assets and liabilities at fair value through profit or loss are recognized in net gains/(losses) arising from financial operations.

The effective interest rate is the rate that discounts the estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, over a shorter period) to the net present book value of the financial asset or liability.

For the determination of the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (e.g., prepayment options) but not considering any impairment losses. The calculation includes commissions paid or received as an integral part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction, except in respect of financial assets and liabilities at fair value through profit or loss.

Interest income related to financial instruments measured at amortized cost or a fair value through other comprehensive income and associated with contracts classified in Stage 1 or 2 is calculated by applying the effective interest rate of each contract to its gross book value, which corresponds to its amortized cost before deducting the respective impairment.

For financial assets included in Stage 3, interest is recognized in profit or loss based on their book value net of impairment. Interest is always recognized prospectively, i.e., for financial assets that enter Stage 3, interest is recognized on the amortized cost (net of impairment) in the subsequent periods.

For financial assets originated or acquired in credit impairment ("POCI"), the effective interest rate reflects the expected credit losses determined based on the expected future cash flows receivable from the financial asset.

For derivative financial instruments, except for those classified as interest rate risk hedging instruments, the interest component is not separated from the changes in their fair value, being classified in Net gains/(losses)

arising from financial assets and liabilities at fair value through profit or loss. For interest rate risk hedging derivatives associated with financial assets or financial liabilities recognized in the Fair Value Option category, the interest component is recognized in interest and similar income or interest and similar expense (net interest income).

c.7) Reclassifications between financial instrument categories

Reclassifications of financial assets can only occur when the Group changes its financial asset management business model, which changes are expected to be very infrequent. In this case, all affected financial assets shall be reclassified. The reclassification shall be applied prospectively from the date of the reclassification and there shall be no restatement of any previously recognized gains, losses (including impairment gains or losses) or interest. IFRS 9 does not permit the reclassification of investments in equity instruments measured at fair value through other comprehensive income or when the fair value option has been exercised for financial assets or liabilities. Financial liabilities may not be reclassified between categories.

c.8) Modification of loans

Occasionally, the Group renegotiates or modifies contractual cash flows from loans to customers. In this situation, the Group assesses whether the new contract terms are substantially different from the original terms. The Group makes this analysis considering, among others, the following factors:

- if the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- a significant new term such as profit sharing or an equity-based return that substantially affects credit risk has been introduced;
- a significant extension of the contract maturity when the debtor is not in financial difficulty;
- a significant change in interest rate;
- a change from the currency in which the credit was contracted; and
- the inclusion of a collateral, a guarantee or another credit enhancement instrument that significantly affects the credit risk associated with the loan.

If the terms of the contract differ significantly, the Group derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. On the renegotiation date the initial recognition date is considered for the purpose of calculating impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. The Group also assesses whether the newly recognized financial asset is impaired on initial recognition (designating it as a financial asset acquired or originated in impairment), especially when the renegotiation is related to the fact that the debtor did not make the originally agreed payments. Differences in book value are recognized in profit or loss as a de-recognition gain or loss. Financial assets acquired or originated in impairment, do not have impairment on initial recognition. Instead, expected credit losses over the lifetime are incorporated into the calculation of the effective interest rate. Consequently, on initial recognition, the gross book value of this asset is equal to the net book value.

If the terms of the contract are not significantly different, the renegotiation, or the modification, does not result in de-recognition and the Group recalculates the gross book value based on the revised cash flows of the financial asset and recognizes a gain or loss from this modification in profit or loss. The new gross book value is recalculated by discounting the modified cash flows at the original effective interest rate.

Following the modification, the Group may determine that credit risk has significantly improved, and assets have moved from Stage 3 to Stage 2 ("ECL lifetime") or from Stage 2 to Stage 1 ("ECL 12 months"), except for financial assets acquired or originated in impairment that are classified in Stage 3, it being that this situation can only occur when the performance of the modified asset is in accordance with the new contract terms for a period of twelve consecutive months. Additionally, the Group shall continue to monitor whether

there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

c.9) De-recognition that does not result from a modification

Financial assets granted are derecognized when the associated cash flows are extinguished, collected or disposed of to third parties and: (i) the Group substantially transfers all risks and rewards associated with holding the asset or (ii) the Group neither transfers nor substantially holds all risks and rewards associated with holding the asset and does not have control of the asset. Gains and losses from the disposal of loans and advances to customers on a definitive basis are recorded in Gains and losses from the disposal of other assets. These gains or losses correspond to the difference between the sale value set and the book value of these assets, net of impairment losses.

The Group engages in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to channel those cash flows to other entities and substantially transfers all the risks and rewards. These transactions result in de-recognition of the asset if the Group:

- Does not have any obligation to make payments unless it receives equivalent amounts from the assets;
- It is prohibited from selling or pledging the assets; and
- If it is obliged to remit any cash flow it receives from assets without material delays.

Guarantees granted by the Group (shares and bonds) through repurchase agreements and securities' lending and borrowing operations are not derecognized because the Group substantially holds all risks and rewards based on the pre-established repurchase price, thus not meeting the de-recognition criteria. Financial liabilities are derecognized when the underlying obligation is settled, expires or is cancelled.

c.10) Write-off policy

The Group recognizes a loan write-off from assets when it has no reasonable expectation of fully or partially recovering that asset. This recognition occurs after all recovery actions performed by the Group turn out to be unsuccessful. Loans written off from assets are recorded in off-balance sheet accounts.

c.11) Impairment of financial assets

The Group determines impairment losses of debt instruments that are measured at amortized cost and fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees and commitments.

The requirements of IFRS 9 have as their objective to recognize expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including forward-looking information.

Impairment losses of debt instruments that are measured at amortized cost are recognized against a cumulative balance sheet caption, which reduces the book value of the asset, while impairment of assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

Impairment losses of loans and advances to customers and of loans and advances to credit institutions in the financial year, measured at amortized cost, are recognized in the income statement in the caption Impairment of loans and advances, while those of the remaining financial assets are recognized in the caption Impairment of other financial assets.

Impairment losses of exposures that have an associated credit risk and that are not positions recorded in assets (e.g., bank guarantees and commitments assumed) are recorded as a provision in the caption Provisions under liabilities, in the balance sheet. The allocations and reversals are recorded in the caption Other provisions in the income statement.

For the purpose of accounting for impairment losses of debt instruments, the following definitions shall be considered:

- a) Credit losses: correspond to the difference between all cash flows owed to the Group, according to the contractual conditions of the financial asset, and all cash flows that the Group expects to receive (i.e., the total cash-flow shortfall), discounted at the original effective interest rate or, at the effective interest rate on the date to which the financial statements refer, when the rate is variable. For financial assets acquired or originated in impairment with credit losses, the cash flows are discounted at the effective interest rate adjusted for credit quality.

For commitments assumed, the contractual cash flows owed to the Group that are expected to be received in the event of the use of the commitment are compared with the cash flows expected to be received on the recognition of the asset. In the case of bank guarantees, the payments that the Group expects to make less the cash flows it expects to receive from the originator are considered.

The Group estimates cash flows considering the contractual term defined for the operations or the behavioural maturity.

For the purpose of determining the cash flows, those arising from the sale of collateral received are also included, considering the flows that would be obtained from their sale, less the costs necessary to obtain, maintain and subsequently sell them, or other guarantees that may be part of the contractual conditions, such as financial collateral.

- b) Expected credit losses: correspond to the weighted average of credit losses, using as weighting factor the probability of the occurrence of default events, considering: (i) expected credit losses over the lifetime of the operation for operations classified in Stage 2 or 3: these are the expected credit losses that result from possible default events over the expected life of the operation and (ii) expected credit losses over a twelve-month period for operations classified in Stage 1: these are part of the expected credit losses over the life of the instrument representing the expected credit losses that result from default events of a financial instrument that may occur within the period of twelve months from the reference date.

c.12) Impairment model of loans and advances to customers

IFRS 9 considers the expected losses throughout the lifetime of the financial instruments. Thus, prospective macroeconomic scenarios are considered when determining ECL, which changes have an impact on expected losses.

The impairment model is applicable to the following financial instruments of the Group that are not measured at fair value through profit or loss:

- Financial assets at amortized cost (including Loans and advances to customers, Loans and advances to credit institutions and Other financial assets at amortized cost);
- Financial assets classified as debt instruments at fair value through other comprehensive income; and
- Commitments and financial guarantees issued.

Impairment is not recognized in capital instruments because they are measured at fair value and the gains or losses resulting from their disposal are recognized in other comprehensive income.

Instruments that are subject to impairment calculations are divided into three Stages considering their credit risk level, as follows:

- Stage 1: no significant increase in credit risk since initial recognition. In this case, impairment losses reflect expected credit losses resulting from default events that may occur within twelve months after the reporting date;
- Stage 2: instruments for which there is a significant increase in credit risk since initial recognition, but for which there is still no objective evidence of impairment. In this case, impairment losses reflect expected

credit losses resulting from default events that may occur over the expected residual life of the instrument; and

- Stage 3: instruments for which there is objective evidence of impairment as a result of events that originated losses. In this case, impairment losses reflect expected credit losses over the expected residual life of the instrument.

The calculation of impairment losses is complex and requires decisions from Management, estimates and assumptions, particularly in the following areas:

- Assessment of the existence of a significant increase in credit risk since initial recognition; and
- Incorporation of forward-looking information in the ECL calculation.

c.12.1) Calculation of ECLs

ECLs correspond to unbiased weighted estimates of credit losses that are determined as follows:

- Financial assets without signs of impairment at the reporting date: the present value of the difference between the contractual cash flows and the cash flows that the Group expects to receive;
- Financial assets with signs of impairment at the reporting date: difference between the gross book value and the present value of the estimated cash flows;
- Unused credit commitments: the present value of the difference between the contractual cash flows that would result if the commitment is used and the cash flows that the Group expects to receive; and
- Financial guarantees: the present value of the expected reimbursement payments less the amounts that the Group expects to recover.

c.12.2) Definition of default

The Group aligned the definition used in the regulatory perspective with the accounting perspective, with financial assets classified in Stage 3 corresponding to the internal definition of default.

The main criteria for classification in default considered by the Group are the following:

- Overdue loans above the materiality limits defined for more than 90 consecutive days. For this purpose, the following materiality limits are considered: (i) relative limit of 1% and (ii) absolute limit of Euro 100 for retail exposures and Euro 500 for non-retail exposures;
- Non-performing loans, that is, when interest relating to loan obligations is no longer recognized in the financial statements due to the degradation of credit quality;
- Individually significant customers with individual impairment;
- Sale of loan contract with losses in excess of 5%;
- Bankruptcy/insolvency/PER/PEAP/PEVE/EPR/RERE customers;
- Customers with loans written off from assets in the Group or the CRC (Central Credit Register), in the case of Corporate customers; and
- Transactions with restructuring due to financial difficulties, which meet the criteria defined for the identification of defaults (e.g., decrease in the fair value of the loan).

c.12.3) Significant increase in credit risk ("SICR")

To determine if a significant increase in credit risk has occurred since the financial instrument's initial recognition (i.e., risk of default), the Group considers as relevant information all the information available and without costs and/or excessive effort, including both quantitative and qualitative information, as well as an analysis based on the Group's history (expert judgment).

The identification of a significant increase in credit risk is performed by comparing:

- The exposure's risk rating at the reporting date and the exposure's risk rating attributed at the initial moment of the exposure's recognition, and
- The exposure's annualized lifetime PD at the reporting date and the lifetime PD identified at the initial moment of the exposure's recognition.

The Group identifies the occurrence of a significant increase in credit risk when at least one of the following criteria is verified: (i) through a comparison of the actual risk rating with the risk rating attributed at the contract's inception, with the change in the risk rating necessary to identify a significant increase in credit risk being lower the higher the original rating was and (ii) when there is a change in the annualized lifetime PD since the origination and until the reporting date with an increase of 200% or 5 percentage points.

When evaluating the significant increase in credit risk, the Group also considers the existence of arrears of more than 30 days, as well as other indicators of customer behaviour vis-à-vis the Group and/or the financial system (e.g., restructurings due to financial difficulties that do not meet the criteria for classification in Stage 3, overdue credit in the Bank of Portugal's Central Credit Register ("Central de Responsabilidades de Crédito").

c.12.4) Additional criteria for impairment rate deterioration

Considering the likelihood of greater difficulty in the energy transition, for Customers belonging to economic activity sectors with greater carbon intensity, the following criteria were considered to determine the impairment rate: Corporate Customers, in Stage 1, belonging to sectors A - Agriculture, Forestry and Fisheries, C - Manufacturing industries, E - Water supply, sanitation, waste management and depollution and H - Transport and storage, the impairment rate was determined considering the lifetime PD, maintaining the Customer in stage 1.

c.12.5) Measurement of ECL – Collective analysis

The main inputs used for measuring ECLs on a collective basis include the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD; and
- Exposure at Default – EAD.

These parameters are obtained through internal statistic models, and other relevant historical data, based on the existing regulatory models adjusted to reflect the forward-looking information.

In a simplified way, the measurement of ECL through collective analysis results from the product of the PD of the financial asset, of the LGD and of the EAD, discounted at the original effective interest rate of the contract, or at the effective interest rate of the date to which the financial statements refer when the rate is variable.

For securities portfolios and other assets, given their nature, the collective impairment estimation approach includes parameters provided by external sources, which consider the characteristics of the exposures (e.g., rating, type of counterparty).

The PDs are estimated based on a certain historical period and are calculated supported on statistical models. These models are based on internal data, including qualitative and quantitative factors. If a change in the risk rating of the counterparty or the exposure occurs, the estimate of the associated PD is also changed.

The following types of PD are estimated:

- 12-month PD: the probability of a default occurring in the next 12 months, considering forward-looking information for one year (for contracts belonging to Stage 1);
- Lifetime PD: the probability of a default occurring during the remaining life of the credit (for contracts belonging to Stage 2). In this case, lifetime parameters are used, which consider forward-looking information for a horizon of up to 3 years and for the remaining years the historical PD is considered; and
- PD = 100% for all contracts belonging to Stage 3.

The risk levels, defined based on the internal master scale, are a very important input for the determination of the PDs associated with each exposure. The Group collects default and performance indicators regarding its credit risk exposures through analyses by type of customers and products.

The segmentation of the PDs considered by the Group is in line with the segmentation used in risk management, namely regarding the type of customer and the product (e.g., Individuals vs. Companies, home loans, consumption).

Additionally, an additional segmentation level is considered for each segment supported by statistical analysis, based on risk variables, such as risk rating and delay indicators.

LGD is the magnitude of the loss that is expected to occur if the exposure enters in default. The Group estimates LGD parameters based on historical recovery rates after the counterparties' entry into default. The LGD models consider associated collateral and time in default as well as recovery costs. In case of contracts collateralized by real estate, LTV (loan-to-value) ratios are an extremely important parameter in the determination of the LGD.

The segmentation of LGDs considered by the Group is in line with the segmentation used in risk management, namely regarding the type of customer and the product (e.g., Individuals vs. Companies, home loans, consumption). Additionally, an additional segmentation level is considered for each segment supported by statistical analysis, based on risk variables, such as collateralization level, EAD or product type.

The EAD represents the expected loss if the exposure and/or customer enters default. The Group obtains the EAD values from the counterparty's current exposure and from potential changes to its current value, permitted by the contractual conditions, including amortizations and prepayments. For commitments and financial guarantees, the EAD value includes both the amount of credit used as well as the expectation of the potential future value that may come to be used in accordance with the contract. For this purpose, credit conversion factors (CCF) are estimated based on internal historical data, which are adjusted to reflect forward-looking information.

As described above, except for the financial assets that consider a 12-month PD because they do not present a significant increase in credit risk, the Banco Montepio Group calculates the ECL considering the risk of default during the maximum maturity period of the contract or, in certain specific situations, based on the behavioural maturity.

c.12.6) Measurement of ECL – Individual analysis

The exposure of Individually Significant Customers of Banco Montepio and Montepio Crédito is subject to individual analysis which focuses on the credit quality of the debtor, as well as on the expectations of recovering the credit, considering, namely, the economic-financial viability of the debtor, the collateral and existing guarantees as well as the remaining factors relevant for said analysis.

Following the analysis carried out internally and considering the accounting framework described in IFRS 9 and also known market practices, Banco Montepio and Montepio Crédito changed, during the second half of 2023, the criteria for selecting customers for the purposes of individual credit analysis, in compliance, namely, with criteria for perceiving implicit risk and the frequency of the analysis.

As at 30 June 2025 and 31 December 2024, all customers of Banco Montepio that meet the following criteria are subject to individual analysis:

- Customers classified in Stage 1 with exposure/EAD $\geq$ Euro 10.0 million and risk rating $\geq$ Risk Appetite Statement limit defined or without a valid risk rating;
- Customers classified in Stage 2 with exposure/EAD $\geq$ Euro 5.0 million and risk rating $\geq$ Risk Appetite Statement limit defined or without a valid risk rating;
- Customers classified in Stage 3 with exposure /EAD $\geq$ Euro 1.0 million; and
- Other customers when duly justified.

Simultaneously, all customers of Montepio Crédito that meet the following criteria are subject to individual analysis:

- Customers classified in Stage 1 with exposure/EAD $\geq$ Euro 1.0 million and risk rating $\geq$ Risk Appetite Statement limit defined or without a valid risk rating;
- Customers classified in Stage 2 with exposure/EAD $\geq$ Euro 0.5 million and risk rating $\geq$ Risk Appetite Statement limit defined or without a valid risk rating;
- Customers classified in Stage 3 with exposure /EAD $\geq$ Euro 0.25 million; and
- Other customers when duly justified.

The selection of the Individually Significant Customer universe for Banco Montepio and Montepio Crédito is made quarterly, considering, for the purpose of determining the exposure of customers, all active credit operations (on- and off-balance sheet) and excluding the operations classified as written off.

The individual analysis is the responsibility of the Individual Impairment Department and in the evaluation of impairment losses the following factors are considered:

- Exposure of each Customer, internal rating of the Customer, staging associated with each operation and existence of signs of impairment;
- Economic and financial viability of the customer and ability to generate future cash flows to service the debt;
- Collaterals associated with the financial assets and their respective valuation;
- Customers' or guarantors' net assets;
- Situation of bankruptcy or insolvency of the customers and/or guarantors; and
- Expectation regarding the credit recovery period.

For the financial assets of Individually Significant Customers classified in Stage 1 and in Stage 2, the calculated loss is assigned in accordance with the collective analysis methodology, given that, for these Stages, impairment is not determined on an individual basis.

For the financial assets of Individually Significant Customers classified in Stage 3, the impairment value is determined using the discounted cash-flows method, corresponding to the difference between the loan value and the sum of the expected cash-flows relating to the various operations of the customer, discounted at the original interest rate of each financial asset. If the impairment value determined is zero, the average impairment rate of financial assets classified in Stage 2 of the same segment is attributed, calculated on a collective basis, in accordance with the methodology in force. On the other hand, if the impairment rate determined through individual analysis is lower than that determined on a collective basis, the latter prevails.

For the determination of the expected cash flows different recovery strategies are used, which may include the going concern method or the gone concern method:

- In the case of the continuity of the activity (going concern), and provided the available information allows it, a critical analysis is done of the business plans presented or other elements available for analysis, which should include information on past events, current conditions and projected future economic conditions (forward-looking scenarios), with these being representative of the current and future economic-financial situation of the customer. For the calculation of the impairment of these customers, the annually projected cash flows, after adjustment of the initially estimated assumptions and the application of haircuts, if necessary, and considering deviations of the real figures from those initially projected, are discounted at the original interest rate of the financial assets;
- In the case of the cessation of the activity (gone concern), the settlement through collaterals, if these exist, is assumed, with an exhaustive analysis being made of same, namely regarding the value of the mortgage/pledge, the valuation amount, the valuation date and the need for the application of haircuts in function of the ageing of the valuation or other factors, the deadline for the foreclosure/execution, and the deadline for the sale, as well as the associated maintenance and selling expenses and/or procedural expenses, as applicable. For the calculation of the impairment of these customers, the annually projected cash flows, after the above-mentioned adjustments, are discounted at the original interest rate of the financial assets; and
- For each recovery strategy, the respective excepted credit loss is calculated, considering different forward-looking scenarios, weighted by the respective probability of occurrence;

c.13) Securitized loans and advances not derecognized

The Group does not derecognize from assets the credits sold in securitization operations when:

- it maintains control over the operations;
- it continues to receive a substantial portion of their remuneration; and
- it maintains a substantial portion of the risk of the transferred credits.

Loans sold and not derecognized are recorded in the caption Loans and advances to customers and are subject to accounting criteria identical to those of other loan operations.

The maintenance of the risk and/or benefit is represented by the higher-risk bonds issued by the securitization vehicle. The amount recorded in the assets and liabilities of Banco Montepio's separate financial statements represents the proportion of the risk/benefit held by Banco Montepio (continuing involvement). The bonds issued by the securitization vehicles and held by Banco Montepio are eliminated in the consolidation process.

d) Derivative financial instruments and hedge accounting

The Group designates derivatives and non-financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading derivatives.

Derivative financial instruments can be classified for accounting purposes as hedging instruments provided they meet, cumulatively, the following conditions:

- Hedging instruments and hedged items are eligible for the hedging relationship;
- At the start date of the transaction, the hedging relationship is identified and formally documented, including the identification of the hedged item, the hedging instrument, the nature of the hedged risk and the assessment of the hedge's effectiveness;
- There is an economic relationship between the hedged item and the hedging instrument;
- The credit risk effect does not dominate the changes in value that result from this economic relationship; and

- (v) The effectiveness of the hedge can be reliably measured at the start date of the transaction and throughout the life of the operation.

Fair value hedging

In a fair value hedging operation of an asset or liability, the balance sheet value of that asset or liability, determined based on the respective accounting policy, is adjusted to reflect the change in its fair value attributable to the hedged risk. Changes in the fair value of hedging derivatives are recognized in the income statement, together with changes in the fair value of the hedged assets or liabilities, attributable to the hedged risk. In cases where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income, the changes in fair value are also recognized in other comprehensive income. If the hedge no longer meets the effectiveness requirement, but the risk management objective remains, the Group may adjust the hedge to comply with the eligibility criteria. If the hedge fails to meet the criteria required for hedge accounting (in the event that the hedge instrument expires, is sold, terminated or exercised, without having been replaced according to the entity's documented risk management objective), the derivative financial instrument is transferred to the trading book and hedge accounting is discontinued prospectively. If the hedged asset or liability corresponds to a fixed-income instrument, the revaluation adjustment is amortized via the income statement until its maturity using the effective interest rate method.

Cash flow hedging

In a highly probable future cash flow hedging operation, the effective part of the changes in the fair value of the hedging derivative is recognized in reserves, being transferred to results in the financial years in which the respective hedged item affects results. The ineffective part of the hedge is recorded in the income statement. When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria required for hedge accounting, changes in the fair value of the derivative accumulated in reserves are recognized in the income statement when the hedged operation also affects results. If it is foreseeable that the hedged operation will not take place, the amounts still recorded in equity are immediately recognized in the income statement and the hedging instrument is transferred to the trading portfolio.

e) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently of its legal form, evidencing a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to an equity instrument issuance are recognized in equity as a deduction from the amount of the issue. Amounts paid or received related to sales or acquisitions of equity instruments are recognized in equity, net of transaction costs.

Distributions made on account of equity instruments are deducted from equity as dividends when declared.

f) Financial and performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments to compensate the holder for losses incurred as a result of breaches of the contractual terms of debt instruments, namely the payment of capital and/or interest. Financial guarantees issued are initially recognized at their fair value. Subsequently, these guarantees are measured at the higher of: (i) the initially recognized fair value and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date.

Any change in the amount of the obligation associated with financial guarantees issued is recognized in profit or loss. Financial guarantees issued by the Group usually have a defined maturity and a periodic prepaid commission, which varies according to counterparty risk, amount and period of the contract. On that basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the amount of the initial commission received, considering that the agreed conditions are market. Thus, the amount recognized on the contract date equals the amount of the initial commission received, which is recognized in

profit or loss over the financial year to which it relates. Subsequent commissions are recognized in profit or loss in the financial year to which they relate.

Performance guarantees

Performance guarantees are contracts that result in the compensation of one of the parties if same does not fulfil a contractual obligation. Performance guarantees are initially recognized at fair value, which is usually evidenced by the amount of commissions received over the term of the contract. Upon breach of contract, the Group has the right to revert the guarantee, and the amounts are recognized in Loans and advances to customers after the compensation of the losses has been transferred to the guarantee's beneficiary.

g) Securities' loan and repurchase agreement transactions

Securities' loans

Securities loaned under securities' loan agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the category to which they belong. Cash collateral received in respect of securities loaned is recognized as a financial liability. Securities borrowed under securities' borrowing agreements are not recognized on-balance sheet. Cash collateral placements in respect of securities borrowed are recognized under loans and advances to either customers or credit institutions. Income and expenses arising from the securities' lending and borrowing business are recognized on an accrual basis over the period of the transactions and are included in interest and similar income or interest and similar expense (net interest income).

Repurchase agreements

The Group carries out acquisitions/sales of securities under reselling/repurchase agreements of substantially equivalent securities at a future date at a predetermined price.

The securities acquired subject to reselling agreements (reverse repos) at a future date are not recognized in the balance sheet. The amounts paid are recognized in Loans and advances to customers or Loans and advances to credit institutions. The receivables are collateralized by the related securities.

Securities sold through repurchase agreements (repos) continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the category to which they belong. The proceeds from the sale of these securities are considered as Deposits from customers or Deposits from other credit institutions.

The difference between the acquisition/sale and resale/repurchase conditions is recognized on an accrual basis over the period of the transaction and is included in interest and similar income or interest and similar expense (net interest income).

h) Non-current assets held for sale

Non-current assets and groups of non-current assets held for sale (groups of assets together with their respective liabilities, which include at least one non-current asset) are classified as held for sale when there is an intention to sell the referred assets and liabilities and when the referred assets or groups of assets are available for immediate sale and their sale is highly probable.

The Group also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to their subsequent disposal, which are available for immediate sale and which sale is highly probable. Immediately before their classification as non-current assets held for sale, the measurement of all the non-current assets or of all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and their fair value less costs to sell, except for deferred tax assets, employee-benefit related assets, financial assets in the scope of IFRS 9 and non-current assets at fair value according to IAS 40 (Investment properties), with the unrealized losses being recorded in the profit or loss

for the financial year. When the book value corresponds to the fair value less costs to sell, the fair value level of the IFRS 13 hierarchy corresponds to level 3.

Although the Group intends to immediately sell all properties and other assets received in recovery of credit, the Group classifies these assets in the caption Other assets, due to their length of stay in the portfolio exceeding 12 months. The accounting method is unchanged from that laid down above, with these being recorded at initial recognition at the lower of their fair value less costs to sell and the book value of the loan being recovered.

Regarding the classification of financial shareholdings classified as held for sale:

- I. in the case of subsidiaries, they continue to be consolidated up to the date of their disposal, with all their assets and liabilities being classified as Non-current assets held for sale and Non-current liabilities held for sale, measured at the lower of book value and fair value less costs to sell, with the recording of depreciation/amortization ceasing; and
- II. in the case of associates measured under the equity method, these are measured at the lower of book value and fair value less costs to sell, with the application of the equity method ceasing.

When, due to changes in circumstances of the Group, non-current assets held for sale and/or disposal groups no longer meet the conditions to be classified as held for sale, these are reclassified according to the underlying nature of the assets and measured at the lower of: i) the book value before they were classified as held for sale, adjusted for any depreciation/amortization costs, or revaluation amounts that would have been recognized had these assets not been classified as held for sale; and (ii) the recoverable values of the items on the date they are reclassified according to their underlying nature. These adjustments shall be recognized in the income statement.

In the case of financial shareholdings in associates measured under the equity method, the cessation of their classification as held for sale implies the retrospective replacement of the equity method.

i) Leases (IFRS 16)

Definition of lease

The definition of lease entails a focus on the control of the identified asset, i.e., an agreement constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e., substantially obtaining all the economic benefits of using same and the right to direct the use of this identified asset for a certain period of time in exchange for consideration.

Lessee perspective

The Group recognizes for all leases, except for leases with a period of less than 12 months or for leases relating to assets of a reduced unitary value:

- a right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) minus lease incentives received, penalties for termination (if reasonably certain), as well as any estimated costs to be borne by the lessee with the dismantling and removal of the underlying asset and/or with the restoration of the location where it is located. It is subsequently measured according to the cost model (subject to amortization according to the lease term of each agreement and to impairment tests); and
- a lease liability, initially recorded at the present value of the future lease cash flows (NPV), which includes:
 - fixed payments, less lease incentives receivable;
 - variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the agreement;
 - the amounts to be paid by the lessee as residual value guarantees;
 - the exercise price of a call option if the lessee is reasonably certain to exercise that option; and

- payments of lease termination penalties, if the lease term reflects the exercise of a lease termination option by the lessee.

When it is not possible to easily determine the interest rate implicit in the lease, lease payments are discounted at the lessee's incremental financing interest rate, which incorporates the risk-free interest rate curve (swap curve), increased by a Group risk spread, applied to the weighted average term of each lease agreement. For agreements with a termination date, such date is considered the lease termination date, and for other agreements without a termination date the period during which it will be enforceable is assessed. In the assessment of enforceability, the specific clauses of the agreements are considered as is the current legislation for Urban Leases.

It is subsequently measured as follows:

- by increasing its book value to reflect interest on same;
- by decreasing its book value to reflect lease payments; and
- the book value is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments that are, in substance, fixed and the revision of the lease term.

The Group remeasures a lease liability and calculates the related adjustment to the right-of-use asset whenever there is:

- a modification in the lease term, or in the valuation of a call option on the underlying asset. In this situation, the lease liability is remeasured, discounting the revised lease payments and also using a revised discount rate;
- a modification in the amounts payable under a residual value guarantee, or in the future lease payments resulting from a change in an index or rate used to determine such payments. In this situation, the lease liability is remeasured, discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and
- a modification of the lease agreement but such modification in the lease is not accounted for as a separate lease. In this situation, the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-use assets are amortized from the date of the agreement's entry into force to the end of the useful life of the underlying asset, or until the end of the lease term, if earlier. If the lease transfers ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Group will exercise a call option, the right-of-use asset shall be amortized from the date of the agreement's entry into force to the end of the useful life of the underlying asset. Amortization begins on the date of the lease agreement's entry into force.

The recording of the lease agreements in the consolidated income statement is made in the following captions:

- recording in Net interest income of the interest expense related to lease liabilities;
- recording in General and administrative expenses of the amounts related to short-term lease agreements and low-value asset lease agreements; and
- recording in Depreciation and amortization of the amortization cost for the financial year of the right-of-use assets.

The recording of the lease agreements in the consolidated balance sheet is made in the following captions:

- recording in Other tangible assets of the right-of-use assets recognized; and
- recording in Other liabilities of the amount of the lease liabilities recognized.

Regarding the classification of the cash flows originated by the lease agreements, these are recorded in the consolidated statement of cash flows:

- (i) in the caption Cash flows from operating activities – Costs with staff and suppliers, which includes the amounts related to short-term and to low-value lease agreements; and
- (ii) the caption Cash flows from financing activities - Finance lease agreements, which includes the amounts related to payments of the capital portion of the lease liabilities.

Lessor perspective

In accordance with IFRS 16, lessors will continue to classify leases as finance or operating.

Within the scope of its activity, the Group classifies as finance leases, operations in which, substantially, all the risks and rewards associated with the leased asset are transferred to the lessee.

Finance leases are recorded as a loan granted in the Loans and advances to customers caption of the balance sheet by the sum of the present value of all instalment's receivable from the lessee during the lease term and any unsecured residual value that the lessee is responsible for. These include fixed instalments (less payments made by the lessee) as well as variable instalments determined with reference to an index or rate, as well as the exercise price of the purchase option, if there is reasonable certainty that it will be exercised by the lessee, and lessee termination penalties if the lease term reflects the exercise of the termination option.

Financial income obtained as a lessor is recorded in the income statement under the caption Interest and similar income.

j) Net gains/(losses) arising from financial operations (Net gains/(losses) arising from financial assets at fair value through other comprehensive income and Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss)

Net gains/(losses) arising from financial operations include gains and losses arising from financial assets and financial liabilities at fair value through profit or loss, that is, fair value changes and interest on trading derivatives and embedded derivatives, as well as dividends received associated with these portfolios. This caption also includes gains and losses arising from the sale of debt instruments, of financial assets at fair value through other comprehensive income. The changes in fair value of hedging derivatives and hedged items, when applicable to fair value hedging, are also recognized in this caption.

k) Fee and commission income

Fee and commission income are recognized as revenue from contracts with customers to the extent the performance obligations are met:

1. When obtained and to the extent the services are provided, they are recognized in income in the financial year to which they relate (for example: income in the form of account maintenance fees);
2. When they result from the execution of a significant act they are recognized as income when the respective service is complete and are recorded in the income statement on being charged (for example: foreign currency exchange, consultancy or loan assemblage/syndication); and
3. When they are an integral part of the effective interest rate of a financial instrument, they are recognized in net interest income. Their characteristics are:
 - (i) Commissions received on credit operations realized that are not valued at fair value through profit or loss (for example: valuation of guarantees, preparation and processing of documentation) are received in advance and are deferred and recognized over the life of the operation;
 - (ii) Commissions agreed for the commitment to provide financing are received in advance and are deferred over the expected life of the financing. If the commitment expires without the operation having materialized, the commission is recognized in profit or loss; and

- (iii) Commissions paid on the issuance of financial liabilities at amortized cost are included in the financial liabilities' amount, being recognized in profit or loss at the effective cost of the operation.

I) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognized in the Group's consolidated financial statements. Fee and commission income arising from this activity are recognized in the income statement in the period to which they relate.

m) Other tangible assets

Other tangible assets are recorded at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognized as a separate asset only when it is probable that future economic benefits will result for the Group. All repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful lives:

	<u>Number of years</u>
Buildings held for own use	50
Other fixed assets	4 to 10

Whenever there is an indication that a tangible fixed asset might be impaired, its recoverable value is estimated, and an impairment loss is recognized if the net value of the asset exceeds its recoverable value.

The recoverable value is determined as the highest between the fair value less costs to sell and its value in use, this being calculated based on the present value of the future cash flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of tangible fixed assets are recognized in profit or loss for the period.

Gains or losses on the disposal of assets are determined by the difference between the realizable value and the book value of the asset and are recognized in the income statement.

n) Investment properties

Real estate owned by the investment funds consolidated in the Group, are recognized as investment properties given that the main objective subjacent to these is capital appreciation on a long-term basis and not their sale in the short term nor their own use. These investments are initially recognized at their acquisition cost, including the transaction costs, and subsequently revaluated at their fair value. The fair value of the investment properties should reflect the market conditions at the balance sheet date. Changes in fair value are recognized in results in the financial year in which they occur, in the caption Other operating income/(expense). The fair value level according to the IFRS 13 hierarchy corresponds to level 3.

Fair value is determined by independent appraisers duly certified for the effect, and being registered with the CMVM (Portuguese Securities' Market Commission), using at least two of the following methods:

- Comparative market method - This method considers similar real estate transaction values comparable to the property under study obtained through market surveys carried out in the area where the property is located;
- Income method - This method aims to estimate the value of the property from the capitalization of its net income, discounted to the present moment, using the discounted cash-flow method, and should be used when the property is intended for lease, when the lease market is active for the type of property being valued or when the property is intended for economic exploration; and
- Cost method - The cost method is the determination of the replacement value of the property under consideration considering the cost of building another one with the same functionality, net of the amount related to the functional, physical and economic depreciation/obsolescence verified.

For properties held by investment funds within the consolidation perimeter, and in accordance with Law no. 16/2015, of 24 February, their fair value is considered as the simple arithmetic average of two independent expert valuations, determined according to the best price that could be obtained if it were put up for sale, under normal market conditions, at the time of the valuations, which is reviewed at least once a year or, in the case of open-ended collective investment entities, based on the redemption periodicity if lower than that, and whenever there are acquisitions or disposals or significant changes in the value of the property.

o) Intangible assets

Software

The Group accounts as intangible assets the costs associated with software acquired from external entities, including the possible contracting of additional services necessary for its implementation, and amortizes these on a straight-line basis over an estimated lifetime of between 3 and 6 years. The Group does not capitalize internal costs arising from software development.

p) Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the trade date, with an insignificant risk of change in fair value, including cash, deposits at central banks and deposits and deposit equivalents at other credit institutions.

The concepts used in the presentation of the statements of cash flow are as follows:

- Cash Flows: Cash and cash equivalents include cash, deposits at central banks and deposits and deposit equivalents at other credit institutions;
- Operating Activities: the indirect method is used for the presentation of cash flows from operating activities, reflecting the flows of the typical activities of credit institutions, as well as other activities that do not qualify as investment or financing;
- Investing activities: the acquisition, sale or other disposals of long-term assets, such as financial shareholdings in subsidiaries and associates, the acquisition of tangible and intangible assets and other strategic investments not included in operating activities; and
- Financing activities: activities that produce changes in the Group's medium- and long-term financing operations that are not part of the operating activities, such as securitized and subordinated debt, payment of lease agreements, capital increases and dividend distributions.

q) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate as at the reporting date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into the respective functional currency at the foreign exchange rate on the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency at the foreign exchange rate on the date that the fair value was determined and recognized against profit or loss, except for financial assets at fair value through other comprehensive income, for which the difference is recognized against equity.

r) Post-employment and long-term employee benefits

Defined benefit plans

Banco Montepio and Montepio Crédito have the responsibility to pay their employees old-age, disability and survival pensions, health benefits and death subsidy, in accordance with the terms and conditions of the Collective Labour Agreement (“ACT”) they signed. In 2016, amendments were made to this agreement, namely the change in the retirement age, in line with the General Social Security System and the attribution of an end-of-career award corresponding to 1.5 times the monthly remuneration received at the retirement date.

Arising from the signing of the ACT and subsequent amendments, the Group set up a Pension Fund to cover the liabilities assumed with pensions on retirement, disability and survival, healthcare benefits and death subsidy.

As from 1 January 2011, bank employees were integrated in the General Social Security System, which ensures their protection in maternity, paternity, adoption, and old age. Protection associated with sickness, disability, survival, and death remains under the banks’ responsibility (Decree-Law no. 1-A/2011, of 3 January).

The contribution rate is 26.6%, of which 23.6% paid by the Group and 3.0% by the employees, replacing the Caixa de Abono de Família dos Empregados Bancários (“CAFEB”) extinguished by the same Decree-Law. As a result, the pension rights of active employees came to be covered by the terms defined in the General Social Security System, considering the period of service rendered since 1 January 2011 and up to their retirement age. The differential vis-à-vis the minimum pension guaranteed, in accordance with the terms defined in the Collective Labour Agreement (“Acordo Colectivo de Trabalho”) is supported by the banks.

Following the Government’s approval of Decree-Law no. 127/2011, of 31 December, a three-party agreement between the Government, the Portuguese Bank Association and the Union of Bank Employees was established, regarding the transfer to the Social Security’s domain of the liabilities with pensions under payment to retired employees and pensioners as at 31 December 2011.

This Decree-Law established that the liabilities to be transferred were the liabilities with pensions under payment, as at 31 December 2011, to retired employees and pensioners, at constant amounts (update rate of 0%) for the component foreseen in the Collective Labour Regulation Instrument (“IRCT”). The liabilities in respect of the updating of pensions, complementary benefits, contributions to the Social-Medical Assistance Services (“SAMS”) on the retirement and survival pensions, death subsidy and the deferred survival pension are still under the responsibility of the Institutions.

The liabilities for defined benefit post-employment benefits are determined by the responsible actuary certified by the Insurance and Pension Funds Supervisory Authority, observing at least a half-yearly frequency with reference to the end of June and December of each year.

For the purpose of determining the liabilities for defined benefit post-employment benefits, a set of relevant actuarial assumptions are considered, namely the expected rate of return for the Pension Fund, the discount rate, the growth rate of salaries and pensions and the mortality tables.

In accordance with the provisions of IAS 19, the discount rate considered on each date of determination of the liabilities for post-employment benefits must correspond to the bond rates of high-quality entities for maturities identical to those of the bonds carried in the pension plan.

In line with the recommendations of IAS 19, the Group recognizes in the income statement the impacts related to the cost of current services, the net interest income/cost of the pension plan, the cost of past services, the cost of early retirements and any settlement or curtailment of liabilities that have been identified.

The actuarial deviations calculated on each date of determination of liabilities are recorded in equity and include, namely, the value of non-financial actuarial deviations, corresponding to the difference between the assumptions used and those actually verified and also those resulting from the change in actuarial

assumptions, and the amount of financial actuarial deviations, determined by the difference between the effective rate of return and the expected rate of return of the Pension Fund.

The Group, in accordance with the provisions of Bank of Portugal Notice 12/2001, ensures, on each date of determination of liabilities, compliance with the required financing levels, which correspond to a minimum financing level of 95% of liabilities for past services of the active population and 100% of liabilities for pensions under payment.

Employment termination benefits

The occurrence that gives rise to this obligation is: (i) the termination of the employment relationship between the Bank and the employee as a consequence of a Bank decision; (ii) the creation of a valid expectation for the employee or (iii) the decision of an employee to accept benefits for an irrevocable offer from the Bank in return for terminating the employment contract.

Employment termination benefits are recognized as a liability and a non-recurring cost from the moment when the Bank cannot withdraw the offer made to the employee or from the moment when the costs are recognized for a restructuring that includes the payment of benefits for termination of the employment contract. These benefits are recorded as a liability in the caption Charges payable - Staff costs in the balance sheet up to the time of their settlement or until their transfer to the Pension liabilities.

End-of-career award

As a result of the signing of the new ACT on 5 July 2016, the seniority bonus was extinguished, and the Group paid its employees the proportional bonus that would be due up to the date of the entry into force of the new ACT. In lieu of the seniority bonus, the new ACT provides for the Group to pay an end-of-career award due immediately prior to the employee's retirement if he/she retires at the Group's service, corresponding to 1.5 times the monthly remuneration at the time of payment.

The end-of-career award is accounted for by the Group in accordance with IAS 19 as another long-term employment benefit. The effects of the remeasurements and past service costs of this benefit are recognized in profit or loss for the year, treatment identical to that of the accounting model for seniority bonuses.

The amount the Group's liabilities with this end-of-career award is also periodically estimated using the projected unit credit method, using actuarial assumptions based on expectations of future salary increases and mortality tables. The discount rate used in this calculation is determined based on the same methodology described for the calculation of retirement pension liabilities.

Defined contribution

Banco Montepio and Montepio Crédito, for employees admitted on or after 3 March 2009, contributes, under the Defined Contribution Plan, with a percentage of 1.5% of the effective monthly remuneration of each covered employee, with the employee being responsible for making an identical contribution.

s) Income taxes

The Group is subject to the regime established in the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Coletivas ("CIRC")), as well as the Special Regime applicable to Deferred Tax Assets (Regime Especial aplicável aos Ativos por Impostos Diferidos ("REAIID")), approved by Law no. 61/2014, of 26 August, to which it adhered, and to complementary legislation. Additionally, deferred taxes are recognized on tax losses and timing differences between the accounting results and those accepted for tax purposes, whenever there is a reasonable probability that such taxes will be paid or recovered in the future.

Income tax recognized in the income statement includes the current and deferred tax effects. Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case the corresponding income tax is recognized in equity. Deferred taxes recognized in equity arise from the revaluation of financial assets at fair value through other comprehensive income and from cash-flow

hedging derivatives. Only deferred taxes related to fair value hedging derivatives are subsequently recognized in profit or loss at the same moment the gains and losses that originated the deferred taxes are recognized.

Current tax corresponds to the tax assessed on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxes assessed in respect of previous financial periods.

Deferred taxes are calculated for timing differences between the book values of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes, using the tax rates approved or substantially approved at the balance sheet date and that are expected to apply when the timing differences are reversed.

Deferred tax liabilities are recognized for all taxable timing differences except for intangible assets with an indefinite life, which are not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither the accounting nor the taxable income and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the future, and to the extent that the Group does not exercise control over the period of the reversal of the differences.

Deferred tax assets are recognized when it is probable that future taxable income will be available to absorb the deductible timing differences for taxation purposes (including tax losses carried forward).

The Group offsets the deferred tax assets and liabilities if, and only if: (i) it has a legally enforceable right to set off current tax assets against current tax liabilities and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In the year 2018, Banco Montepio became the dominant company of the Group subject to Corporate Income Tax under the Special Taxation Regime of Groups of Companies ("Regime Especial de Tributação dos Grupos de Sociedades" ("RETGS")), constituted by the companies in which it holds a shareholding equal to or higher than 75% and which meet the conditions provided for in article 69 et seq of the CIRC.

The Companies included in the RETGS calculate and record income tax as if they were taxed on a separate basis. The liabilities determined are, however, payable to the parent company of the tax group, the Group, which is responsible for the global calculation and self-assessment of the tax. Gains or losses arising from the application of this regime are recorded in each of the companies that originate them.

The recording of the tax impacts of transactions carried out by the Group corresponds to Management's understanding of the applicable tax treatment in light of the legislation issued. In situations where interpretation takes place and this is questioned by the Tax Administration, Management reanalyses same, assessing the probability of there being a liability to be recorded, depending on whether the probability of paying same is higher or lower than 50%.

Additionally, as a result of the publication of Law no. 41/2024, of 8 November, which transposed, into the Portuguese tax system, Directive (EU) No. 2022/2523, relating to the guarantee of a global minimum tax rate of 15% for groups of multinational companies and large national groups, Banco Montepio, as an entity forming part of the Banco Montepio Group, does not anticipate any relevant impact. Specifically, the Banco Montepio Group is excluded from the application of Pillar Two rules for a transitional period of five years, under article 44 of the Annex to Law no. 41/2024, of 8 November.

t) Segmental reporting

The Group adopted IFRS 8 – Operating Segments for the purpose of disclosing financial information by operating segments. An operating segment is a component of the Group: (i) that engages in business activities from which it may earn revenues or incur costs; (ii) which operating results are regularly reviewed by the main responsible for Group operating decisions regarding the allocation of resources to the segment and the assessment of its performance and (iii) for which distinct financial information is available.

The Group controls its business activity through the following operating segments: Commercial Banking, Corporate and Investment Banking, Markets, Non-core and Other Segments. The Group also prepares, whenever applicable, financial information based on geography for Management purposes.

u) Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when: (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain liabilities); (ii) it is probable that its settlement will be required and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into consideration the principles defined in IAS 37 in respect of the best estimate of the expected cost, the most likely result for the ongoing processes considering the risks and uncertainties inherent to the process and considering the best information available as to the consequences of the event that led to its constitution. In cases where the discount effect is material, provisions correspond to the present value of the expected future payments, discounted at a rate that considers the risk associated with the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reversed through profit or loss in the proportion of the payments that cease to be probable. This caption also includes the impairment losses related to exposures that have an associated credit risk such as bank guarantees and commitments assumed.

Contingent assets

A contingent asset is a possible asset that arises from past events and which existence will only be confirmed by the occurrence, or not, of one or more uncertain future events that are not entirely under the control of the entity.

Contingent liabilities

A contingent liability is an obligation that is:

- Possible, which arises from past events and which existence will only be confirmed by the occurrence, or not, of one or more uncertain future events, which are not entirely under the control of the entity; or
- Present, which arises from past events, but is not recognized because: (i) It is unlikely that an outflow of resources incorporating economic benefits will be required to settle that obligation and (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements, being, in accordance with IAS 37, disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote.

v) Insurance and reinsurance brokerage services

The Group is duly authorized by the Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões (“ASF”)) to provide insurance brokerage services, under the category of Tied Insurance Broker, in accordance with article 8, paragraph a), subparagraph i), of Decree-Law no. 144/2006, of 31 July, operating in the life and non-life insurance brokerage areas.

In the insurance brokerage services scope, the Group sells insurance contracts. As remuneration for the services rendered, the Group receives brokerage commissions on insurance and investment contracts, which are defined in agreements/protocols established between the Group and the Insurance Companies.

The commissions received for the insurance brokerage services have the following typology:

- commissions that include a fixed and a variable component. The fixed component is calculated by applying a predetermined rate to the amount of the subscriptions made by the Group and the variable component is calculated based on predetermined criteria, with the total annual commission being the sum of the commissions calculated monthly; and
- commissions in the form of profit-sharing in the results of the insurance contracts, which are calculated annually and paid by the Insurance Companies in the beginning of the year following that to which they relate.

Commissions received for insurance brokerage services are recognized on an accrual basis. Fees paid in a different period from that to which they relate are recorded as a receivable in the caption Other assets with a corresponding entry in the caption Fee and commission income - For insurance brokerage services.

w) Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the Group by the weighted average number of ordinary shares outstanding. For the calculation of diluted earnings per share, when applicable, the weighted average number of ordinary shares outstanding is adjusted to reflect the effect of all potential dilutive ordinary shares, such as those resulting from convertible debt and share options granted to employees. The effect of the dilution translates into a reduction in earnings per share resulting from the assumption that convertible instruments are converted or that the options granted are exercised.

x) Significant judgements and estimates in the application of the accounting policies

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make the necessary estimates in deciding which treatment is most appropriate. These estimates were determined considering the best information available at the date of the preparation of the financial statements. The most significant of these accounting estimates and judgments used in the application of the accounting policies by the Group are discussed in the following paragraphs to improve understanding of how their application affects the Group's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Board of Directors, the Group's reported results would differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present the Group's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses of financial instruments involves judgments and estimates regarding the following aspects, among others:

a) Significant increase in credit risk:

Impairment losses correspond to the expected losses in the event of default within a twelve-month time horizon, for Stage 1 assets, and the expected losses considering the likelihood of a default event occurring at some point up to the maturity date of the financial instrument, for Stage 2 and 3 assets. An asset is classified as Stage 2 whenever there is a significant increase in its credit risk since its initial

recognition. In assessing the existence of a significant increase in credit risk, the Group considers reasonable and sustainable qualitative and quantitative information.

b) Definition of asset groups with common credit risk characteristics:

When the expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Group monitors the appropriateness of credit risk characteristics on a regular basis to assess whether they maintain their similarity. This is necessary to ensure that in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or the transfer of assets to existing portfolios that better reflect their credit risk characteristics.

c) Definition of the number of scenarios and respective relative weighting of prospective information for each segment and determination of relevant prospective information:

In estimating the expected credit losses, the Group uses reasonable and sustainable forward-looking information that is based on assumptions about the future evolution of different economic variables and how each one impacts the others.

d) Probability of default:

The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given time period, which is calculated based on historical data, assumptions and expectations about future conditions.

e) Loss given default:

The loss given default corresponds to an estimate of the loss in a default scenario, being determined by the difference between the contractual and the expected cash flows that the Group expects to receive, through cash flows generated by the customer's business or from the credit collateral. The calculation of the estimated loss given default is based, among other things, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of the collateral associated with credit operations.

The use of alternative methodologies and of different assumptions and estimates could result in a different level of the impairment losses recognized and presented in notes 20, 21, 24, and 26, with a consequent impact in the income statement of the Group.

In accordance with the provisions of IFRS 9, Banco Montepio, for the purposes of measuring credit impairment losses, updated the prospective information related to the macroeconomic data available on risk parameters, determining impacts at the level of the expected credit loss (see notes 13 and 51).

Fair value of derivative financial instruments and other financial assets measured at fair value

Fair values are based on listed market prices, if available, being, in their absence, determined based either by recent transaction prices, similar and realized under market conditions or based on discounting techniques applied to future cash flows which consider market conditions, time value, yield curve and volatility factors. These methodologies may require assumptions or judgments in the estimation of fair value.

Consequently, the use of different methodologies or of different assumptions or judgments in applying a particular model could result in financial results different from those reported in notes 22, 23 and 24.

The detail of the fair value calculation of derivative financial instruments and other financial assets carried at fair value is presented in note 45.

Entities included in the consolidation perimeter

For the purpose of determining the entities to include in the consolidation perimeter, the Group assesses whether it is exposed to, or has rights to, the variable returns from its involvement with the entity and can appropriate those variable returns through the power it holds over that entity (de facto control).

The decision as to whether an entity must be consolidated by the Group requires the use of judgment, estimates and assumptions to determine the extent to which the Group is exposed to the variable returns and its ability to use its power to appropriate those returns.

Different assumptions and estimates could lead the Group to a different consolidation perimeter with a direct impact in the consolidated net income.

Income taxes

The Group complies with the guidelines of IFRIC 23 - Uncertainties related to the treatment of income tax related to the determination of taxable income, tax bases, tax losses to be carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatment, with no material impact on its financial statements having resulted from the application of same.

Different interpretations and estimates could result in a different level of corporate income taxes, of both current and deferred taxes, to those recognized in the financial year and presented in note 32. This aspect has an increased relevance in the deferred tax recoverability analysis, in which the Group considers projections of future taxable income based on a set of assumptions, including estimated pre-tax income, adjustments to the tax base, the tax legislation and its interpretation. Accordingly, the recoverability of deferred tax assets depends on the implementation of the strategy of the Bank's Board of Directors, namely the ability to generate the estimated taxable income, the tax legislation and its respective interpretation.

Law no. 98/2019, of 4 September, changed the rules applicable to impairment losses recognized from 1 January 2019, as well as to impairment losses recorded in tax periods beginning before 1 January 2019 and not yet tax accepted, contemplating a maximum adaptation period of 5 years, that is, until 31 December 2023.

Banco Montepio opted to apply the new tax regime for impairment as from the 2023 period onwards; therefore, as from that date, it started to calculate its current and deferred tax estimate based on the new tax regime for impairment, considering the clarifications of Circular Letter 20277, of 2 March 2025, issued by the Tax Authority.

In the future taxable income projections, namely for the purpose of the deferred tax asset recoverability analysis carried out with reference to 31 December 2024, the tax rules resulting from Law no. 98/2019, of 4 September, were applied.

The Portuguese Tax and Customs Authority is entitled to review the annual taxable income assessment made by the subsidiaries resident in Portugal, for a period of four years, save where any deduction or tax credit has been made, in which case the period is that of the exercise of that right. Hence, corrections to the assessments may occur, mainly because of differences in interpretation of tax law. The Board of Directors considers it improbable that these will have a materially relevant effect on the financial statements.

Pensions and other post-employment and long-term employee benefits

The determination of the pension payment liabilities requires the use of assumptions and estimates, including the use of actuarial projections and others, such as the discount rate, pension and salary growth rates and mortality tables, estimated return on investments and other factors that may have an impact on the pension plan costs and liabilities.

Changes to these assumptions could have a significant impact on the amounts determined and presented in note 46.

Classification and valuation of non-current assets held for sale and investment properties

The classification of the real estate received in recovery of credit and non-current assets held for sale is determined in accordance with IFRS 5 and of the investment properties in accordance with IAS 40.

Non-current assets held for sale are measured at the lower of their fair value less selling expenses and the book value of the loans on the date the assets are received in recovery. Investment properties are measured at fair value based on periodic assessments made by external experts registered with the CMVM. Different

methodologies and assumptions could have an impact on the classification and on the determination of the assets' fair value, which are presented in notes 28, 29 and 33.

Provisions and contingent liabilities

The measurement of provisions considers the principles set out in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing litigation and considering the risks and uncertainties inherent in each process. Different assumptions and judgments could have an impact on the calculation of the amount of the provisions, which are presented in note 37.

Recoverable value of own properties

The measurement of impairment considers the principles defined in IAS 36, which requires that their recoverable value be determined as the lower of their fair value and their value in use, being calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the assets and from their disposal. Alternative methodologies and the use of different assumptions and estimates could result in different conclusions about the recoverable value of the Group's own properties, which are presented in note 30.

2 Net interest income

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Interest and similar income		
Deposits from central banks and other loans and advances to credit institutions	18 552	20 615
Loans and advances to customers	257 732	315 835
Financial assets held for trading	-	1 547
Financial assets at fair value through profit or loss	209	210
Financial assets at fair value through other comprehensive income	3 641	2 536
Hedging derivatives	3 055	-
Other financial assets at amortized cost	17 443	10 564
Other interest and similar income	4	5
	<u>300 636</u>	<u>351 312</u>
Interest and similar expense		
Deposits from central banks and other credit institutions	4 628	21 284
Deposits from customers	97 043	103 623
Debt securities issued	16 876	11 389
Hedging derivatives	777	1 418
Other subordinated debt	10 713	11 247
Lease liabilities	548	146
Other interest and similar expense	2 864	3 645
	<u>133 449</u>	<u>152 752</u>
Net interest income	<u>167 187</u>	<u>198 560</u>

The caption Interest and similar income – Loans and advances to customers includes, as at 30 June 2025, respectively, the amount of Euro 11,182 thousand and the amount of Euro 9,818 thousand (30 June 2024: Euro 9,813 thousand and Euro 9,484 thousand, respectively), related to income and to expenses, accounted for under the effective interest rate method for financial assets at amortized cost, as referred to in the accounting policy described in note 1 c).

The caption Interest and similar income – Financial assets at fair value through profit or loss includes the interest on loan contracts that do not meet the SPPI criteria, and which are recorded at fair value through profit or loss.

The caption Interest and similar expense – Other interest and similar charges includes, as at 30 June 2025, the amount of Euro 2,066 thousand (30 June 2024: Euro 3,342 thousand) related to costs incurred with the synthetic securitization operations.

3 Dividends from equity instruments

This caption refers to dividends and has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Financial assets at fair value through other comprehensive income		
SIBS	522	439
ABANCA	42	51
Others	5	4
	<u>569</u>	<u>494</u>

4 Net fee and commission income

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Fee and commission income		
From banking services	60 574	57 583
From transactions on behalf of third parties	8 821	7 714
From insurance brokerage services	6 537	5 811
Guarantees provided	2 013	2 429
Commitments to third parties	864	679
Other fee and commission income	1 811	1 699
	<u>80 620</u>	<u>75 915</u>
Fee and commission expense		
From banking services rendered by third parties	13 345	11 590
From transactions with securities	155	176
Other fee and commission expense	1 365	1 077
	<u>14 865</u>	<u>12 843</u>
Net fee and commission income	<u>65 755</u>	<u>63 072</u>

As at 30 June 2025 and 2024, the caption Insurance brokerage services had the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Life insurance	3 293	2 911
Non-life insurance	3 244	2 900
	<u>6 537</u>	<u>5 811</u>

The remuneration of insurance brokerage services resulted, essentially, from insurance intermediation for Lusitania, Companhia de Seguros, S.A. and for Lusitania Vida, Companhia de Seguros, S.A.

5 Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss

The amount of this caption has the following breakdown:

(Euro thousand)						
	Jun 2025			Jun 2024		
	Gains	Losses	Total	Gains	Losses	Total
Assets and liabilities held for trading						
Securities						
Bonds and other fixed-income securities						
Issued by public entities	431	198	233	273	274	(1)
Issued by other entities	193	5	188	135	97	38
Shares	735	603	132	864	730	134
Investment units	348	171	177	36	-	36
	1 707	977	730	1 308	1 101	207
Derivative financial instruments						
Interest rate contracts	14 099	21 344	(7 245)	33 143	33 101	42
Exchange rate contracts	15 397	15 479	(82)	11 152	11 227	(75)
Futures contracts	1 681	1 875	(194)	1 676	1 777	(101)
Option contracts	7 879	7 767	112	6 434	6 221	213
Commodities contracts	55	51	4	174	58	116
	39 111	46 516	(7 405)	52 579	52 384	195
Financial assets at fair value through profit or loss						
Investment units	2 144	2 898	(754)	1 133	811	322
Loans and advances to customers	55	5	50	12	(9)	21
	2 199	2 903	(704)	1 145	802	343
Other financial assets at fair value through profit or loss						
Bonds and other fixed-income securities						
Issued by other entities	(2 533)	391	(2 924)	(725)	327	(1 052)
Shares	27	-	27	1	-	1
Loans and advances to customers	7	2	5	35	10	25
	(2 499)	393	(2 892)	(689)	337	(1 026)
Financial liabilities at fair value through profit or loss						
Deposits from customers	336	1 621	(1 285)	925	1 986	(1 061)
	336	1 621	(1 285)	925	1 986	(1 061)
Hedging derivatives						
Interest rate contracts	46 683	42 899	3 784	-	-	-
Assets and liabilities Hedged financial						
Other financial assets at amortized cost	1 071	52	1 019	-	-	-
Debt securities issued	4 043	1 928	2 115	31 553	31 183	370
Other subordinated debt	3 336	3 898	(562)	-	-	-
	8 450	5 878	2 572	31 553	31 183	370
	95 987	101 187	(5 200)	86 821	87 793	(972)

Financial assets at fair value through profit or loss in terms of Participation Units include, as at 30 June 2025, a negative impact of Euro 754 thousand (30 June 2024: positive impact of Euro 322 thousand), determined by: (i) the negative effects of Fundo Vega (fund) of Euro 2,298 thousand and of Fundo C2 Growth I (fund) of Euro 273 thousand and (ii) the positive effects of Discovery Portugal Real Estate Fund of Euro 749 thousand, of Fundo VIP (fund) of Euro 625 thousand and of Fundo Aquarius (fund) of Euro 397 thousand.

Hedge accounting gains and losses include changes in the fair value of hedging instruments (derivatives), recorded under the caption Hedging derivatives, and changes in the fair value of hedged items attributable to the respective hedged risks, recorded under the corresponding hedged Financial assets and liabilities captions. Hedging relationships are described in note 25.

6 Net gains/(losses) arising from financial assets at fair value through other comprehensive income

The amount of this caption has the following breakdown:

		(Euro thousand)	
		Gains	
		Jun 2025	Jun 2024
Fixed-income securities			
Bonds			
Issued by public entities		731	-
		<u>731</u>	<u>-</u>

As at 30 June 2025, this caption includes positive net gains obtained from the sale of Spanish public debt amounting to Euro 561 thousand and of European public debt amounting to Euro 170 thousand.

7 Net gains/(losses) arising from exchange differences

The amount of this caption has the following breakdown:

						(Euro thousand)
	Gains	Losses	Total	Gains	Losses	Total
Foreign exchange differences	19 005	20 272	(1 267)	9 936	8 960	976

This caption includes the results arising from the restatement of monetary assets and liabilities in foreign currency in accordance with the accounting policy described in note 1 q).

8 Net gains/(losses) arising from sale of other financial assets

The amount of this caption has the following breakdown:

		(Euro thousand)	
		Jun 2025	Jun 2024
Disposal of loans and advances to customers		6 374	1 761
Disposal of other financial assets at amortized cost		-	1 236
Disposal of other assets		2 697	2 682
		<u>9 071</u>	<u>5 679</u>

As at 30 June 2025 and 2024, the caption Disposal of loans and advances to customers includes capital gains and losses on the sale of loans portfolios and, when applicable, the impact of repurchases related to those operations.

As at 30 June 2024, the caption Disposal of financial assets at amortized cost includes a sale related to a bond issue that was close to maturity, not affecting the business model, in accordance with that described in policy c. 1).

The caption Disposal of other assets considers the result obtained from the sale of properties.

9 Other operating income/(expense)

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Other operating income		
Reimbursement of expenses	3 105	3 486
Revaluation of investment properties	3 566	1 568
Management fees on demand deposits	1 472	1 859
Services provided	2 454	2 179
Tax recovery	1 169	1 137
Revenue from the Additional solidarity contribution on the banking sector	8 227	-
Others	1 763	2 695
	<u>21 756</u>	<u>12 924</u>
Other operating expenses		
Contributions		
Banking sector	8 293	10 371
National Resolution Fund	2 950	1 990
Deposits Guarantee Fund	68	61
Revaluation of investment properties	1 260	699
Trading real estates expenses	1 463	811
Expenses with leasing operations	1 604	1 675
Expenses from the valuation of financial liabilities	5 396	-
Servicing and expenses with recovery and disposal of loans	2 445	2 475
Expenses with issuances	1 056	621
Expenses with means of payment	859	999
Taxes	1 056	768
Donations and memberships	148	126
Others	6 051	5 063
	<u>32 649</u>	<u>25 659</u>
Other operating income/(expense)	<u>(10 893)</u>	<u>(12 735)</u>

The caption Contribution of the banking sector is calculated in accordance with the terms of Law no. 55 A/2010, based on: (i) the average annual liability recorded in the balance sheet less the core capital (Tier 1) and the supplementary capital (Tier 2) and the deposits covered by the Deposits Guarantee Fund and (ii) the notional amount of the derivative financial instruments.

In 2020, this regime was supplemented by an Additional solidarity contribution on the banking sector, created as a budgetary policy instrument in the context of the post-pandemic crisis, the base of incidence of which followed the same criteria applicable to the calculation of the Contribution of the banking sector previously described, as set out in Ordinance no. 191/2020.

Due to Ruling no. 478/2025 of the Constitutional Court, issued on 3 June 2025, which declared the Regime for the Additional solidarity contribution on the banking sector, with general binding force, unconstitutional, the Group did not recognize charges for this tax in the first half of 2025. The payments already made under this Regime were challenged in court by the Group, and a favourable court decision was issued in the case related to the Additional solidarity contribution on the banking sector paid in 2020 and 2021 by Banco

Montepio, which became final and binding. Consequently, the amount of Euro 8,227 thousand was recognized as a gain in the first half of 2025 under the caption “Gain related to the Additional solidarity contribution on the banking sector” relating to amounts from previous financial years whose refund is due according to the information obtained from the TA. The amounts of the Additional solidarity contribution on the banking sector for financial years 2022, 2023, 2024 and 2025 are being administratively challenged and amount to Euro 6,785 thousand.

The caption Contribution ex-ante to the Single Resolution Fund corresponds to the annual contribution, determined in accordance with number 1 of article 153-H of the Legal Framework of Credit Institutions and Financial Companies (“Regime Geral das Instituições de Crédito e Sociedades Financeiras” – “RGICSF”), which transposed articles 100(4)(a) and 103(1) of Directive 2015/59/EU of the European Parliament and of the Council, of 15 May 2014, and article 20 of Delegated Regulation (EU) no. 2015/63 of the Commission, of 21 October 2014 (“Delegated Regulation”) and with the conditions provided for in Implementing Regulation 2015/81 of the Council, of 19 December 2014 (“Implementing Regulation”).

This contribution is determined by the Bank of Portugal, in its quality as national resolution authority, based on the methodology defined in articles 4, 13 and 20 of the Delegated Regulation. Under the Single Resolution Mechanism this contribution must be transferred to the Single Resolution Fund by 30 June of each year, as stipulated in the Agreement for the Transfer and Mutualization of the contributions to the Single Resolution Fund, signed in Brussels on 21 May 2014 and approved by Portuguese National Assembly Resolution 129/2015, of 3 September, pursuant to article 67(4) of Regulation (EU) no. 806/2014 of the European Parliament and of the Council, of 15 July 2014 (“MUR Regulation”).

In addition, it is the responsibility of the Single Resolution Council (Conselho Único de Resolução (“CUR”)), in strict cooperation with the Bank of Portugal, in its quality as national resolution authority, to calculate these contributions on an annual basis, pursuant to and for the purposes of article 70(2) of the MUR Regulation. Banco Montepio opted to use irrevocable payment commitments, in the proportion of 15% of the contribution amount, as provided for in article 8(3) of the Implementing Regulation. On this basis, with reference to 30 June 2025, Banco Montepio had settled Euro 11,320 thousand (30 June 2024: Euro 11,325 thousand) in the form of irrevocable payment commitments, recorded under the caption Loans and advances to credit institutions abroad - Term deposits, as disclosed in note 20. For irrevocable payment commitments only cash collateral is accepted.

As at 30 June 2025, the Banco Montepio Group did not make any contribution to the Single Resolution Fund, since the information transmitted by the SRB - Single Resolution Board of 15 February 2024 continues valid and states that the means available in the Single Resolution Fund on 31 December 2023 reached the target level of at least 1% of the covered deposits held by the Member States participating in the Single Resolution Mechanism, as stipulated in Regulation (EU) no. 806/2014.

The caption Contribution to the National Resolution Fund corresponds to mandatory periodic contributions, in accordance with Decree-Law no. 24/2013. The periodic contributions are calculated annually using a base rate, determined based on an Instruction of the Bank of Portugal, which may be adjusted in function of the credit institution’s risk profile, that is to be applied in each year on the objective incidence base of said contributions. The periodic contributions have as incidence base the liabilities of the credit institutions participating in the Fund, defined in accordance with article 10 of said Decree-Law, less the liability elements integrating Tier 1 and Tier 2 and the deposits covered by the Deposits Guarantee Fund.

As part of the annual periodic contributions to the Deposits Guarantee Fund (“DGF”), the Group has assumed irrevocable payment commitments, pursuant to article 161(4) of the Legal Framework of Credit Institutions and Financial Companies (“Regime Geral das Instituições de Crédito e Sociedades Financeiras” – “RGICSF”), for a portion of these contributions, with the commitment to make the respective payment upon request by the DGF.

As at 30 June 2025, the caption “Expenses for early repurchase of debt issues” corresponds to the premium paid for the partial repayment before maturity of an EMTN bond issue, as described in note 36.

The caption Other operating expense - Servicing and expenses with the recovery and disposal of loans registers the servicing costs charged by third parties related to a portfolio of non-performing loans.

As at 30 June 2025, the caption Other operating expense - Other includes the amount of Euro 137 thousand related to services provided by Montepio - Gestão de Activos Imobiliários, A.C.E..

This caption also includes maintenance costs with equipment and motor vehicles under operating leases, costs with real estate received in recovery of credit, accounted for in the caption Other assets (note 33), and legal costs.

10 Staff costs

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Remuneration	60 243	57 267
Mandatory social charges	16 532	15 899
Charges with the Pension Fund	684	2 100
Other staff costs	2 379	2 173
	79 838	77 439

In the first half of 2025, variable remuneration was paid to Other key management personnel in the global amount of Euro 664 thousand for financial year 2024 (first half of 2024: Euro 474 thousand for financial year 2023). Other key management personnel are the first-line managers.

The remuneration and other benefits attributed to the General Meeting Board, the Supervisory Board of the subsidiaries of Banco Montepio, the Board of Directors (including the members of the Audit Committee), the Board of Directors of Banco Montepio's subsidiaries and Other key management personnel of the Group, including the respective charges, are presented as follows:

	(Euro thousand)					
	Jun 2025					
	General Meeting Board	Supervisory Board of Banco Montepio's subsidiaries	Board of Directors	Board of Directors of Banco Montepio's subsidiaries	Other key management staff	Total
Remuneration and other short-term benefits	4	112	1 488	394	3 166	5 164
Pension costs	-	-	386	8	71	465
Costs with healthcare benefits (SAMS)	-	-	8	4	52	64
Social Security charges	1	23	325	93	577	1 019
	5	135	2 207	499	3 866	6 712

(Euro thousand)

	Jun 2024					
	General Meeting Board	Supervisory Board of Banco Montepio's subsidiaries	Board of Directors	Board of Directors of Banco Montepio's subsidiaries	Other key management staff	Total
Remuneration and other short-term benefits	4	104	1 495	390	2 911	4 904
Pension costs	-	-	310	7	82	399
Costs with healthcare benefits (SAMS)	-	-	8	3	53	64
Social Security charges	1	21	326	92	557	997
	5	125	2 139	492	3 603	6 364

As at 30 June 2025, loans granted to members of the Board of Directors of Banco Montepio (including the members of the Audit Committee) amounted to Euro 71 thousand (30 June 2024: Euro 79 thousand), to members of the Boards of Directors of Banco Montepio's subsidiaries, Euro 591 thousand (30 June 2024: Euro 1,465 thousand) and to Other key management personnel, Euro 3,060 thousand (30 June 2024: Euro 2,924 thousand), as described in note 48.

11 General and administrative expenses

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Rental costs	1 326	534
Specialized services		
Other specialized services	11 093	9 532
IT services	10 206	9 939
Independent work	2 298	1 830
Communication costs	2 353	2 140
Maintenance and repairs	2 596	2 867
Advertising costs	1 487	1 903
Water, energy and fuel	1 699	1 328
Transportation	1 375	1 479
Insurance	752	534
Consumables	289	273
Travel, accommodation and entertainment expenses	688	625
Training	309	326
Other general and administrative costs	1 243	1 275
	37 714	34 585

The caption Rents and hires includes, as at 30 June 2025, the amount of Euro 499 thousand (30 June 2024: Euro 254 thousand) related to short-term lease contracts, of which Euro 56 thousand (30 June 2024: Euro 26 thousand) correspond to rents paid on real estate and Euro 443 thousand (30 June 2024: Euro 228 thousand) to rents paid on vehicles, in both cases used by the Banco Montepio Group as a lessee.

As part of the development of its activity, the Group records under the caption Other specialized services the costs incurred with the hiring of external consultants, with the payment of services related to databases, with charges associated with processing carried out by SIBS and also with costs related to the payment of fees and retainer fees.

12 Depreciation and amortization

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Intangible assets (note 31)		
Software	16 679	14 039
Other tangible assets (nota 30)		
Real estate		
For own use	1 205	1 352
Leasehold improvements in rented buildings	47	48
Equipment		
IT equipment	1 758	1 368
Fixtures	1 056	877
Furniture	47	60
Transportation	45	90
Security equipment	131	51
Machinery and tools	3	15
Right-of-use assets		
Real estate	2 868	2 904
Motor vehicles	1 603	813
	8 763	7 578
	25 442	21 617

The caption Right-of-use assets corresponds, essentially, to properties (branches and central buildings) and the car fleet, being depreciated according to the period of each lease agreement, as indicated in accounting policy 1 i).

13 Impairment of loans and advances to customers and to credit institutions

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Other loans and advances to credit institutions (note 20)		
Charge for the period	15	18
Reversals for the period	(773)	(32)
	(758)	(14)
Loans and advances to customers (note 21)		
Charge for the period	143 355	166 009
Reversals for the period	(144 874)	(155 341)
Recovery of loans and interest	(5 717)	(3 382)
	(7 236)	7 286
	(7 994)	7 272

The caption Recovery of loans and interest refers to receipts from customers related to exposures that had already been written off.

This caption records the estimate of the expected losses determined according to the accounting policy described in note 1 c).

14 Impairment of other financial assets

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Financial assets at fair value through other comprehensive income (note 24)		
Charge for the period	115	208
Reversals for the period	-	(1)
	115	207
Other financial assets at amortized cost (note 26)		
Charge for the period	937	735
Reversals for the period	(919)	-
	18	735
	133	942

15 Impairment of other assets

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Non-current assets held for sale (note 28)		
Charge for the period	75	78
Reversals for the period	(25)	(26)
	50	52
Other tangible assets (note 30)		
Charge for the period	292	1 284
	292	1 284
Outros ativos (nota 33)		
Charge for the period	7 992	7 952
Reversals for the period	(1 554)	(1 366)
	6 438	6 586
	6 780	7 922

The caption Other tangible assets considers, in the periods ended 30 June 2025 and 2024, the reinforcement of impairment for some properties following the valuations carried out.

16 Other provisions

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Guarantees and commitments (note 37)		
Charge for the period	6 112	8 045
Reversals for the period	(7 961)	(9 534)
	<u>(1 849)</u>	<u>(1 489)</u>
Other risks and charges (note 37)		
Charge for the period	412	635
Reversals for the period	(42)	(1 522)
	<u>370</u>	<u>(887)</u>
	<u>(1 479)</u>	<u>(2 376)</u>

17 Share of profits/(losses) booked under the equity method

The share of profits/(losses) booked under the equity method is analysed as follows:

	(Euro thousand)	
	Jun 2025	Jun 2024
HTA - Hóteis, Turismo e Animação dos Açores, S.A.	<u>(349)</u>	<u>(334)</u>

18 Cash and deposits at central banks

This caption is presented as follows:

	(Euro thousands)	
	Jun 2025	Dec 2024
Cash	148 174	162 288
Deposits at central banks		
Bank of Portugal	<u>1 542 992</u>	<u>1 312 250</u>
	<u>1 691 166</u>	<u>1 474 538</u>

The caption Deposits at central banks – Bank of Portugal includes the amount to satisfy the legal requirements to maintain a minimum cash reserve, calculated based on the value of the deposits and other effective liabilities. The cash reserve constitution regime, in accordance with directives of the European Central Bank System for the Eurozone, establishes the maintenance of a deposit at the Central Bank equivalent to 1% of the average value of the deposits and other liabilities, over each reserve constitution period.

19 Loans and deposits to credit institutions payable on demand

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Credit institutions in Portugal	583	924
Credit institutions abroad	35 551	35 436
Amounts to be collected	22 817	13 409
	<u>58 951</u>	<u>49 769</u>

The caption Amounts to be collected refers to cheques drawn by third parties on other credit institutions, and which are due for collection.

In the first half of 2025, Deposits and deposit equivalents at other credit institutions were remunerated at the implicit average rate of 0.07% (2024: 0.41%).

20 Other loans and advances to credit institutions

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Loans and advances to credit institutions in Portugal	<u>9 321</u>	<u>3 290</u>
Loans and advances to credit institutions abroad		
Term deposits	33 316	27 764
CSA's	31 030	27 050
Reverse repos	30 169	-
Other loans and advances	<u>96 158</u>	<u>81 166</u>
	<u>190 673</u>	<u>135 980</u>
	<u>199 994</u>	<u>139 270</u>
Impairment for credit risk of loans and advances to credit institutions	<u>(180)</u>	<u>(1 040)</u>
	<u>199 814</u>	<u>138 230</u>

As at 30 June 2025, the caption Term deposits, recorded under Loans and advances to credit institutions abroad, includes the amount of Euro 11,320 thousand (31 December 2024: Euro 11,325 thousand), related to a deposit made and accepted as collateral within the scope of the ex-ante contribution to the Single Resolution Fund, as per note 9.

Credit Support Annexes ("CSA's") are contracts that regulate the delivery, reception and monitoring of collateral delivered/received to cover the exposure of a counterparty of the contract to the other, as a result of open positions in over-the-counter derivatives. Despite the fact that collaterals under the CSA contracts can take the form of securities or cash, in the Bank's case, all collaterals are in the form of cash.

Collaterals in cash delivered (constitution of reinforcement) or received (collateral release) result from the changes in the fair value of the various derivative instruments that the Banco Montepio Group negotiated with each one of the counterparties and materialized through the effective transfers of cash, which are processed

via TARGET2 to each one of the counterparties in question, as a guarantee/security of the Group's exposure vis-à-vis the counterparty.

On this basis, and in the scope of the operations of derivative financial instruments with institutional counterparties, and as established in the respective contracts, as at 30 June 2025, the Banco Montepio Group holds the amount of Euro 31,030 thousand (31 December 2024: Euro 27,050 thousand) related to loans and advances to credit institutions given as collateral for the above-mentioned operations.

The caption Purchase operations with resale agreement refer to two operations made with two banks of the Eurozone.

The caption Loans and advances to credit institutions abroad – Other loans and advances includes the amounts deposited by vehicles incorporated in the scope of the Group's securitization operations.

Impairment movements for credit risks of Loans and advances to credit institutions are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	1 040	1 048
Charge for the period	15	65
Reversals for the period	(773)	(56)
Utilization	(1)	-
Exchange rate differences	(101)	(17)
Closing balance	180	1 040

In the first half of 2025, Loans and advances to credit institutions were remunerated at the implicit average rate of 2.91% (2024: 2.41%).

21 Loans and advances to customers

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Corporate		
Loans not represented by securities		
Loans	2 788 196	2 878 433
Current account loans	387 273	368 611
Finance lease	366 659	365 813
Discounted bills	18 062	23 026
Factoring	329 320	345 010
Overdrafts	1 329	1 588
Other loans	324 044	321 195
Loans represented by securities		
Commercial paper	371 611	288 004
Bonds	423 870	332 458
Retail		
Mortgage loans	5 900 656	5 679 830
Finance leases	29 475	30 488
Consumer credit and other loans	1 503 681	1 430 749
	<u>12 444 176</u>	<u>12 065 205</u>
Value correction of assets subject to hedging operations		
Other loans	(20)	(25)
Past due loans and advances and interest		
Less than 90 days	15 559	9 432
More than 90 days	83 233	87 284
	<u>98 792</u>	<u>96 716</u>
	<u>12 542 948</u>	<u>12 161 896</u>
Impairment for credit risks	(194 181)	(216 891)
	<u>12 348 767</u>	<u>11 945 005</u>

As at 30 June 2025, the caption Loans and advances to customers includes the amount of Euro 2,216,268 thousand (31 December 2024: Euro 3,201,863 thousand) related to the issue of covered bonds realized by the Group, as referred to in note 36.

As at 30 June 2025, the loans and advances that the Group granted to its shareholders and to related parties amounted to Euro 4,668 thousand (31 December 2024: Euro 3,779 thousand), as described in note 48. The celebration of business between the Group and its shareholders or with individual or legal persons related to these, according to article 20 of the Portuguese Securities Code, regardless of the value, is always submitted to deliberation and assessment by the Board of Directors and the Audit Committee, under a proposed made by the commercial network, supported by analyses and opinions as to the compliance with the limit established in article 109 of the Legal Framework of Credit Institutions and Financial Companies issued by the Risk Directorate. The impairment for credit risks related to these contracts amounts to Euro 5 thousand as at 30 June 2025 (31 December 2024: Euro 12 thousand).

As at 30 June 2025, the caption Loans and advances to customers includes the amount of Euro 94,259 thousand (31 December 2024: Euro 118,164 thousand) related to loans and advances that were the object of securitization and that, in accordance with the accounting policy outlined in note 1 c), were not the object of derecognition, as referred in note 49.

The caption Value correction of assets subject to hedge operations registers the fair value of the part of the portfolio that is hedged. This appreciation is accounted for through the income statement, in accordance with the accounting policy described in note 1 c). The Group periodically tests the effectiveness of the existing hedging relationships.

The fair value of the Loans and advances to customers' portfolio is presented in note 45.

The analysis of the caption Loans and advances to customers, by interest rate type, as at 30 June 2025 and 31 December 2024, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Variable-rate loans and advances	7 855 047	8 184 337
Fixed-rate loans and advances	4 687 901	3 977 559
	<u>12 542 948</u>	<u>12 161 896</u>

The analysis of Past due loans and advances and interest, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Asset-backed loans	39 628	48 874
Other guaranteed loans	42 443	31 672
Finance leases	4 484	3 482
Secured loans	-	314
Other loans and advances	12 237	12 374
	<u>98 792</u>	<u>96 716</u>

The analysis of Past due loans and advances and interest, by customer type and purpose, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Corporate		
Construction/Production	4 881	12 335
Investment	22 391	20 650
Treasury	34 394	28 355
Others	7 218	5 971
Retail		
Mortgage loans	10 725	11 806
Consumer credit	15 724	14 470
Others	3 459	3 129
	<u>98 792</u>	<u>96 716</u>

The analysis of the caption Loans and advances to customers, by maturity and by credit type, as at 30 June 2025 and 31 December 2024, is as follows:

	(Euro thousand)				
	Jun 2025				
	Up to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Asset-backed loans	166 057	483 516	8 640 822	39 628	9 330 023
Other guaranteed loans	426 950	263 029	161 169	42 443	893 591
Finance leases	29 852	210 758	155 524	4 484	400 618
Secured loans	371 951	200 886	222 644	-	795 481
Other loans and advances	265 741	200 342	644 915	12 237	1 123 235
	1 260 551	1 358 531	9 825 074	98 792	12 542 948

	(Euro thousand)				
	Dec 2024				
	Up to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Asset-backed loans	180 262	462 003	8 467 985	48 874	9 159 124
Other guaranteed loans	394 155	265 947	176 470	31 672	868 244
Finance leases	26 331	194 950	175 020	3 482	399 783
Secured loans	288 566	162 987	168 909	314	620 776
Other loans and advances	254 336	188 470	658 789	12 374	1 113 969
	1 143 650	1 274 357	9 647 173	96 716	12 161 896

The outstanding amount of finance leases, by residual maturity, is as follows:

	(Euro thousand)			
	Jun 2025			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Outstanding rentals	69 051	259 842	113 870	442 763
Outstanding interest	(15 214)	(75 503)	(29 832)	(120 549)
Residual values	15 657	49 647	8 616	73 920
	69 494	233 986	92 654	396 134

	(Euro thousand)			
	Dec 2024			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Outstanding rentals	62 538	244 243	106 575	413 356
Outstanding interest	(15 400)	(50 644)	(30 054)	(96 098)
Residual values	15 645	39 012	24 386	79 043
	62 783	232 611	100 907	396 301

As regards operating leases, the Group does not have significant agreements as lessor.

The movements in impairment for credit risk are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	216 891	280 955
Charge for the period	143 355	375 100
Reversals for the period	(144 874)	(343 412)
Utilization	(21 764)	(96 136)
Exchange rate differences	(48)	78
Transfers and others	103	-
Stage 3 interest	518	306
Closing balance	<u>194 181</u>	<u>216 891</u>

The use of impairment corresponds, essentially, to loan and advance operations written off and to loan sale operations to third-party entities, made within the scope of the non-performing exposure reduction strategy.

The impairment for credit risk, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Asset-backed loans and Finance leases	108 600	135 454
Other guaranteed loans	52 090	47 059
Unsecured loans	33 491	34 378
	<u>194 181</u>	<u>216 891</u>

The analysis of impairment used, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Asset-backed loans and Finance leases	12 475	24 732
Other guaranteed loans	102	5 553
Unsecured loans	9 187	65 851
	<u>21 764</u>	<u>96 136</u>

The Banco Montepio Group has adopted forbearance measures and practices, aligned in terms of risk, to adjust the disposable income or the financial capacity of customers to their debt service. On this basis, the recommendations legislated in the scope of the non-compliance regimes (Decree-Law no. 227/2012) and, for companies (SIREVE, PER), were adopted, with these being widely disclosed in the institutional website, in the internal rules and communications, to be disclosed and implemented vis-à-vis customers presenting evidence of financial difficulties.

Regarding the forbearance measures and in accordance with Implementing Regulation (EU) 2015/227, of 9 January 2015, contractual changes were considered (grace period of the principal, extension of the term, deferral of the principal, etc.) as were the consolidation of debts in another contract with conditions adjusted to the customer's current situation.

As at 30 June 2025, the loan and advances portfolio includes loans that, given the financial difficulties of the customer, were subject to amendments of the initial conditions of the contract and these amount to Euro 175,392 thousand (31 December 2024: Euro 190,664 thousand) and present an impairment of Euro 36,652 thousand (31 December 2024: Euro 47,776 thousand).

Additionally, the restructured loans and advances to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent celebration of a new loan to replace the previous loans. The restructuring may result from a reinforcement of guarantees and/or liquidation of part of the loan and involve an extension of maturities or a change in the interest rate. The analysis of restructured loans as at 30 June 2025 and 31 December 2024, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Corporate		
Loans not represented by securities		
Loans	15 414	8 571
Current account loans	23 325	551
Finance leases	1 878	489
Others loans	1 343	2 770
Retail		
Mortgage loans	1 573	11 530
Consumer credit and other loans	529	1 425
	44 062	25 336

As at 30 June 2025, and as regards restructured loans not yet due, the impairment associated with these operations amounts to Euro 9,984 thousand, which corresponds to an impairment rate of 22.7% (31 December 2024: Euro 6,789 thousand, impairment rate of 26.8%).

Synthetic securitization

On 21 December 2022, Banco Montepio carried out an operation that configures a synthetic securitization structure, based on a portfolio of loans to individuals with mortgage guarantee. The legal maturity date of the operation is 29 December 2050, and the respective amount was Euro 535,022 thousand as at 30 June 2025 (31 December 2024: Euro 573,689 thousand).

As at 31 May 2023, Banco Montepio carried out a synthetic securitization, with an underlying portfolio of loans to individuals with mortgage guarantee. The legal maturity date of the operation is 4 February 2066, and the amount was Euro 639,304 thousand as at 30 June 2025 (31 December 2024: 671,444 thousand).

22 Financial assets and liabilities held for trading

The caption financial assets and liabilities held for trading is analysed as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Financial assets held for trading			
Securities			
Shares		2 652	2 624
Bonds		27 856	10 575
Investment Units		822	886
		31 330	14 085
Derivative instruments			
Derivative instruments with positive fair value		6 848	12 758
		38 178	26 843
Financial liabilities held for trading			
Derivative instruments			
Derivative instruments with negative fair value		6 951	11 202
		6 951	11 202

As provided for in IFRS 13, as at 30 June 2025 and 31 December 2024, the financial instruments measured in accordance with the valuation levels described in note 45, are as follows:

		(Euro thousand)			
		Jun 2025			
		Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Securities					
Shares		2 652	-	-	2 652
Bonds		27 856	-	-	27 856
Investment Units		822	-	-	822
		31 330	-	-	31 330
Derivative instruments					
Derivative instruments with positive fair value		-	6 631	217	6 848
		31 330	6 631	217	38 178
Financial liabilities held for trading					
Derivative instruments					
Derivative instruments with negative fair value		-	6 951	-	6 951
		-	6 951	-	6 951

		(Euro thousand)			
		Dec 2024			
		Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Securities					
Shares		2 624	-	-	2 624
Bonds		10 575	-	-	10 575
Investment Units		886	-	-	886
		14 085	-	-	14 085
Derivative instruments					
Derivative instruments with negative fair value		-	12 366	392	12 758
		14 085	12 366	392	26 843
Financial liabilities held for trading					
Derivative instruments					
Derivative instruments with negative fair value		-	11 202	-	11 202
		-	11 202	-	11 202

As at 30 June 2025, for possible liquidity-providing operations, the nominal value of the assets given as collateral to the European Central Bank shown under this caption amounts to Euro 4,400 thousand (31 December 2024: Euro 925 thousand) after the application of a haircut.

As at 30 June 2025, the collateral for the loan obtained from the EIB includes a set of bonds from non-resident financial institutions with a nominal value of Euro 1,652 thousand (31 December 2024: Euro 7,500 thousand), given as collateral and recorded under the caption Financial assets held for trading, as described in note 34.

These financial assets given as collateral may be executed in the event of non-compliance with the contractual obligations assumed by Banco Montepio under the terms and conditions of the contracts entered.

The book value of the derivative financial instruments as at 30 June 2025 and their comparison with the respective assets and liabilities recorded at fair value, in the specific case of derivatives held for risk management, can be analysed as follows:

(Euro thousand)										
Jun 2025										
Derivative	Related financial asset/ liability	Derivative					Related Asset/ Liability			
		Notional	Positive fair value	Negative fair value	Total fair value	Changes in fair value in the period ⁽¹⁾	Fair value	Changes in fair value in the financial period	Book value	Reimbursement amount at maturity date
Interest rate swap	Deposits from customers	99 402	926	(584)	342	(1 664)	-	1 285	-	-
Interest rate swap	Loans and advances to customers	18 324	217	(700)	(483)	(3)	(20)	5	658	643
Interest rate swap	-	118 864	2 777	(2 537)	240	(162)	-	-	-	-
Currency Swap (Short)	-	61 293	94	(27)	67	176	-	-	-	-
Currency Swap (Long)	-	61 909								
Futures (Short)	-	1 809	-	-	-	-	-	-	-	-
Futures (Long)	-	2 885								
Forwards (Short)	-	4 244	-	-	-	-	-	-	-	-
Forwards (Long)	-	4 246								
Options (Short)	-	178 051	2 834	(3 103)	(269)	(6)	-	-	-	-
Options (Long)	-	179 114								
		730 141	6 848	(6 951)	(103)	(1 659)	(20)	1 290	658	643

⁽¹⁾ Includes the result of derivatives disclosed in note 5.

Derivatives held for risk management include derivatives contracted for the purpose of hedging certain financial assets and liabilities, but that were not designated as hedging derivatives.

The book value of the derivative financial instruments as at 31 December 2024 and their comparison with the respective assets and liabilities recorded at fair value, in the specific case of derivatives held for risk management, can be analysed as follows:

(Euro thousand)

Derivative	Related financial asset/ liability	Dec 2024								
		Derivative					Related Asset/ Liability			
		Notional	Positive fair value	Negative fair value	Total fair value	Changes in fair value in the period ⁽¹⁾	Fair value	Changes in fair value in the period	Book value	Reimbursement amount at maturity date
Interest rate swap	Deposits from	100 183	2 541	(535)	2 006	2 744	(1 285)	2 044	99 533	100 122
Interest rate swap	Loans and advances to customers	18 384	44	(524)	(480)	(486)	(25)	45	723	702
Interest rate swap	-	91 613	3 214	(2 812)	402	(607)	-	-	-	-
Currency Swap (Short)	-	59 442	104	(213)	(109)	(74)	-	-	-	-
Currency Swap (Long)	-	62 816	-	-	-	-	-	-	-	-
Futures (Short)	-	-	-	-	-	-	-	-	-	-
Futures (Long)	-	-	-	-	-	-	-	-	-	-
Forwards (Short)	-	823	-	-	-	-	-	-	-	-
Forwards (Long)	-	823	-	-	-	-	-	-	-	-
Options (Short)	-	179 146	6 855	(7 118)	(263)	(162)	-	-	-	-
Options (Long)	-	179 066	-	-	-	-	-	-	-	-
		<u>692 296</u>	<u>12 758</u>	<u>(11 202)</u>	<u>1 556</u>	<u>1 415</u>	<u>(1 310)</u>	<u>2 089</u>	<u>100 256</u>	<u>100 824</u>

⁽¹⁾ Includes the result of derivatives disclosed in note 5.

The fair value of options corresponds to derivatives traded on organized markets, whose market value is settled daily against the margin account and the fair value of Forwards - Foreign exchange derivatives with short residual maturities, to be settled.

23 Financial assets at fair value through profit or loss

This caption is presented as follows:

(Euro thousand)

	Jun 2025	Dec 2024
Variable income securities		
Investment Units	89 988	93 083
Loans and advances to customers at fair value		
Loans not represented by securities	11 047	9 600
	<u>101 035</u>	<u>102 683</u>

The caption Variable-income securities – Investment units includes investments made in Real Estate Investment Funds, Specialized Credit Recovery Funds and Venture Capital Funds that are valued according to the amount of the Net Asset Value of the Fund (“NAV”) disclosed, determined by the management company, in the amount of Euro 89,988 thousand (31 December 2024: Euro 93,083 thousand), of which the amount of Euro 40,628 thousand (31 December 2024: Euro 43,288 thousand) refers to investment units in Specialized Credit Funds acquired in the scope of the sale of loans and advances to customers, as referred in note 53 and the amount of Euro 30,291 thousand (31 December 2024: Euro 30,073 thousand) refers to Real Estate Investment Funds.

As set out in IFRS 13, financial instruments are measured in accordance with the valuation levels described in note 45, and all are classified as level 3.

The net assets of Specialized Credit Recovery Funds represent a diversified set of assets and liabilities, which are valued in the respective Funds' accounts at fair value determined using internal methodologies adopted by the management entity.

The net assets of the Real Estate Investment Funds are valued by the management company based on valuation reports prepared by experts registered with the CMVM.

As at 30 June 2025, for Variable-income securities recorded under level 3, considering a 10% change in the value of the financial assets, an impact of Euro 8,999 thousand (31 December 2024: Euro 9,308 thousand) was determined.

The movements occurring in the Financial assets at fair value through profit or loss – Variable-income securities, recorded under level 3, are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	93 083	119 575
Acquisitions	630	592
Remeasurements	(6 502)	(224)
Disposals	2 777	(26 860)
Closing balance	89 988	93 083

The movements occurring in level 3 of the Loans and advances to customers at fair value relate, in their entirety, to revaluations observed as at 30 June 2025 and 31 December 2024.

24 Financial assets at fair value through other comprehensive income

This caption, as at 30 June 2025, is presented as follows:

	(Euro thousand)				
	Jun 2025				
	Cost ⁽¹⁾	Fair value reserve		Impairment losses	Book value
		Positive	Negative		
Fixed income securities					
Bonds issued by public entities					
Domestic	39 806	147	(883)	(61)	39 009
Foreign	272 164	751	(171)	(201)	272 543
Bonds issued by other entities					
Domestic	6 564	232	(208)	(348)	6 240
Foreign	507	-	(11)	-	496
Variable income securities					
Shares					
Domestic	5 140	15 385	-	-	20 525
Foreign	6 218	364	(1 244)	-	5 338
	330 399	16 879	(2 517)	(610)	344 151

⁽¹⁾ Acquisition cost related to variable income securities and amortised cost by debt securities.

This caption, as at 31 December 2024, is presented as follows:

(Euro thousand)					
	Dec 2024				
	Cost ⁽¹⁾	Fair value reserve		Impairment losses	Book value
		Positive	Negative		
Fixed income securities					
Bonds issued by public entities					
Domestic	20 024	-	(1 173)	(37)	18 814
Foreign	249 765	3 901	(114)	(280)	253 272
Bonds issued by other entities					
Domestic	6 540	281	(662)	(276)	5 883
Foreign	570	-	(12)	(1)	557
Variable income securities					
Shares					
Domestic	5 187	15 385	-	-	20 572
Foreign	6 218	364	(1 201)	-	5 381
	288 304	19 931	(3 162)	(594)	304 479

⁽¹⁾ Acquisition cost related to variable income securities and amortised cost by debt securities.

As at 30 June 2025 and 31 December 2024, the analysis of financial assets at fair value through other comprehensive income, net of impairment, by valuation levels, is analysed as follows:

(Euro thousand)					
Jun 2025					
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Fixed income securities					
Bonds issued by public entities					
Domestic	39 009	-	-	-	39 009
Foreign	272 543	-	-	-	272 543
Bonds issued by other entities					
Domestic	4 195	-	2 045	-	6 240
Foreign	-	496	-	-	496
	<u>315 747</u>	<u>496</u>	<u>2 045</u>	<u>-</u>	<u>318 288</u>
Variable income securities					
Shares					
Domestic	-	-	19 700	825	20 525
Foreign	-	-	4 940	398	5 338
	<u>-</u>	<u>-</u>	<u>24 640</u>	<u>1 223</u>	<u>25 863</u>
	<u>315 747</u>	<u>496</u>	<u>26 685</u>	<u>1 223</u>	<u>344 151</u>

(Euro thousand)					
Dec 2024					
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Fixed income securities					
Bonds issued by public entities					
Domestic	18 814	-	-	-	18 814
Foreign	253 272	-	-	-	253 272
Bonds issued by other entities					
Domestic	4 295	-	1 588	-	5 883
Foreign	-	557	-	-	557
	<u>276 381</u>	<u>557</u>	<u>1 588</u>	<u>-</u>	<u>278 526</u>
Variable income securities					
Shares					
Domestic	-	-	19 700	872	20 572
Foreign	-	-	4 966	415	5 381
	<u>-</u>	<u>-</u>	<u>24 666</u>	<u>1 287</u>	<u>25 953</u>
	<u>276 381</u>	<u>557</u>	<u>26 254</u>	<u>1 287</u>	<u>304 479</u>

As provided in IFRS 13, financial instruments are measured according to the valuation levels described in note 45.

As at 30 June 2025, for securities recorded under level 3, a 10% change in the value of the financial asset was considered, with an impact of Euro 2,669 thousand (31 December 2024: Euro 2,625 thousand) having been determined.

Instruments classified under level 3 have associated unrealized gains and losses in the net positive amount of Euro 14,355 thousand (31 December 2024: positive amount of Euro 13,927 thousand) recognized in fair value reserves.

In this caption, the Group has some securities measured at acquisition cost and it is the Group's understanding that the book value presented for financial instruments at acquisition cost does not differ materially from the fair value, with the respective fair value not having been determined given the reduced value of the positions.

As at 30 June 2025, the amount of the impairment recorded for level 3 securities ascends to Euro 323 thousand (31 December 2024: Euro 251 thousand).

The movements occurring in financial assets at fair value through other comprehensive income recorded in level 3 are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	26 254	23 556
Remeasurements	431	2 698
Closing balance	<u>26 685</u>	<u>26 254</u>

The movements occurring in impairment of financial assets at fair value through other comprehensive income are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	594	304
Charge for the period	115	567
Reversals for the period	-	(48)
Utilization	(99)	(229)
Closing balance	<u>610</u>	<u>594</u>

For possible liquidity-providing operations, the nominal value of the assets pledged as collateral to the European Central Bank included in this caption, as at 30 June 2025, amounts to Euro 269,957 thousand after haircut (31 December 2024: Euro 141,682 thousand).

As at 30 June 2025, the collateral for the loan obtained from the EIB includes a set of Spanish sovereign bonds with a nominal value of Euro 50,969 thousand (31 December 2024: Euro 35,000 thousand), given in guarantee and recorded under the caption Financial assets at fair value through other comprehensive income, as described in note 34.

These financial assets pledged as collateral can be executed in the event of non-compliance with contractual obligations assumed by the Group under the terms and conditions of the contracts celebrated.

25 Hedging derivatives

This caption is presented as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Assets			
Interest rate swaps		10 699	30 257
Liabilities			
Interest rate swaps		30 472	27 037
		<u>(19 773)</u>	<u>3 220</u>

The Banco Montepio Group contracted interest rate swaps to hedge its interest rate risk arising from bond issues at fixed rate. The accounting method depends on the nature of the hedged risk, namely whether the Group is exposed to fair value changes, or whether it is hedging future transactions. The Group performs periodic effectiveness tests of the hedging relationships.

The Group contracted hedging operations for interest rate risk on bonds issued and debt instruments recognized in the Other financial assets at amortized cost portfolio. As at 30 June 2025, the fair value hedging operations can be analysed as follows:

(Euro thousand)							
Jun 2025							
Derivative	Hedged item	Hedged risk	Notional	Fair value of derivative ⁽¹⁾	Changes in fair value of derivative in the financial period	Fair value of hedge element ⁽²⁾	Changes in fair value of the hedged item in the financial period ⁽²⁾
Interest rate swap	Debt securities issued	Interest rate	250 000	5 517	(9 500)	5 283	(2 152)
Interest rate swap	Other subordinated debt	Interest rate	250 000	5 134	(10 106)	5 054	472
Interest rate swap	Other financial assets at amortized cost	Interest rate	300 000	(30 424)	(3 387)	(29 392)	(2 273)
			<u>800 000</u>	<u>(19 773)</u>	<u>(22 993)</u>	<u>(19 055)</u>	<u>(3 953)</u>

⁽¹⁾ Includes accrued interest.

⁽²⁾ Attributable to the hedge risk.

As at 31 December 2024, the fair value hedging operations can be analysed as follows:

(Euro thousand)							
Dec 2024							
Derivative	Hedged item	Hedged risk	Notional	Fair value derivative ⁽¹⁾	Changes in fair value of the derivative in the financial period	Fair value of hedge element ⁽²⁾	Changes in fair value of the hedged item in the financial period ⁽²⁾
Interest rate swap	Debt securities issued	Interest rate	450 000	15 017	12 368	7 435	4 650
Interest rate swap	Other subordinated debt	Interest rate	250 000	15 240	15 240	4 582	4 582
Interest rate swap	Other financial assets at amortized cost	Interest rate	250 000	(27 037)	(27 037)	(27 119)	(27 119)
			<u>950 000</u>	<u>3 220</u>	<u>571</u>	<u>(15 102)</u>	<u>(17 887)</u>

⁽¹⁾ Includes accrued interest.

⁽²⁾ Attributable to the hedge risk.

26 Other financial assets at amortized cost

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Fixed income securities		
Bonds issued by public entities		
Domestic	1 021 710	1 029 218
Foreign	2 192 024	2 260 275
Bonds issued by other entities		
Domestic	35 672	24 094
Foreign	233 349	144 877
Commercial paper		
Domestic	17 933	-
Foreign	91 852	19 980
	<u>3 592 540</u>	<u>3 478 444</u>
Impairment for other financial assets at amortized cost	<u>(4 758)</u>	<u>(4 740)</u>
	<u>3 587 782</u>	<u>3 473 704</u>

Other financial assets at amortized cost are recognized in accordance with the accounting policy described in note 1 c) and their fair value is disclosed in note 45.

As at 30 June 2025, the loan obtained from the EIB is collateralized by Italian and Greek sovereign bonds with a nominal value of Euro 257,144 thousand (31 December 2024: Euro 296,713 thousand by Italian, Greek and Spanish sovereign bonds), provided as collateral and recorded in the caption Other financial assets at amortized cost, as disclosed in note 34.

The nominal value of the assets pledged as collateral to the European Central Bank, for possible liquidity-providing operations, recorded under this caption, amounts as at 30 June 2025 to Euro 2,507,646 thousand (31 December 2024: Euro 2,488,388 thousand) after the application of a haircut.

These financial assets pledged as collateral may be forfeited in the event of non-compliance with the contractual obligations assumed by the Group under the terms and conditions of the contracts signed.

As at 30 June 2025 and 31 December 2024, the nominal value of the securities given as collateral to the Deposit Guarantee Fund was Euro 15,000 thousand, as per note 44.

As at 30 June 2025 and 31 December 2024, Securities given in guarantee to the Portuguese Securities Market Commission ("CMVM") within the scope of the Investors' Compensation System, recorded under Other financial assets at amortized cost, have a nominal value of Euro 1,000 thousand.

The movements in Impairment of other financial assets at amortized cost are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	4 740	6 157
Charge for the period	937	1 550
Reversals for the period	(919)	(855)
Utilization	-	(2 112)
Closing balance	<u>4 758</u>	<u>4 740</u>

27 Investments in associates companies

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	4 178	4 535
	4 178	4 535

Associates included in the Group's consolidation perimeter are listed in note 55.

The financial information of Associates is presented in the following tables:

	(Euro thousand)					
	Assets	Liabilities	Equity	Income	Net profit / (loss)	Acquisition cost
30 June 2025						
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	32 543	11 651	20 892	3 244	(1 744)	4 178
31 December 2024						
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	33 780	11 106	22 674	15 455	2 849	4 535

	(Euro thousand)					
	Percentage held		Book value		Profit / Loss	
	Jun 2025	Dec 2024	Jun 2025	Dec 2024	Jun 2025	Jun 2024
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	20.0%	20.0%	4 178	4 535	(349)	(334)

The movement in this caption is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	4 535	4 702
Share of profit of associated companies	(349)	570
Other reserves and retained earnings	(8)	(737)
Closing balance	4 178	4 535

The Group analyses, on a regular basis, the impairment related to its investments in associates.

28 Non-current assets held for sale

This caption is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Properties and other assets resulting from the resolution of customer loan agreements	232	194
Impairment for non-current assets held for sale	(210)	(160)
	22	34

The assets included in this caption are accounted for in accordance with the accounting policy described in note 1 h).

The movements occurring in non-current assets held for sale as at 30 June 2025 and 31 December 2024 are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	194	217
Acquisitions	2 419	1 002
Disposals	(2 381)	(1 025)
Closing balance	232	194

The movements in impairment of non-current assets held for sale are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	160	143
Charge for the period	75	191
Reversal for the period	(25)	(173)
Utilization	-	(1)
Closing balance	210	160

29 Investment properties

The caption Investment properties includes the real estate owned by “Valor Arrendamento – Fundo de Investimento Imobiliário Fechado para Arrendamento Habitacional”, by “Polaris – Fundo de Investimento Imobiliário Fechado de Subscrição Particular” and by “Carteira Imobiliária – Fundo Especial de Investimento Imobiliário Aberto”, all of which are consolidated by the full consolidation method, according to the accounting policy described in note 1 b) and also the real estate held by SSAGINCENTIVE – Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A..

As at 30 June 2025, the amount of rental income received related to investment properties totalled Euro 309 thousand (31 December 2024: Euro 604 thousand) and maintenance costs of leased and non-leased properties totalled Euro 722 thousand (31 December 2024: Euro 1,790 thousand), as described in note 9.

The movements in this caption are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening Balance	44 760	57 665
Revaluations	511	1 725
Disposals	(6 928)	(14 630)
Closing balance	38 343	44 760

These investments are initially recognized at acquisition cost, including transaction costs, and are subsequently remeasured by external appraisers duly certified and registered with the Portuguese Securities Commission (Comissão do Mercado de Valores Mobiliários (“CMVM”)).

Within the scope of the plan to reduce exposure to real estate risk, disposals with a balance sheet value of Euro 6,928 thousand (31 December 2024: Euro 14,630 thousand) were recorded as at 30 June 2025, resulting in a loss of Euro 647 thousand (31 December 2024: Euro 937 thousand) recorded in Net gains/(losses) arising from the sale of other assets.

30 Other tangible assets

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Investments		
Real estate		
For own use	160 771	162 379
Leasehold improvements in rented buildings	28 630	28 596
Equipment		
IT equipment	83 390	96 441
Fixtures	38 078	37 133
Furniture	17 178	17 256
Security equipment	3 938	5 111
Machinery and tools	2 747	2 806
Transportation equipment	772	1 314
Other equipment	5	5
Works of art	2 870	2 870
Assets in operating leases	39	58
Right-of-use assets		
Real estate	37 696	35 299
Motor vehicles	18 818	22 362
Other tangible assets	525	540
Work in progress	1 370	991
	<u>396 827</u>	<u>413 161</u>
Accumulated depreciation		
For the current financial period	(8 763)	(15 923)
Relating to previous financial periods	(195 433)	(200 090)
	<u>(204 196)</u>	<u>(216 013)</u>
Impairment for other tangible assets	<u>(329)</u>	<u>(1 101)</u>
	<u>192 302</u>	<u>196 047</u>

The caption Right-of-use assets corresponds, essentially, to real estate (branches and central buildings) and to the car fleet, being depreciated according to the lease term of each agreement, as indicated in accounting policy 1 i).

The movements in impairment of Other tangible assets are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	1 101	325
Charge for the period	292	4 012
Utilization	(292)	-
Transfers	(772)	(3 236)
Closing balance	<u>329</u>	<u>1 101</u>

The caption Charge for the period considers, as at 30 June 2025 and 31 December 2024, the reduction to the recoverable value for some properties following the valuations carried out, as mentioned in note 15, and when they cease to be used in the operations, either through disposal or transfer to Other assets - Non-current assets held for sale, as described in note 33.

31 Intangible assets

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Investment		
Software	286 460	268 997
Other Intangible Assets	3 012	3 012
Work in progress	10 475	9 404
	299 947	281 413
Accumulated depreciation		
For the current financial period	(16 679)	(29 563)
Relating to previous financial periods	(216 773)	(187 209)
	(233 452)	(216 772)
	66 495	64 641

32 Corporate income taxes

Deferred tax assets and liabilities, as at 30 June 2025 and 31 December 2024, can be analysed as follows:

	(Euro thousand)					
	Assets		Liabilities		Net	
	Jun 2025	Dec 2024	Jun 2025	Dec 2024	Jun 2025	Dec 2024
Deferred taxes not dependent on future profitability						
Impairment on loans granted	4	7 790	-	-	4	7 790
Post-employment and long-term employee benefits	9 541	14 399	-	-	9 541	14 399
	9 545	22 189	-	-	9 545	22 189
Deferred taxes dependent on future profitability:						
Financial instruments	5 766	5 664	(9 143)	(10 093)	(3 377)	(4 429)
Other tangible assets	-	-	(1)	-	(1)	-
Provisions / Impairment						
Impairment on loans granted	6 252	11 993	-	-	6 252	11 993
Other risks and charges	6 062	8 339	-	-	6 062	8 339
Impairment in securities and non-financial assets	7 311	4 946	(32)	(33)	7 279	4 913
Impairment in financial assets	1 035	1 574	-	-	1 035	1 574
Post-employment and long-term employee benefits	35 859	37 483	-	-	35 859	37 483
Tax Benefits	6 008	2 046	-	-	6 008	2 046
Others	5 760	6 109	-	-	5 760	6 109
Taxes losses carried forward	232 385	233 474	-	-	232 385	233 474
	306 438	311 628	(9 176)	(10 126)	297 262	301 502
Net deferred tax assets/ (liabilities)	315 983	333 817	(9 176)	(10 126)	306 807	323 691

Special regime applicable to deferred tax assets

On 6 July 2016, the Extraordinary General Meeting of Banco Montepio was held, approving the adherence to the Special Regime Applicable to Deferred Tax Assets ("Regime" or "READ"), approved by Law no. 61/2014, of 26 August, which is applicable to costs and negative equity changes recorded in tax periods beginning on or after 1 January 2015, as well as to deferred tax assets recorded in the annual accounts for the last tax period prior to that date and to the part of the costs and negative equity changes associated with same.

In accordance with Law no. 23/2016, of 19 August, the REAID is not applicable to costs and negative equity changes recorded in tax periods beginning on or after 1 January 2016 nor to their associated deferred tax assets.

Law no. 61/2014, of 26 August, determines an optional framework with a subsequent waiving option, in accordance with which, in some cases (i.e. net loss in separate annual accounts or in settlement accounts on the voluntary winding-up, insolvency decided by law or withdrawal of the respective authorization), there will be a conversion into tax credits of deferred tax assets that resulted from the non-deduction of costs and of deductions of asset values resulting from credit impairment losses and post-employment and long-term employee benefits. In such case, a special reserve corresponding to 110% of their amount shall be constituted, requiring the simultaneous constitution of conversion rights attributable to the State in the same amount. These rights can be acquired by the shareholders upon payment to the State of the same amount. Tax credits may be offset against tax debts of the beneficiaries (or of an entity based in Portugal of the same prudential consolidation perimeter) or reimbursable by the State. The recovery of deferred tax assets covered by the regime approved by Law no. 61/2014, of 26 August, is not dependent upon future profits.

The aforementioned legal framework was regulated by Ordinance no. 259/2016, of 4 October, on the control and use of tax credits, and by Ordinance no. 293-A/2016, of 18 November, the latter altered by Ordinance no. 272/2017, of 13 September, determining the conditions and procedures for the acquisition of the referred State rights by the shareholders.

According to this legislation, those rights are, among other factors, subject to a right of acquisition by the shareholders on their inception date, exercisable in periods to be established by the Board of Directors up to 10 years after the respective constitution, with the issuing bank depositing in the State's name the full amount corresponding to the rights issued, within 3 months from the confirmation date of the deferred tax asset conversion into tax credit. This deposit shall be redeemed when and to the extent that the State rights are acquired by the shareholders or exercised by the State.

Bearing in mind that Banco Montepio recorded a net accounting loss in 2020 and 2021, and following the approval of the annual accounts by the corporate bodies and, consequently, the application of said Regime, in financial years 2021 and 2022 there was a conversion into tax credits of deferred tax assets that resulted from the non-deduction of expenses and of deductions in respect of the value of assets resulting from impairment losses on credits and of post-employment and long-term employee benefits; and a special reserve corresponding to 110% of its amount was constituted for this purpose, as described in note 42.

As at 30 June 2025 and 31 December 2024, under the terms of article 8 of the annex to Law no. 61/2014, of 26 August, the Banco Montepio Group has a special reserve in the amount of Euro 4,809 thousand. As mentioned in note 56, on 31 July 2025, the General Meeting of Banco Montepio decided to carry out a capital increase by incorporating this special reserve, with the aforementioned increase currently being processed and expected to be completed during the second half of 2025.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of reversal of the timing differences, which correspond to the rates approved/known at the balance sheet date.

The caption Post-employment and long-term employee benefits includes the amount of Euro 1,441 thousand (31 December 2024: Euro 1,555 thousand) related to deferred taxes associated with the cost generated by the transfer of liabilities with pensioners to the General Social Security System.

The cost generated by the transfer of liabilities with pensioners to the General Social Security System is deductible for tax purposes, in equal parts, starting on 1 January 2012, according to the number of years of life expectancy of the pensioners whose liabilities were transferred (20 years in the case of the Banco Montepio Group).

As at 30 June 2025, deferred taxes recorded in the caption Post-employment and long-term employee benefits include the amount of Euro 24,305 thousand (31 December 2024: Euro 21,455 thousand) related to the referred benefits in excess of the existing limits, of which Euro 5,409 thousand (31 December 2024: Euro 2,565 thousand) do not depend on future profitability.

As at 30 June 2025, and in function of: (i) the IRC tax rate decrease for the year 2025 et. sec. foreseen in the State Budget for 2025 (Law no. 45-A/2024, of 31 December); (ii) the expectation of the conversion into tax-accepted costs and profits and (iii) the prospects of tax profits or tax losses in each one of the subsequent periods, the rate (considering the base rate and the surcharges) used by Banco Montepio to calculate deferred taxes, depending on the specific cases associated with timing differences or tax loss carry-forwards, corresponds, respectively, to 29.5% and 20.0%.

Analysis of the recoverability of deferred tax assets

Deferred tax assets related to losses carried forward are recognized only if the existence of future taxable income is probable, for which reason the uncertainty associated with the recoverability of the tax losses carried forward is considered in the calculation of deferred tax assets.

As referred in the accounting policy described in note 1 s), and in accordance with the requirements defined in IAS 12, the deferred tax assets recognized in Banco Montepio Group's financial statements have an underlying high expectation of recoverability.

The assessment of the recoverability of deferred tax assets is based on Banco Montepio's medium-/long-term business plan, which constitutes an extension of the strategic planning exercise drawn up by the Group for the triennium. The financial projections reflect management's perspectives as to the evolution of the activity and the business model's sustainability, considering the macroeconomic context and financial variables, evolution of economic activity and of credit risk, among others.

Following the completion of the normalization cycle, Banco Montepio began a new cycle, based on 5 guiding principles approved at the General Meeting, through the execution of a Strategic Program, under the designation Triple A, to deliver an Ambitious, Agile, and Authentic bank. To achieve the Program, 27 operational initiatives, grouped into 8 pillars, were defined.

In this context, the prospects of sustainable improvements in the profitability levels derive from the aforementioned 5 guiding principles, namely:

- Grow the business and market share: (i) increase the active customer base and the equipment level in core growth segments; (ii) strengthen distribution capacity and generate additional margins by

leveraging internal and external partnerships; (iii) promote an integrated ESG vision, leveraging the mutualistic nature of the Bank and fostering growth;

- Accentuate the digitalization of the new business model: (i) evolve service capabilities and deliver omnichannel experiences; (ii) automate customer journeys for key processes;
- Converge to average market profitability: (i) boost productivity and efficiency, combining simplicity and digitalization; (ii) implement a dynamic of detecting and tactically exploiting pockets of efficiency, with an always-on approach;
- Simplify the Bank and interactions with customers: (i) accelerate the front-to-back simplification and digitalization process; (ii) promote focus and pragmatism at all levels of the organization, aligned with business priorities; (iii) create an agile IT organizational culture with greater delivery capacity and a greater degree of integration with the business units; and
- Valorize the brand, reputation, and talent: (i) strengthen its presence in the lives and key moments of families and be a leading partner for the Portuguese business community and the Social Economy; (ii) improve external recognition by independent stakeholders; (iii) enhance the talent value proposition and foster rejuvenation and attraction/retention for specific roles.

The Strategic Program is focused on a sustainable growth cycle:

- Ambitious: Ambition for sustainable growth and optimization of business productivity, ensuring greater relevance in strategic/key segments;
- Authentic: A brand rooted in a historical and social legacy with Portuguese DNA, leveraged to attract customers, mobilize people, and reinforce ongoing support for communities; and
- Agile: Ability to respond efficiently and quickly to market changes, defining the path to evolve into a more streamlined bank.

Following this assessment, and with reference to 30 June 2025, the Banco Montepio Group recognized all deferred tax assets; hence, there are no deferred tax assets to be recognized.

In addition, a sensitivity analysis was carried out considering a scenario in which profit or loss before tax evolved at a rate 10% lower than that considered in the aforementioned projections, with no impact at the level of deferred taxes being determined.

The deferred tax assets associated with tax losses carried forward, by expiry year, are presented as follows:

Expiry Date	(Euro thousand)	
	Jun 2025	Dec 2024
2032	16 765	15 723
2033	26 289	26 289
Undetermined	189 331	191 462
	<u>232 385</u>	<u>233 474</u>

The expiry years indicated above reflect that stipulated in the State Budget Law for 2023 (Law no. 24-D/2022, of 30 December), which came into force on 1 January 2023, establishes that tax losses calculated in fiscal years beginning on or after 1 January 2023, as well as those calculated previously that have not expired, are carried forward to future years without any time limitation, no longer being subject to a maximum period of

deduction. Additionally, it also establishes that the deduction limit against taxable income is reduced to 65%, maintaining the increase of 10 percentage points for tax losses calculated in the 2020 and 2021 tax periods (i.e., the deduction can be made up to 75% of taxable income).

However, regarding the time limitation referred to in the previous paragraph, this does not apply to tax losses calculated in tax periods prior to 1 January 2023 in which one of the situations provided for in paragraph 1 of article 6 of the REAID is verified, with the deduction period in force on 31 December 2022 (12 years).

Tax recognized in profit or loss and in reserves as at 30 June 2025 and 31 December 2024 originated as follows:

	(Euro thousand)			
	Jun 2025		Dec 2024	
	Recognized in net income/ (loss)	Recognized to reserves and retained earnings	Recognized in net income/ (loss)	Recognized to reserves and retained earnings
Financial instruments	(7)	710	(566)	(1 999)
Impairment / Provisions	(13 805)	-	(48 450)	-
Post-employment and long-term employee benefits ⁽¹⁾	(2 030)	(4 452)	(5 702)	-
Tax losses carried forward	(1 089)	-	1 917	-
Others	3 789	-	(2 571)	-
Deferred taxes/ recognized as profit/ (losses)	(13 142)	(3 742)	(55 372)	(1 999)
Current taxes	(1 351)	-	1 465	-
	(14 493)	(3 742)	(53 907)	(1 999)

⁽¹⁾ The amount of Euro 4.452 thousand relates to the utilization of unrecognized losses associated with post-employment benefits, which had been previously recorded in equity.

The reconciliation of the effective tax rate, as regards the amount recognized in the income statement, can be analysed as follows:

	(Euros thousand)			
	Jun 2025		Jun 2024	
	%	Value	%	Value
Profit/ (Loss) before income tax		85 170		107 339
Income tax based on the current nominal tax rate	(20.0)	(17 034)	(21.0)	(22 541)
Municipal and state surtax	(0.4)	(359)	-	-
Fiscal Profit/ (loss) ⁽¹⁾	2.5	2 091	3.0	3 194
Banking sector and extraordinary contribution	(1.9)	(1 611)	(1.7)	(1 859)
Post-employment benefits and Pension Fund	(0.4)	(371)	6.5	7 011
Tax Benefits	4.7	3 962	-	-
Recognition/ reversal of taxed provisions/impairments ⁽²⁾	(3.6)	(3 104)	(10.4)	(11 187)
Autonomous taxation	(0.2)	(197)	(0.4)	(407)
Effect of differences in income tax for the period	1.6	1 383	(10.9)	(11 751)
Deductions / (add-backs) for taxable income purposes ⁽³⁾	0.9	747	(1.0)	(1 063)
Income tax for the period	(17.0)	(14 493)	(36.0)	(38 603)

⁽¹⁾ Includes capital gains arising from investment units and equity interests

⁽²⁾ Includes, in 2024, the impact of the reduction in the corporate income tax rate from 21% to 20%, as provided for in the 2025 State Budget Law

⁽³⁾ Includes, namely, the adjustment of the Tax Asset Value, the fair value of investment units and non-deductible fines

The Tax Authority can review Banco Montepio's taxable income during a period of four years, except in the event of the carry-forward of tax losses, as well as any other deduction or tax credit, in which case the relevant period is the period of the exercise of that right.

The Banco Montepio Group was subject to inspections by the Tax Authority under the Special Taxation Regime of Groups of Companies ("RETGS"), up to and including the 2021 tax period.

In 2018, Banco Montepio became the dominant company of the Tax Group under the RETGS, which former dominant company was Montepio Holding, S.G.P.S., S.A.

In this context, the Group considers that the effects of the calculation of the taxable income according to the RETGS are reflected in the amount of the current tax of the period of each entity, including the effect on the calculation of the current tax of the period arising from the use of tax losses generated by another entity of the Group.

The caption Current tax assets, in the amount of Euro 566 thousand (31 December 2024: Euro 1,324 thousand) relates, essentially, to IRC recoverable, additional payments on account, special payments on account and payments on account.

33 Other assets

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Non-current assets held for sale	197 236	231 470
Post-employment benefits	72 725	41 942
Other debtors	48 507	39 282
Sundry debtors	13 173	17 820
Price deposits	4 661	5 406
Bonifications to be received from the Portuguese State	6 351	5 790
Deferred costs	10 323	7 135
Other amounts receivable	4 906	2 292
	<u>357 882</u>	<u>351 137</u>
Impairment for assets received in recovery for credit	(77 331)	(86 998)
Impairment for other assets	(34 791)	(29 901)
	<u>245 760</u>	<u>234 238</u>

The caption Non-current assets held for sale is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Non-current assets held for sale	197 236	231 470
Impairment for Assets received in recovery of credit	(77 331)	(86 998)
	<u>119 905</u>	<u>144 472</u>

The assets included in the caption Non-current assets held for sale are accounted for in accordance with the accounting policy described in note 1 h).

The resolution of loans and advances to customers' contracts results from: (i) the simple foreclosure, delivery with a repurchase option or delivery with a leasing option, being accounted for upon the celebration of the contract or the promissory contract to deliver the asset and the respective irrevocable power of attorney issued by the customer in the Group's name or (ii) the adjudication of the assets as a result of a judicial guarantee execution process, being accounted for based on the title of adjudication or the adjudication request after having registered the first pledge.

The Group has implemented a plan aimed at the immediate sale of the non-current assets held for sale. According to the Group's expectation, it is intended that these assets be sold in under one year and that there is a strategy to this end. Nevertheless, given current market conditions, in some situations it is not possible to materialize these sales within the expected time period. The referred caption includes, as at 30 June 2025,

properties for which promissory contracts to buy and sell, in the amount of Euro 12,350 thousand (31 December 2024: Euro 19,282 thousand), have already been celebrated.

The movements as at 30 June 2025 and 31 December 2024 in Non-current assets held for sale are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	231 470	313 112
Acquisitions	897	5 846
Disposals	(35 882)	(92 848)
Other movements	(212)	(194)
Transfers	963	5 554
Closing Balance	<u>197 236</u>	<u>231 470</u>

The movements in impairment of Non-current assets held for sale are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	86 998	107 582
Charge for the period	2 040	11 701
Reversals for the period	(506)	(2 030)
Utilization	(11 973)	(33 491)
Transfers	772	3 236
Closing balance	<u>77 331</u>	<u>86 998</u>

The caption Transfers considers the impairment associated with branches closed that were transferred to Other tangible assets as described in note 30.

The caption Post-employment and long-term employee benefits corresponds to the net value of the assets and of the liabilities of the Pension Fund, as presented in note 46.

As at 30 June 2025 and 31 December 2024, the caption Other debtors is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Supplementary capital contributions	14 910	14 910
Others	33 597	24 372
	<u>48 507</u>	<u>39 282</u>

The caption Supplementary capital contributions considers the amounts subscribed in the scope of a loans and advances sales operation in the amount of Euro 14,910 thousand, with these loans being fully covered by impairment as at 30 June 2025 and 31 December 2024.

The caption Other debtors includes the amounts outstanding related to factoring and confirming operations, advances to suppliers and other debtors. As at 30 June 2025, this caption also includes the amount of Euro 9,735 thousand referring to the amount receivable from the State, resulting from the refund of amounts paid as Additional solidarity contribution on the banking sector corresponding to financial years 2020 through 2025, as described in note 9.

The caption Grants recoverable from the Portuguese State corresponds to recoverable grants in respect of mortgage and SME loans, which amounts were determined in accordance with the legal provisions applicable to low-interest loans, and which do not bear interest and are regularly claimed.

The captions Other debtors, Miscellaneous accounts, Grants recoverable from the Portuguese State and Other income receivable, include, in aggregate, the net amount of Euro 46,606 thousand (31 December 2024: Euro 36,631 thousand) related to the Group's exposure to credit risk, as presented in note 51.

As at 30 June 2025 and 31 December 2024, the caption Grants recoverable from the Portuguese State is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Bonifications overdue and not yet claimed	2 486	2 260
Bonifications claimed from State not yet settled	3 545	3 264
Bonifications processed and not yet claimed	320	266
	6 351	5 790

The movements in the impairment of Other assets are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	29 901	26 995
Charge for the period	5 952	7 511
Reversals for the period	(1 048)	(3 531)
Utilization	(14)	(1 074)
Closing balance	34 791	29 901

As at 30 June 2025, the impairment of Other assets includes the impairment constituted for the Supplementary capital contributions of Euro 14,910 thousand (identical amount as at 31 December 2024), for Price deposits of Euro 5,467 thousand (31 December 2024: Euro 6,212 thousand), for Guarantee commissions of Euro 439 thousand (31 December 2024: Euro 601 thousand), for Factoring operations of Euro 498 thousand (31 December 2024: Euro 498 thousand), for Grants recoverable from the Portuguese State of Euro 1,503 thousand and for Other debtors of Euro 11,974 thousand (31 December 2024: Euro 7,680 thousand).

34 Deposits from other credit institutions

This caption is presented as follows:

(Euro thousand)						
	Jun 2025			Dec 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from credit institutions in Portugal						
Deposits repayable on demand	7 885	-	7 885	5 800	-	5 800
Term deposits	-	2 984	2 984	-	4 132	4 132
	7 885	2 984	10 869	5 800	4 132	9 932
Deposits from credit institutions abroad						
EIB loan	-	300 007	300 007	-	300 007	300 007
Deposits repayable on demand	15 057	-	15 057	19 329	-	19 329
Sales operations with repurchase agreement	-	250 386	250 386	-	248 476	248 476
Others deposits	11 312	-	11 312	29 552	-	29 552
	26 369	550 393	576 762	48 881	548 483	597 364
	34 254	553 377	587 631	54 681	552 615	607 296

As at 30 June 2025, the Group had entered into Sales operations with repurchase agreement totalling Euro 250,386 thousand (31 December 2024: Euro 248,476 thousand).

The EIB loan amount, presented in the previous table, has as its main objective the financing of SMEs and considers the loan obtained in November 2020, in the amount of Euro 300,000 thousand, which has a term of twelve years, a grace period of four years, constant amortizations and a rate of 0.019%.

The amount of the EIB loan is collateralized by Italian, Spanish and Greek sovereign bonds in the nominal amount of Euro 309,765 thousand (31 December 2024: Euro 339,213 thousand, by Italian, Spanish and Greek sovereign bonds), recorded in the captions Financial assets held for sale (note 22), Financial assets at fair value through other comprehensive income (note 24) and Other financial assets at amortized cost (note 26).

35 Deposits from customers

This caption is presented as follows:

(Euro thousand)						
	Jun 2025			Dec 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits repayable on demand	6 063 977	258 785	6 322 762	5 539 157	258 785	5 797 942
Term deposits	-	9 113 020	9 113 020	-	9 018 088	9 018 088
Saving accounts	-	128 112	128 112	-	120 100	120 100
Others deposits	26 034	-	26 034	23 960	-	23 960
Adjustments from operations at fair value options	-	-	-	-	(1 285)	(1 285)
	6 090 011	9 499 917	15 589 928	5 563 117	9 395 688	14 958 805

Ordinance no. 180/94, of 15 December, gave rise to the incorporation of the Deposits Guarantee Fund to guarantee the reimbursement of funds deposited at credit institutions authorized to receive deposits, pursuant

to that stipulated in said Ordinance. The criteria to calculate the annual contributions to the Deposits Guarantee Fund are defined in Bank of Portugal Notice no. 11/94, of 29 December.

In the first half of 2025, deposits from customers were remunerated at the implicit average rate of 1.26% (in 2024: 1.53%).

36 Debt securities issued

The analysis of Debt securities issued has the following breakdown:

	(Euro thousand)	
	Jun 2025	Dec 2024
EMTN bonds	618 076	467 647
Securizations	92 190	120 729
	<u>710 266</u>	<u>588 376</u>

The fair value of the debt securities issued is presented in note 45.

The caption EMTN Bonds includes issues which contribute to meeting the minimum requirement for eligible own funds ('MREL' or Minimum Requirement for own funds and eligible liabilities). In June 2025, a new Euro 350 million issue was placed.

Under the Issuance of covered bonds program, with a maximum amount of Euro 5,000,000 thousand, Banco Montepio has issues in a total of Euro 1,250,000 thousand, at nominal value, as at 30 June 2025 and 31 December 2024.

As at 30 June 2025, the main characteristics of the covered bonds issues in circulation are as follows:

Description	(Euro thousand)						
	Nominal value	Value at amortized cost	Issue date	Maturity date	Interest payment	Interest rate	Rating (Moody's/Fitch/Dbbs)
Covered bonds - 8S	1 250 000	1 251 398	December 2016	December 2026	quarterly	Euribor 3M + 0.90%	Aaa/AAA
	<u>1 250 000</u>	<u>1 251 398</u>					

As at 31 December 2024, the main characteristics of the covered bonds issues in circulation are as follows:

Description	(Euros thousand)						
	Nominal value	Value at amortized cost	Issue date	Maturity date	Interest payment	Interest rate	Rating (Moody's/Fitch/Dbbs)
Covered bonds - 8S	1 250 000	1 251 972	December 2016	December 2026	quarterly	Euribor 3M + 0.90%	Aaa/AAA
	<u>1 250 000</u>	<u>1 251 972</u>					

The covered bonds are guaranteed by a pool of mortgage loans which are segregated as an autonomous asset in the Group's accounts, thus providing a statutory special creditor privilege to the holders of these securities over any other creditor.

The legal and regulatory framework of these bonds is set out in Decree-Law no. 59/2006, in Bank of Portugal Notices no. 5/2006, of 20 March, no. 6/2006, of 11 October, no. 7/2006, of 11 October, and no. 8/2006, of 11 October and Instruction no. 13/2006, of 15 November, of the Bank of Portugal.

As at 30 June 2025, the value of the loans collateralizing these issues amounted to Euro 2,216,268 thousand (31 December 2024: Euro 3,201,863 thousand), according to note 21.

The movements in Debt securities issued, during the first half of 2025, are analysed as follows:

	(Euro thousand)				
	Balance on 1 January	Issues	Reimbursements	Other movements ⁽¹⁾	Balance on 30 June
EMTN bonds	467 647	350 000	(187 700)	(11 871)	618 076
Securitisations	120 729	-	(28 539)	-	92 190
	<u>588 376</u>	<u>350 000</u>	<u>(216 239)</u>	<u>(11 871)</u>	<u>710 266</u>

⁽¹⁾ Included is the movement of accrued interest on the balance sheet date.

The movements in Debt securities issued, during financial year 2024, are analysed as follows:

	(Euro thousand)				
	Balance on 1 January	Issues	Reimbursements	Other movements ⁽¹⁾	Balance on 31 December
Cash bonds	205 300	250 000	-	12 347	467 647
Covered bonds	328 483	-	(328 600)	117	-
Securitisations	196 262	-	(75 533)	-	120 729
	<u>730 045</u>	<u>250 000</u>	<u>(404 133)</u>	<u>12 464</u>	<u>588 376</u>

⁽¹⁾ Included is the movement of accrued interest on the balance sheet date.

In accordance with the accounting policy described in note 1 c), the purchase of debt securities issued by the Group is written off from liabilities and the difference between the acquisition cost and the respective book value is recognized in the income statement.

As at 30 June 2025, the caption Debt securities issued is composed of the following issues:

(Euro thousand)				
Description	Issue date	Maturity	Interest rate	Book value
PELICAN FINANCE no 2 A	06/12/2021	25/01/2035	Euribor 1M + 0.7%	73 025
PELICAN FINANCE no 2 B	06/12/2021	25/01/2035	Euribor 1M + 1.35%	5 297
PELICAN FINANCE no 2 C	06/12/2021	25/01/2035	Euribor 1M + 2.25%	4 478
PELICAN FINANCE no 2 D	06/12/2021	25/01/2035	Euribor 1M + 4.25%	4 938
PELICAN FINANCE no 2 E	06/12/2021	25/01/2035	Fixed rate 6.4%	4 452
EMTN BONDS 30/10/2026	30/10/2023	30/10/2026	Annual fixed rate of 10.0%	12 300
EMTN BONDS 29/05/2028	29/05/2024	29/05/2028	Annual fixed rate of 5.625% ⁽¹⁾	250 000
EMTN BONDS 29/05/2028	25/06/2025	25/06/2029	Annual fixed rate of 3.5% ⁽²⁾	350 000
				704 490
			Accrual based accounting, deferred income and costs and others	5 776
				710 266

⁽¹⁾ If the early redemption option is not exercised at the end of the third year, the interest rate for the remaining period will be indexed to the 3-month Euribor plus a spread of 2.6%.

⁽²⁾ If the early redemption option is not exercised at the end of the third year, the interest rate for the remaining period will be indexed to the 3-month Euribor plus a spread of 1.48%.

In the first half of 2025, the Group made a partial early redemption of Euro 187,700 thousand of the EMTN bonds issued in October 2023, with the impacts arising from this redemption reflected in Other operating income/(expense), as described in note 9.

As at 31 December 2024, the caption Debt securities issued is composed of the following issues:

(Euro thousand)				
Description	Issue date	Maturity	Interest rate	Book value
PELICAN FINANCE no 2 A	06/12/2021	25/01/2035	Euribor 1M + 0.7%	95 632
PELICAN FINANCE no 2 B	06/12/2021	25/01/2035	Euribor 1M + 1.35%	6 936
PELICAN FINANCE no 2 C	06/12/2021	25/01/2035	Euribor 1M + 2.25%	5 864
PELICAN FINANCE no 2 D	06/12/2021	25/01/2035	Euribor 1M + 4.25%	6 467
PELICAN FINANCE no 2 E	06/12/2021	25/01/2035	Fixed rate 6.4%	5 830
EMTN BONDS 30/10/2026	30/10/2023	30/10/2026	Annual fixed rate of 10.0%	200 000
EMTN BONDS 29/05/2028	29/05/2024	29/05/2028	Annual fixed rate of 5.625% ⁽¹⁾	250 000
				570 729
			Accrual based accounting, deferred income and costs and others	17 647
				588 376

⁽¹⁾ If the early redemption option is not exercised at the end of the third year, the interest rate for the remaining period will be indexed to the 3-month Euribor plus a spread of 2.6%.

37 Provisions

This caption is presented as follows:

(Euro thousand)	
Jun 2025	Dec 2024
Provisions for guarantees and commitments	9 011
Provisions for other risks and charges	19 296
	28 307
	30 498

The Provisions for other risks and charges were set up based on the probability of the occurrence of certain contingencies related to risks inherent to the Group's activity, being revised at each reporting date to reflect the best estimate of the amount and probability of payment and includes provisions for legal cases, tax contingencies and fraud.

The movements in provisions for guarantees and commitments assumed, are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	10 860	10 362
Charge for the period	6 112	17 960
Reversal for the period	(7 961)	(17 450)
Utilization	-	(12)
Closing balance	9 011	10 860

The movements in provisions for other risk and charges are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	19 638	10 468
Charge for the period	412	14 362
Reversal for the period	(42)	(3 405)
Utilization	(712)	(1 787)
Closing balance	19 296	19 638

In financial year 2024, the caption Provisions for other risks and charges was reinforced in the amount of Euro 11,384 thousand, related to the remaining value of irrevocable payment commitments associated with the Deposit Guarantee Fund not yet settled.

38 Other subordinated debt

As at 30 June 2025 and 31 December 2024, the main characteristics of subordinated debt, are analysed as follows:

(Euro thousand)						
Issue	Issue date	Maturity date	Issue amount	Interest rate	Jun 2025	Dec 2024
CX ECONOMICA MONTEPIO GERAL 8.50 12/06/2034	Mar 2024	Jun 2034	250 000	8.5% the first 5 years and at EurSwap for 5y + 5.815% for the remaining years	255 318	265 333
FINIBANCO VALOR INVEST 2010	Feb 2010	-	15 000	7% for the first 4 coupon dates and Max[Euribor 6M + 2.75%; 5%] for the remaining years	6 461	6 491
					261 779	271 824

In financial year 2024, under the EMTN (Euro Medium Term Note) Program, Banco Montepio issued subordinated debt securities in the amount of Euro 250,000 thousand, with a fixed interest rate of 8.5% in the first 5 years and with a term of ten years. If the early repayment option is not exercised at the end of the fifth year, the interest rate for the remaining period will be indexed to the five-year swap rate plus a spread of 5.815%. Furthermore, the Bank decided to exercise the early repayment option of subordinated debt issues "EMTN SUB 2018/2028", "EMTN SUB 2019/2029" and "EMTN SUB 2020/2030", in the aggregate amount of Euro 200,000 thousand.

The movements in Other subordinated debt, in the first half of 2025 and during financial year 2024, were as follows:

	(Euro thousand)							
	Jun 2025			Dec 2024				
	Balance at 1 January	Other movements ⁽¹⁾	Balance at 30 June	Balance at 1 January	Issued	Reimbursements	Other movements ⁽¹⁾	Balance at 31 December
MONTEPIO EMTN SUB 2018/2028	-	-	-	50 056	-	(50 000)	(56)	-
MONTEPIO EMTN SUB 2019/2029	-	-	-	107 803	-	(100 000)	(7 803)	-
MONTEPIO EMTN SUB 2020/2030	-	-	-	52 661	-	(50 000)	(2 661)	-
CX ECONOMICA MONTEPIO GERAL 8.50 12/06/2034	265 333	(10 015)	255 318	-	250 000	-	15 333	265 333
FINIBANCO VALOR INVEST 2010	6 491	(30)	6 461	6 499	-	-	(8)	6 491
	<u>271 824</u>	<u>(10 045)</u>	<u>261 779</u>	<u>217 019</u>	<u>250 000</u>	<u>(200 000)</u>	<u>4 805</u>	<u>271 824</u>

⁽¹⁾ Includes accrued interest.

Regarding the Finibanco Valor Invest 2010 issue, the redemption is at nominal value and, as a result of applicable Laws or Regulations, including any European Union Directives or Regulations, which establish a legal regime for the recovery and liquidation of credit institutions (Directive 2015/59/EU of the European Parliament and of the Council, of 15 May 2014 and Law no. 23-A/2015, of 26 March), or any implementation of those in Portugal, the amounts may be used to cover the issuer's losses, and may be called upon to absorb losses.

39 Other liabilities

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Domestic and foreign operations pending settlement	167 495	110 885
Sundry creditors	23 430	42 932
Staff costs payable	32 143	35 685
Other expenses	18 664	14 529
Lease liabilities	9 600	11 617
Administrative public sector	18 519	18 137
Suppliers	5 512	9 662
Deferred income	880	453
	<u>276 243</u>	<u>243 900</u>

As at 30 June 2025, the caption Staff charges payable includes the amount of Euro 19,647 thousand (31 December 2024: Euro 19,061 thousand), related to holiday pay and subsidy, Euro 9,218 thousand related to accrued termination charges and variable remuneration (31 December 2024: Euro 13,472 thousand) and Euro 3,278 thousand (31 December 2024: Euro 3,152 thousand) related to end-of-career awards.

As at 30 June 2025 and 31 December 2024, the caption Lease liabilities corresponds to the amount of lease liabilities recognized in the scope of IFRS 16, as described in accounting policy 1 i), and relates to operating leases of real estate and motor vehicles.

The maturity of the lease liabilities is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Up to 1 year	2 511	3 953
1 to 5 years	4 354	7 664
More than 5 years	2 734	-
	<u>9 600</u>	<u>11 617</u>

40 Share capital

As at 30 June 2025, Banco Montepio's share capital, which is fully realized, amounts to Euro 1,210,000 thousand.

The shareholder structure of Banco Montepio's share capital as at 30 June 2025 and 31 December 2024 is as follows:

	Jun 2025		Dec 2024	
	Number of shares	Percentage	Number of shares	Percentage
Montepio Geral Associação Mutualista	2 419 830 580	99.993%	2 419 830 580	99.993%
Other Shareholders	169 420	0.007%	169 420	0.007%
	<u>2 420 000 000</u>	<u>100.0%</u>	<u>2 420 000 000</u>	<u>100.0%</u>

41 Legal reserve

In accordance with article 97 of the Legal Framework of Credit Institutions and Financial Companies ("Regime Geral das Instituições de Crédito e Sociedades Financeiras" – "RGICSF"), approved by the Decree-Law no. 298/92, of 31 December and amended by the Decree-Law no. 201/2002, Banco Montepio shall reinforce the legal reserve annually with, at least, 10% of the annual net income, up to the limit equal to the amount of the share capital or to the sum of the free reserves and retained earnings, if higher. This reserve cannot, normally, be distributed.

As at 30 June 2025, the legal reserve amounts to Euro 217,697 thousand (31 December 2024: 207,487 thousand).

42 Fair value reserves, Other reserves and Retained earnings

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Fair value reserves		
Financial assets at fair value through other comprehensive income		
Debt instruments	(143)	2 221
Equity instruments	14 505	14 548
	<u>14 362</u>	<u>16 769</u>
Taxes		
Financial assets at fair value through other comprehensive income	(4 169)	(4 879)
	<u>(4 169)</u>	<u>(4 879)</u>
	<u>10 193</u>	<u>11 890</u>
Other reserves and retained earnings		
Special regime for deferred tax assets	4 809	4 809
Post-employment benefits (note 48)	24 183	(9 842)
Other reserves and retained earnings	204 740	140 128
	<u>233 732</u>	<u>135 095</u>

Fair value reserves related to financial assets at fair value through other comprehensive income represent the potential gains and losses in the portfolio of financial assets at fair value through other comprehensive income.

The movements in the fair value reserve related to financial assets at fair value through other comprehensive income are analysed as follows:

(Euro thousand)						
Jun 2025						
	Balance on 1 January	Revaluation	Acquisitions	Disposals	Impairment recognised in the period	Balance on 30 June
Fixed income securities						
Bonds issued by Portuguese public entities	(1 173)	291	170	-	(24)	(736)
Bonds issued by foreign public entities	3 787	(1 014)	120	(2 392)	79	580
Bonds issued by other entities:						
Domestic	(382)	478	-	-	(72)	24
Foreign	(11)	(1)	-	-	1	(11)
	2 221	(246)	290	(2 392)	(16)	(143)
Variable income securities						
Shares						
Domestic	15 385	-	-	-	-	15 385
Foreign	(837)	(43)	-	-	-	(880)
	14 548	(43)	-	-	-	14 505
	16 769	(289)	290	(2 392)	(16)	14 362

(Euro thousand)						
Dec 2024						
	Balance on 1 January	Revaluation	Acquisitions	Disposals	Impairment recognised in the year	Balance on 31 December
Fixed income securities						
Bonds issued by Portuguese public entities	(1 688)	512	-	-	3	(1 173)
Bonds issued by foreign public entities	-	-	4 067	-	(280)	3 787
Bonds issued by other entities:						
Domestic	(477)	107	-	-	(12)	(382)
Foreign	(18)	7	-	1	(1)	(11)
	(2 183)	626	4 067	1	(290)	2 221
Variable income securities						
Shares						
Domestic	11 785	3 600	-	-	-	15 385
Foreign	70	(907)	-	-	-	(837)
	11 855	2 693	-	-	-	14 548
	9 672	3 319	4 067	1	(290)	16 769

Fair value reserves related to financial assets at fair value through other comprehensive income, are detailed as follows:

(Euro thousand)		
	Jun 2025	Dec 2024
Amortized cost of financial assets at fair value through other comprehensive income		
Amortized cost	330 399	288 304
Recognised accumulated impairment	(610)	(594)
Amortized cost net of impairment	329 789	287 710
Market value	344 151	304 479
Potential realised gains/ (Losses) recognised in the fair value reserve	14 362	16 769

The movements in deferred taxes related to Financial assets at fair value through other comprehensive income are presented as follows:

(Euro thousand)		
	Jun 2025	Dec 2024
Opening balance	(4 879)	(2 880)
Taxes related to changes in fair value	710	(1 999)
Closing balance	(4 169)	(4 879)

As described in note 32, following the adhesion of Banco Montepio to the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014, of 26 August, a Special reserve was constituted that reflects the conversion of eligible deferred tax assets into tax credits.

Considering that Banco Montepio recorded net losses in 2020 and in 2021, and considering the eligible deferred tax assets at the reference date of the periods indicated, as a result of the special regime applicable to deferred tax assets, Banco Montepio recorded a Special reserve corresponding to 110% of the amount of the tax credits calculated, which has the following breakdown:

	(Euro thousand)	
	Jun 2025	Dec 2024
Special reserve		
2021 (Negative net income of 2020)	4 509	4 509
2022 (Negative net income of 2021)	300	300
	4 809	4 809

Additionally, as mentioned in note 56, on 31 July 2025, the General Meeting of Banco Montepio deliberated to carry out a capital increase through the incorporation of the special reserve, with said increase currently being processed and expected to be completed during the second half of 2025.

The movements of Other reserves related to post-employment benefits are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	(9 842)	(84 087)
Loss coverage	-	76 649
Remeasurements for the period (note 48)	34 025	(2 404)
Closing balance	24 183	(9 842)

The movements of Other reserves and Retained earnings are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	140 128	203 758
Applications of results	69 064	11 712
Loss coverage	-	(76 649)
Taxes related to defined benefit plan remeasurements	(4 452)	-
Realised gains on equity instruments	-	1 307
Closing balance	204 740	140 128

43 Distribution of dividends

The Annual General Meeting held on 22 April 2025 approved the proposal to apply the Net income for financial year 2024, in the positive amount of Euro 102,094,991.99, to reinforce the Legal reserve in Euro 10,209,499.20, to Retained earnings in Euro 61,272,492.79 and to distribute dividends in Euro 30,613,000.00.

44 Guarantees and other commitments

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Guarantees granted	520 037	512 283
Commitments to third parties	1 720 839	1 608 724
Deposit and custody of securities	7 746 441	7 277 231
	9 987 317	9 398 238

The amounts of Guarantees granted, and Commitments assumed vis-à-vis third parties are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Guarantees granted		
Guarantees	497 714	473 436
Letters of credit	22 323	38 847
	520 037	512 283
Commitments to third parties		
Irrevocable commitments		
Irrevocable credit facilities	745 282	759 312
Potential liability with the Investor's Indemnity System	590	590
Securities subscription	1 948	2 378
Revocable commitments		
Revocable credit facilities	973 019	846 444
	1 720 839	1 608 724

Guarantees and standby letters granted are banking transactions essentially related to credit transactions in which the Group provides a guarantee in relation to credit granted to a customer by a third party. In accordance with the specific nature of these transactions, some of these guarantees are expected to expire without having been required and, therefore, these transactions do not necessarily represent a cash outflow. Estimated liabilities are recorded under Provisions, as described in note 37.

Documentary credits correspond to irrevocable commitments, by the Group, on behalf of its customers, to pay/order to pay a certain amount to the supplier for a certain good or service, within a defined period, against the presentation of the documentation confirming the shipment of goods or the rendering of services. The irrevocable condition arises from the fact that the commitment is not cancellable or alterable without the express agreement of all parties involved.

Revocable and irrevocable commitments represent contractual agreements to extend credit to the Group's customers, for example unused credit facilities. These agreements are generally contracted for fixed periods of time or with other expiring requirements and, usually, impose the payment of a commission. Credit concession commitments require, substantially, that customers maintain compliance with certain conditions defined at the time of their contracting.

Notwithstanding the particular characteristics of these commitments, the analysis of these operations follows the same basic principles of any commercial operation, namely the solvency of the underlying customer and business, with the Group requiring, when necessary, that these operations be adequately covered by

collaterals. Considering that it is expected that the majority of the commitments expire without having been used, the indicated amounts do not necessarily represent future cash-flow needs.

As at 30 June 2025 and 31 December 2024, in the scope of the Deposits Guarantee Fund, the Group pledged treasury bonds (TB October 2030), recorded as Other financial assets at amortized cost, with a nominal value of Euro 15,000 thousand, as described in note 26.

As at 30 June 2025 and 31 December 2024, the caption Potential liability - Investors' Compensation System refers to the irrevocable obligation that the Group assumed, as required by law, to deliver to that System, if actioned by same, the amounts necessary to pay its share of the indemnities due to investors.

The financial instruments accounted for as Guarantees and other commitments are subject to the same approval and control procedures applied to the loans and advances to customers' portfolio, namely regarding the assessment of the adequacy of the impairment constituted, as referred in the accounting policy described in note 1 c). The maximum credit exposure is represented by the nominal amount that could be lost related to contingent liabilities and other commitments assumed by the Group in the event of default by the respective counterparties, without considering potential loan or collateral recoveries.

45 Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as is the case with many products sold to customers, fair value is estimated through internal models based on cash-flow discounting techniques. Cash flows for the different instruments sold are calculated according to their financial characteristics and the discount rates used include both the market interest rate curve and the current conditions of the pricing policy of the Group.

Therefore, the fair value obtained is influenced by the parameters used in the valuation model that, necessarily, have some degree of judgement and reflect, exclusively, the value attributed to the different financial instruments. However, it does not consider prospective factors, like the future business evolution. Consequently, the values presented cannot be understood as an estimate of the economic value of the Group.

Financial instruments recorded in the balance sheet at fair value

Financial instruments accounted for in the balance sheet at fair value were classified by levels in accordance with IFRS 13, as follows:

Debt and equity instruments

- Level 1: In addition to financial instruments admitted to trading on a regulated market, bonds and investment units in harmonized funds, valued based on active market prices/quotations, disclosed through trading platforms, are included in this category.

The aforementioned financial instruments are traded on an active market whenever the financial instruments in question are quoted through multi-contributed sources for bonds and the primary exchange for shares.

- Level 2: Financial instruments that are not traded on an active market or valued using valuation techniques supported by observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect (derivatives), and valuation assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument, are considered Level 2. The classification of fair value in Level 2 is made according to the following rules:

- a) Financial instruments shall be classified in level 2 if they are:
 - i. valued based on models using observable market data (such as interest rate curves or exchange rates). Market interest rates are calculated based on information disseminated by financial content providers, such as, for example, Bloomberg, namely those resulting from interest rate swap

- quotations. The values for very short-term rates are obtained from a similar source, but with reference to the interbank money market. The interest rate curve obtained is further calibrated against the values of short-term interest rate futures. Interest rates for specific cash-flow periods are determined by appropriate interpolation methods. The same interest rate curves are also used to project non-deterministic cash flows, such as indexers; or
- ii. valued using indicative third-party purchase prices, based on observable market data.
 - b) For financial instruments that do not have a 30-day history available in the system, the fair value level is assigned based on the available history.
 - Level 3: Financial instruments are classified in level 3 whenever they do not meet the criteria to be classified in level 1 or level 2, or fair value is determined based on unobservable data in active markets, using techniques and assumptions that market participants would use to assess the same instruments namely:
 - a) financial instruments not admitted to trading on a regulated market that are valued using valuation models and for which there is no generally accepted consensus on the criteria to be used, namely:
 - i. valuation prepared in accordance with the Net Asset Value of non-harmonized funds, updated and disclosed by the respective management companies;
 - ii. valuation prepared in accordance with indicative prices disclosed by the entities that participated in the issuance of certain financial instruments, without an active market; or
 - iii. valuation prepared in accordance with the realization of impairment tests, using the performance indicators of the underlying operations (e.g., degree of protection by subordination of the tranches held, delinquency rates of underlying assets, evolution of ratings, etc.).
 - b) financial instruments valued through indicative purchase prices based on theoretical valuation models disclosed by specialized third parties.

Derivative financial instruments

Operations involving financial derivatives, in the form contracts in respect of exchange rate, interest rate, share or share indices, inflation or a combination of these are traded over the counter (OTC) and in organized markets (especially stock markets). For OTC derivative operations (swaps and options), their valuation is based on generally accepted methods, always favouring market values.

- Level 1: This classification includes futures, options and other derivative financial instruments traded on a regulated market;
- Level 2: This level includes derivative financial instruments traded on unregulated (OTC) markets that do not have an optional component.

The valuation of these derivatives is made by discounting the cash flows from operations, using as a discounting base the market interest rate curves deemed appropriate for the currency in force at the time of the calculation. Interest rates are obtained from Bloomberg or Reuters.

Market interest rates are calculated based on information disseminated by financial content providers - Bloomberg or Reuters - specifically those resulting from interest rate swap quotations. The values for very short-term rates are obtained from a similar source, but with reference to the interbank money market. The interest rate curve obtained is further calibrated against the values of short-term interest rate futures. Interest rates for specific cash-flow periods are determined by appropriate interpolation methods. Interest rate curves are also used to project non-deterministic cash flows such as indexers.

- Level 3: This level includes options and derivatives traded on an unregulated (OTC) market, incorporating optional elements.

Options are valued based on statistical models that consider the market values of the underlying assets and their volatilities (assuming that they are not directly observable in the market). The theoretical models used in the valuation of derivatives classified in level 3 are presented as follows:

- i. For simple options, the Black-Scholes, Black, Ho and other models are used, considering the applicable volatility surfaces for their derivatives (models commonly used by the market in valuing this type of operations). Unobservable market inputs used in the valuation (implied volatilities of the subjacent) are taken from Bloomberg; and
- ii. For exotic options or for complex derivatives with embedded optional elements for which no valuation models are available, Banco Montepio hires specialized entities that value such assets using specific models that they develop according to generally accepted criteria and methodologies.

The valuations thus obtained are, in the case of interbank operations, compared with those used by the counterparties and, whenever it is understood that there are insufficient quality market references or that the available models do not fully apply to the characteristics of the financial instrument, specific quotations provided by an external entity, typically the counterparty of the business, are used.

The valuation of non-optional components, not adjusted for credit risk, (cash flows from the operations), is made based on their respective discounting, using a methodology similar to that used for derivatives without an optional component; even so, the derivative in question is still considered in level 3.

Financial instruments recorded in the balance sheet at amortized cost

For financial instruments recorded in the balance sheet at amortized cost, the Group calculates their fair value using valuation techniques that seek to be based on the market conditions applicable to similar operations at the reference date of the financial statements, namely the value of the respective cash flows discounted based on the interest rates considered most appropriate, that is:

- *Loans and advances to credit institutions, Deposits from central banks, Deposits from other credit institutions and Assets with repurchase agreements*

The fair value of these financial instruments is calculated discounting the expected cash flows of principal and interest of these instruments, considering that the payments of the instalments occur on the contractually defined dates.

As at 30 June 2025, no funds had been taken from the European Central Bank. The interest rate of the main refinancing operations from the European Central Bank was 2.15% as at 30 June 2025.

For the remaining funds from credit institutions, the discount rate used reflects the current conditions applied by the Group to identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity dates (money market or interest rate swap market rates, at the end of the financial period). As at 30 June 2025, the average discount rate for the remaining deposits was 2.55% (31 December 2024: 2.56%).

For Loans and advances to credit institutions a discount rate reflecting the conditions in use by Banco Montepio for the most significant residual term operations was applied. Considering the short-term maturity of these financial instruments, the book value is a reasonable estimate of their fair value.

- *Other financial assets at amortized cost*

These financial instruments are accounted for at amortized cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the market interest rate curve adjusted for associated factors, predominantly the credit and liquidity risks, determined in accordance with the respective market conditions and periods.

- Loans and advances to customers without a defined maturity date and Deposits from customers repayable on demand

Considering the short-term maturity of this type of financial instruments, the conditions of this portfolio are similar to those in force at the reporting date. Therefore, the book value is a reasonable estimate of their fair value.

- Loans and advances to customers with a defined maturity date

The fair value of these financial instruments is calculated by discounting the expected future cash flows of principal and interest of these instruments, considering that the payments of the instalments occur on the contractually defined dates. For loans in default, the value, net of impairment, of these operations is a reasonable estimate of their fair value, given the economic valuation performed for the calculation of this impairment for individually significant customers. The discount rate used reflects the current conditions applied by the Group to similar instruments for each of the homogeneous classes of this type of instrument and with a similar residual maturity.

The discount rate includes the market rates for the residual maturity periods (money market or interest rate swap market rates, at the end of the financial period) and the spread used at the reporting date, calculated based on the average production of the last half year. As at 30 June 2025, the average discount rate was 3.38% for mortgage loans (31 December 2024: 3.05%), 7.25% for private individual loans (31 December 2024: 6.59%) and 4.14% for the remaining loans (31 December 2024: 4.40%), assuming a projection of the variable rates that is based on macroeconomic fundamentals and on market forward rates. The calculations also include the credit risk spread.

- Deposits from customers

The fair value of these financial instruments is calculated discounting the expected future cash flows of principal and interest of these instruments, considering that the payments of the instalments occur on the contractually defined dates. The discount rate used reflects the current conditions applied by the Group to identical instruments with a similar residual maturity. The discount rate includes the market rates for the residual maturity periods (money market or interest rate swap market rates, at the end of the financial period) and the spread of the Group at the reporting date, calculated based on the average production of the last quarter. The average discount rate as at 30 June 2025 was 1.56% (31 December 2024: 2.10%).

- Debt securities issued and Other subordinated debt

For these financial instruments, the fair value was calculated for the components which fair value is not yet reflected in the balance sheet. For the fixed interest rate instruments in respect of which the Group applies hedge accounting, the fair value related to the interest rate risk is already accounted for.

In the fair value calculation, the other risk components were also considered, besides the interest rate risk already accounted for. Fair value is based on market quotations, whenever these are available. If these are not available, fair value is estimated using internal models, based on cash-flow discounting techniques, using the market interest rate curve adjusted by the associated factors, predominantly the credit risk and the trading margin, the latter only in the case of issues sold to non-institutional customers of the Group.

As original reference, the interest rate swaps market curves for each specific currency are used. The credit risk (credit spread) is represented by an excess over the interest rate swaps' curve, calculated specifically for each term and class of instruments based on the market prices of equivalent instruments.

In case of covered bond issues, the fair value is determined based on quotations disseminated by the financial content provider Bloomberg.

As regards subordinated issues, the fair value was determined to reflect the spreads observed on the market for comparable issues increased by a liquidity premium, considering the lower depth of the market for the subordinated debt issued by Banco Montepio.

- Cash, Deposits at central banks and Deposits and deposit equivalents to other credit institutions repayable on demand

Considering the extremely short-term maturity of these financial instruments, the book value is a reasonable estimate of their fair value.

It should be noted that the fair value presented may not correspond to the realization value of these financial instruments in a sale or liquidation scenario, since it has not been calculated for this purpose.

The main valuation methods, assumptions and inputs used to calculate the fair value estimate for levels 2 and 3, depending on the type of financial instrument, are presented as follows:

Type of instruments		Valuation methods	Main assumptions
Financial assets and liabilities held for trading	Derivatives ⁽¹⁾	Swaps	Discounted Cash Flow Method ⁽²⁾
		Exchange rate options	Black-Scholes Model
		Interest rate options	Normal Model
			Interest rate curves
			Implied Volatilities
Financial assets at fair value through profit or loss	Debt representative financial instruments		Probability of default for CVA and DVA calculation
			Interest rate curves
			Risk premiums
Financial assets at fair value through other comprehensive income	Own equity representative financial instruments		Comparable assets ⁽³⁾
			Market Observable Prices
			Interest rate curves
Financial assets at amortized cost	Debt representative financial instruments		Risk premiums
			Comparable assets ⁽³⁾
			Market Observable Prices
Financial assets at amortized cost	Own equity representative financial instruments		Discounted Cash Flow Method ⁽²⁾
			Interest rate curves
			Risk premiums
Financial assets at amortized cost	Debt representative financial instruments		Comparable assets ⁽³⁾
			Interest rate curves
			Comparable assets ⁽³⁾
Financial assets at amortized cost	Debt securities		Discounted Cash Flow Method ⁽²⁾
			Interest rate curves
			Comparable assets ⁽³⁾
Financial assets at amortized cost	Loans and advances outstanding		Discounted Cash Flow Method ⁽²⁾
			Interest rate curves
			Comparable assets ⁽³⁾
Derivatives - Hedge accounting	Swaps ¹		Discounted Cash Flow Method ⁽²⁾
			Interest rate curves
			Implied Volatilities
Financial liabilities at amortized cost	Term deposits		Probability of default for CVA and DVA calculation
			Interest rate curves
			Risk premiums
Financial liabilities at amortized cost	Debt securities issued		Comparable assets ⁽³⁾
			Interest rate curves
			Comparable assets ⁽³⁾

⁽¹⁾ The Bank incorporates specific adjustments (add-ons) into the valuation of derivative instruments held for trading and hedging to reflect its own credit risk based on a market discount curve that reflects its associated risk profile. At the same time, the Bank adopts an analogous methodology to reflect the credit risk of counterparties in derivatives with positive fair value. Therefore, the fair value obtained is composed of the unaffected risk-free valuation of this additional amount. The Credit Value Adjustment and Debt Value Adjustment – CVA/DVA are determined based on the estimated exposure at the time of default (Exposure at default, EAD) for each transaction and on the application of risk parameters to the estimated EAD in order to determine the expected loss for the Bank (CVA) and for the counterparty (DVA).

⁽²⁾ Cash-flow discounting method (net present value): this model uses the cash flows of each instrument, established in the different contracts, and discounts them to calculate their present value.

⁽³⁾ Comparable assets (prices of similar assets): comparable financial instrument prices or market benchmarks are used to calculate yield from the purchase price to its current valuation, making subsequent adjustments to take into account possible differences between the revalued instrument and the reference instrument. It can also be assumed that the price of one instrument equals that of another.

Valuation adjustments for Credit Risk

Counterparty Credit Risk Valuation Adjustments (“CVA”) and the Bank’s Credit Risk Valuation Adjustments (“DVA”) are incorporated in the valuation of OTC derivatives as a result of the risk associated with the credit exposure of the counterparty and its own, respectively.

The CVA value is calculated considering the expected exposure for each counterparty in each future term, with the CVA by counterparty being calculated by summing the various CVA values of the various future terms. The adjustments are then determined by estimating the counterparty’s exposure at default (EAD), the respective probability of default (PD) and the loss given default (LGD) for all derivative financial instruments traded under the same contract negotiated with the Group with a netting clause (of the same netting set). Similarly, the DVA corresponds to the product of the negative expected exposure at default by the probability of default and by Banco Montepio Group’s LGD.

The PD and LGD values are calibrated using market data, for the effect using the counterparty’s rating and sector or historical information on the probability of default.

Changes in CVA/FVA and DVA/FVA adjustments are accounted for as gains or losses on assets and liabilities held for trading in the profit or loss. The detail of the movements of the CVA and DVA adjustments is presented as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Adjustment		CVA	DVA
		329	69
Of which : Derivatives expiry		-	1

Fair value of Non-current assets held for sale and of Investment properties

The fair value and the impairment constituted for non-current assets held for sale are a function of the valuation amount and the book value of the properties. The valuation amount is equal to the lower of the following values:

- Value of an *in-situ* valuation; and
- Sale value (if a sale and purchase contract is celebrated).

Real estate valuations and revaluations are carried out by expert appraisers, regulated by Law no. 153/2015, of 14 September.

Pursuant to Decree-Law no. 74-A/2017, of 23 June, and for the purpose of article 18 thereof, in mortgage loan agreements for residential real estate, the borrower may request of the Bank a second valuation of the property.

Since the same appraisers are required to carry out surveys of works in progress subject to funding to determine the amount of the works realized to be financed, given the nature of this type of valuation, the training and professional qualifications of these experts shall, cumulatively, respect the professional qualifications defined by Law no. 31/2009, of 3 July, as amended by Law no. 40/2015, of 1 June.

External Appraiser Companies

The selection of appraiser companies is based on the universe of entities registered as “expert appraisers” with the CMVM and seeks to always ensure an adequate diversification and rotation in the performance of the valuations.

Independent external appraisers follow the principles defined by:

- Notice no. 5/2006 of the Bank of Portugal (Valuation of Mortgaged Properties as a Guarantee of Loans with Mortgage requirements); and

- Regulation no. 575/2013 of the European Parliament and of the Council (Prudential Requirements).

Fair value determination is made by independent appraisers duly certified for this purpose, duly registered with the CMVM, and using at least two of the following methods.

Comparative market method

This method provides an estimate of the amount by which it is understood that a particular property may be traded, after an appropriate period of trading, between an interested seller and buyer, in which both parties act in an informed, prudent and unconditional or non-coerced manner.

The value of the property is determined after analysis of comparable transaction and property offer values, obtained through knowledge of the local market and the exhaustive collection of real estate market data that provides knowledge of the supply and demand situation for similar properties, and which constitute a decisive factor in determining the Market Value of the property under valuation.

Income method

In this method, the market value of a property corresponds to the present value of all the rights to future benefits arising from its ownership.

This method assumes that property management and operation is based on the principles of legality, rationality and competence. The purpose of the analysis is to determine its respective ability to generate revenue flows, as well as the frequency of their occurrence, as well as to infer all the inherent expenses.

Cost method

In this method, the estimated value of a property corresponds to the cost of constructing a property that fulfils the same functions and with the same material and technology characteristics, at current market prices. The value assessed includes the value of the land, construction costs and the investment promotion profit margin, as well as a deduction corresponding to the depreciation, or loss of property value, resulting from physical, functional, economic or environmental obsolescence or a combination of these.

For all valuations not based on all 3 valuation methods, the expert appraiser should consider the local market characteristics and the specific characteristics of the property under valuation. The valuation adopted shall be the lower of the values determined because it is the most prudent in terms of guarantee.

Investment properties

Fair value determination is made by independent appraisers duly certified for this purpose, duly registered with the CMVM, and using at least two of the following methods, as described in note 1 n):

- Comparative market method;
- Income method; and
- Cost method.

The valuation of investment properties follows models based on parameters not observable in the market and are therefore classified as level 3 in the fair value measurement hierarchy.

Interest rate curve of the main currencies

The following table presents, as at 30 June 2025, the interest rates adopted in the calculation of the interest rate curve of the major currencies, namely Euro, United States Dollar, Pound Sterling, Swiss Franc and Yen, used to determine the fair value of financial assets and liabilities of the Group:

	Currencies				
	Euro	United States Dollar	Pound Sterling	Swiss Franc	Yen
1 day	1.9800	4.3400	4.2500	-0.0200	0.2200
7 days	1.9238	4.3409	4.2500	-0.0500	0.3500
1 month	1.9248	4.3450	4.2900	-0.0500	0.3500
2 months	1.9225	4.3650	4.2300	-0.0300	0.2500
3 months	1.8997	4.3750	4.3450	-0.0350	0.2600
6 months	1.8475	4.3350	4.2400	0.0600	0.3500
9 months	1.7975	4.2750	4.2700	0.1200	0.5200
1 year	1.7695	4.2250	4.2750	0.1500	0.5700
2 years	1.7725	4.2079	4.2303	-0.0680	0.5689
3 years	1.8700	4.1908	4.2303	0.0085	0.5689
5 years	2.0560	4.1566	4.2303	0.2220	0.5689
7 years	2.2270	4.1224	4.2303	0.3905	0.5689
10 years	2.4340	4.0712	4.2303	0.6115	0.5689
15 years	2.6370	4.0884	4.2303	0.8280	0.5689
20 years	2.6860	4.1740	4.2303	0.8280	0.5689
30 years	2.6470	4.1755	4.2303	0.8280	0.5689

The following table presents, as at 31 December 2024, the interest rates adopted in the calculation of the interest rate curve of the major currencies, namely Euro, United States Dollar, Pound Sterling, Swiss Franc and Yen, used to determine the fair value of financial assets and liabilities of the Group:

	Currencies				
	Euro	United States Dollar	Pound Sterling	Swiss Franc	Yen
1 day	2.9800	4.4500	4.8700	0.4200	0.0500
7 days	2.9106	4.4436	4.8600	0.3900	0.1700
1 month	2.9124	4.4050	5.0300	0.3800	0.1700
2 months	2.7962	4.4150	4.9550	0.4100	-0.1200
3 months	2.6655	4.4350	4.9050	0.3650	0.1000
6 months	2.3838	4.4550	4.8500	0.2850	0.1900
9 months	2.2217	4.4750	4.7950	0.2850	0.3400
1 year	2.1230	4.5150	4.6950	0.3600	0.3800
2 years	1.9850	4.5049	4.6411	0.0810	0.3795
3 years	1.9940	4.4948	4.6411	0.1485	0.3795
5 years	2.0615	4.4745	4.6411	0.2475	0.3795
7 years	2.1305	4.4542	4.6411	0.3415	0.3795
10 years	2.2265	4.4238	4.6411	0.4580	0.3795
15 years	2.3365	4.4029	4.6411	0.5775	0.3795
20 years	2.3165	4.4020	4.6411	0.5775	0.3795
30 years	2.1625	4.2130	4.6411	0.5775	0.3795

Exchange rates and volatility

We present below the exchange rates (European Central Bank) as at the balance sheet date and the implied volatilities (at the Money) for the main currency pairs used in the valuation of derivatives:

Exchange rates	Volatility (%)						
	Jun 2025	Dec 2024	1 month	3 months	6 months	9 months	1 year
EUR/USD	1.1720	1.0389	8.6750	8.2880	8.0900	7.9950	7.9630
EUR/GBP	0.8555	0.8291	4.7350	5.0080	5.3020	5.4400	5.6150
EUR/CHF	0.9347	0.9412	5.9430	6.0280	6.1700	6.2000	6.2500
EUR/JPY	169.17	163.06	8.39	8.71	9.18	9.45	9.68

Regarding exchange rates, the Group uses in its valuation models the spot rate observed in the market at the time of the valuation.

The fair value of the financial assets and liabilities of the Group, as at 30 June 2025 and 31 December 2024, is presented as follows:

	(Euro thousand)				
	Jun 2025				
	At fair value through profit or loss	At fair value through reserves	Amortized cost	Book value	Fair value
Financial Assets					
Cash and deposits at central banks	-	-	1 691 166	1 691 166	1 691 166
Loans and deposits to credit institutions payable on demand	-	-	58 951	58 951	58 951
Other loans and advances to credit institutions	-	-	199 814	199 814	199 814
Loans and advances to customers	658	-	12 348 109	12 348 767	12 690 485
Financial assets held for trading	38 178	-	-	38 178	38 178
Financial assets at fair value through profit or loss	101 035	-	-	101 035	101 035
Financial assets at fair value through other comprehensive income	-	344 151	-	344 151	344 151
Hedging derivatives	10 699	-	-	10 699	10 699
Other financial assets at amortized cost	-	-	3 587 782	3 587 782	3 160 629
	<u>150 570</u>	<u>344 151</u>	<u>17 885 822</u>	<u>18 380 543</u>	<u>18 295 108</u>
Financial liabilities					
Deposits from other credit institutions	-	-	587 631	587 631	560 349
Deposits from customers	-	-	15 589 928	15 589 928	15 594 082
Debt securities issued	-	-	710 266	710 266	716 330
Financial liabilities held for trading	6 951	-	-	6 951	6 951
Hedging derivatives	30 472	-	-	30 472	30 472
Other subordinated debt	-	-	261 779	261 779	284 607
	<u>37 423</u>	<u>-</u>	<u>17 149 604</u>	<u>17 187 027</u>	<u>17 192 791</u>

(Euro thousand)

	Dec 2024				
	At fair value through profit or loss	At fair value through reserves	Amortized cost	Book value	Fair value
Financial Assets					
Cash and deposits at central banks	-	-	1 474 538	1 474 538	1 474 538
Loans and deposits to credit institutions payable on demand	-	-	49 769	49 769	49 769
Other loans and advances to credit institutions	-	-	138 230	138 230	138 230
Loans and advances to customers	723	-	11 944 282	11 945 005	12 426 343
Financial assets held for trading	26 843	-	-	26 843	26 843
Financial assets at fair value through profit or loss	102 683	-	-	102 683	102 683
Financial assets at fair value through other comprehensive income	-	304 479	-	304 479	304 479
Hedging derivatives	30 257	-	-	30 257	30 257
Other financial assets at amortized cost	-	-	3 473 704	3 473 704	3 221 417
	<u>160 506</u>	<u>304 479</u>	<u>17 080 523</u>	<u>17 545 508</u>	<u>17 774 559</u>
Financial liabilities					
Deposits from other credit institutions	-	-	607 296	607 296	576 606
Deposits from customers	99 533	-	14 859 272	14 958 805	14 952 465
Debt securities issued	-	-	588 376	588 376	585 735
Financial liabilities held for trading	11 202	-	-	11 202	11 202
Hedging derivatives	27 037	-	-	27 037	27 037
Other subordinated debt	-	-	271 824	271 824	282 967
	<u>137 772</u>	<u>-</u>	<u>16 326 768</u>	<u>16 464 540</u>	<u>16 436 012</u>

The following table summarizes, by valuation levels, the fair value of the Group's financial assets and liabilities, as at 30 June 2025:

(Euro thousand)

	Jun 2025				
	Level 1	Level 2	Level 3	Financial instruments at cost	Fair value
Financial Assets					
Cash and deposits at central banks	1 691 166	-	-	-	1 691 166
Loans and deposits to credit institutions payable on demand	58 951	-	-	-	58 951
Other loans and advances to credit institutions	-	-	199 814	-	199 814
Loans and advances to customers	-	658	12 689 827	-	12 690 485
Financial assets held for trading	31 330	6 631	217	-	38 178
Financial assets at fair value through profit or loss	-	-	101 035	-	101 035
Financial assets at fair value through other comprehensive income	315 746	496	26 686	1 223	344 151
Hedging derivatives	10 699	-	-	-	10 699
Other financial assets at amortized cost	3 160 629	-	-	-	3 160 629
	<u>5 268 521</u>	<u>7 785</u>	<u>13 017 579</u>	<u>1 223</u>	<u>18 295 108</u>
Financial liabilities					
Deposits from other credit institutions	-	-	560 349	-	560 349
Deposits from customers	-	-	15 594 082	-	15 594 082
Debt securities issued	-	-	716 330	-	716 330
Financial liabilities held for trading	-	6 951	-	-	6 951
Hedging derivatives	-	30 472	-	-	30 472
Other subordinated debt	-	-	284 607	-	284 607
	<u>-</u>	<u>37 423</u>	<u>17 155 368</u>	<u>-</u>	<u>17 192 791</u>

The following table summarizes, by valuation levels, the fair value of the Group's financial assets and liabilities, as at 31 December 2024:

(Euro thousand)				
Dec 2024				
	Level 1	Level 2	Level 3	Financial instruments at cost
Fair value				
Financial Assets				
Cash and deposits at central banks	1 474 538	-	-	-
Loans and deposits to credit institutions payable on demand	49 769	-	-	-
Other loans and advances to credit institutions	-	-	138 230	-
Loans and advances to customers	-	723	12 425 620	-
Financial assets held for trading	14 085	12 366	392	-
Financial assets at fair value through profit or loss	-	-	102 683	-
Financial assets at fair value through other comprehensive income	276 381	557	26 254	1 287
Hedging derivatives	30 257	-	-	-
Other financial assets at amortized cost	3 221 417	-	-	-
	5 066 447	13 646	12 693 179	1 287
Financial liabilities				
Deposits from other credit institutions	-	-	576 606	-
Deposits from customers	-	99 533	14 852 932	-
Debt securities issued	-	-	585 735	-
Financial liabilities held for trading	-	11 202	-	-
Hedging derivatives	-	27 037	-	-
Other subordinated debt	-	-	282 967	-
	-	137 772	16 298 240	-

In the first half of 2025 and in financial year 2024, there were no transfers between levels of the fair value hierarchy.

As at 30 June 2025, for purposes of valuing the SIBS, Unicre and ABANCA shares, the Group maintained the assumptions disclosed in the financial statements as at 31 December 2024.

46 Post-employment and long-term employee benefits

Banco Montepio, in accordance with the accounting policy described in note 1 r), assumed the responsibility to pay their employees and members of the Management Bodies old-age and disability pensions and other benefits, with Montepio Crédito assuming like responsibility in respect of its employees.

In accordance with the same policy, Banco Montepio and Montepio Crédito calculate at least once a year, with reference to 31 December of each year, the liabilities with retirement pensions and other benefits. This also occurs whenever the changes substantiated on the main actuarial assumptions so determine.

Banco Montepio and Montepio Crédito's pension plan for employees covers liabilities for the retirement benefits provided for in the Collective Labour Agreement for the Banking Sector and is a complementary plan to the General Social Security System.

Under the Collective Labour Agreement ("ACT") for the Banking Sector, employees admitted after 1 January 1995 contribute with 5% of their monthly remuneration to the Pension Fund.

The existing pension plan corresponds to a defined benefit plan, since it defines the criteria determining the amount of pension that an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and remuneration.

The benefits provided by this pension plan are as follows:

- Retirement due to presumable disability (old age);
- Retirement due to disability; and

- Survival pension.

The respective beneficiaries are guaranteed all benefits, on the terms, conditions and values included in the pension plan in the quality of employees who at their retirement date are in the service of the Group, or as employees who had been permanent employees of Banco Montepio and of Montepio Crédito and at their retirement date meet all the enforceability requirements defined in the pension plan.

The pension provided by the Pension Fund is that corresponding to the employee's level at retirement and respective seniority payments, according to the salary scale applicable. In the case of employees entitled to a pension under the General Pension Fund (Caixa Geral de Aposentações ("CGA")) or the National Pensions Centre (Centro Nacional de Pensões ("CNP")), same shall be deducted from the pension guaranteed by the present pension plan.

In case of death of an active employee or a pensioner, the pension plan guarantees a survival pension calculated under the terms foreseen in the ACT applicable to Banco Montepio and to Montepio Crédito.

The Group's former employees, when attaining the situation of retirement due to old-age or disability, are entitled to a pension, to be paid by the Pension Fund, calculated as per the preceding paragraph and proportional to the time of service rendered to the Group.

Additionally, pursuant to the ACT, the pension plan guarantees the Social-Medical Assistance Services ("SAMS") costs and the death subsidy.

Banco Montepio and Montepio Crédito have no other mechanisms that ensure the coverage of liabilities assumed with old-age, disability and survival pensions, health benefits and death subsidy of their employees.

In December 2016, Banco Montepio and Montepio Crédito signed a new Collective Labour Agreement (ACT), introducing a number of changes in the employment benefits, such as the change in the retirement age, in line with the General Social Security System, and the attribution of an end-of-career award which replaced the extinguished seniority bonus.

As a result of the amendment to the ACT, the contributions to SAMS came to be made based on a fixed amount per employee and were, thus, no longer indexed to the remuneration.

The main actuarial assumptions used in calculating the liabilities are as follows:

	Assumptions	
	Jun 2025	Dec 2024
Financial assumptions		
Salary growth rate	2.5% in the first year, 2.0% in the second year and 1.0% in the nexts	2.5% in the first year, 2.0% in the second year and 1.0% in the nexts
Pension growth rate	2.0% in the first year, 1.5% in the second year and 0.75% in the nexts	2.0% in the first year, 1.5% in the second year and 0.75% in the nexts
Rate of return of the Fund	4.00%	3.55%
Discount rate	4.00%	3.55%
Revaluation rate		
Salary growth rate - Social Security	1.50%	1.50%
Pension growth rate	1.25%	1.25%
Demographic assumptions and valuation methods		
Mortality table		
Men	TV 88/90 -1 year	TV 88/90 -1 year
Women	TV 99/01 -2 years	TV 99/01 -2 years
Actuarial valuation method	UCP	UCP
UCP - Unit Credit Projected		

The assumptions used in calculating the present value of the liabilities are in accordance with the requirements defined by IAS 19. The determination of the discount rate considered: (i) the evolution of the main indices, for high-quality corporate bonds and (ii) duration of the liabilities. As at 30 June 2025, the average duration of the pension liabilities of the employees is 13.8 years (31 December 2024: 14.6 years), including both active employees and pensioners.

The participants in the pension plan have the following breakdown:

	(Euro thousand)	
	Jun 2025	Dec 2024
Active	2 531	2 549
Retirees and survivors	1 743	1 739
	4 274	4 288

The liabilities for pensions and other benefits and respective coverage levels are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Net assets/(liabilities) recognized in the balance sheet		
Liabilities with pension benefits		
Pensioners	(408 840)	(420 430)
Active	(276 156)	(300 361)
	<u>(684 996)</u>	<u>(720 791)</u>
Liabilities with healthcare benefits		
Pensioners	(26 775)	(28 338)
Active	(25 553)	(28 995)
	<u>(52 328)</u>	<u>(57 333)</u>
Liabilities with death benefits		
Pensioners	(2 004)	(2 077)
Active	(1 130)	(1 272)
	<u>(3 134)</u>	<u>(3 349)</u>
Total liabilities	<u>(740 458)</u>	<u>(781 473)</u>
Coverages		
Pension Fund value	813 183	823 415
Net assets/(liabilities) in the balance sheet	<u>72 725</u>	<u>41 942</u>
Accumulated actuarial remeasurements recognized in other comprehensive income	<u>188 134</u>	<u>222 159</u>

The amounts of Euro 72,725 thousand and Euro 41,942 thousand related to net assets and liabilities in the balance sheet as at 30 June 2025 and 31 December 2024, respectively, are reported under the caption Other assets, as presented in note 33.

The evolution of liabilities for retirement pensions, health benefits and death subsidy can be analysed as follows:

	Jun 2025				Dec 2024			
	Pension benefits	Healthcare benefits	Death benefits	Total	Pension benefits	Healthcare benefits	Death benefits	Total
Liabilities at the beginning of the period	720 791	57 333	3 349	781 473	703 906	55 203	3 193	762 302
Recognized in net income/(loss) (note 10)								
Current service cost	1 634	496	24	2 154	2 950	1 004	46	4 000
Interest cost	12 794	1 017	60	13 871	25 341	1 987	115	27 443
Early retirement, terminations by mutual agreement and others	2 134	-	-	2 134	4 511	-	-	4 511
Recognized in Equity (note 43)								
Actuarial gains /(losses)								
Changes in assumptions	(41 774)	(3 780)	(291)	(45 845)	6 173	1 092	85	7 350
Not related to Changes in assumptions	5 338	(2 738)	(8)	2 592	8 432	(1 953)	(90)	6 389
Other								
Pensions paid by the Fund	(16 740)	-	-	(16 740)	(32 307)	-	-	(32 307)
Pensions paid by Banco Montepio	(301)	-	-	(301)	(614)	-	-	(614)
Participant contributions	1 202	-	-	1 202	2 399	-	-	2 399
Other	(82)	-	-	(82)	-	-	-	-
Liabilities at the end of the period	<u>684 996</u>	<u>52 328</u>	<u>3 134</u>	<u>740 458</u>	<u>720 791</u>	<u>57 333</u>	<u>3 349</u>	<u>781 473</u>

The evolution of the Pension Fund's net asset value as at 30 June 2025 and 31 December 2024 can be analysed as follows:

	Jun 2025	Dec 2024
Value of the Fund at beginning of the period	823 415	812 730
Recognized in net income/(loss)		
Share of net interest	14 615	29 259
Recognized in equity		
Financial deviations	(9 227)	11 334
Other		
Participant contributions	1 202	2 399
Pensions paid by the Fund	(16 740)	(32 307)
Transfers	(82)	-
Fund's value at the end of the period	813 183	823 415

No additional contributions to the defined benefit plans are foreseen for the following financial year since it is expected that the Pension Fund's return will be sufficient to cover for the changes in the liabilities.

As at 30 June 2025 and 31 December 2024, the assets of the Pension Fund, split between quoted and unquoted, can be analysed as follows:

(Euro thousand)								
Jun 2025					Dec 2024			
Assets of the fund	%	Quoted	Unquoted		Assets of the fund	%	Quoted	Unquoted
Variable-income securities								
Shares	16 023	2.0	16 023	-	27 081	3.3	27 081	-
Shares investment funds	137 972	17.0	56 031	81 941	127 429	15.5	42 843	84 586
Bonds	567 373	69.8	522 337	45 036	586 149	71.2	542 045	44 104
Real estate	4 610	0.6	-	4 610	4 921	0.6	-	4 921
Real estate investment Funds	55 083	6.8	4 308	50 775	55 784	6.8	4 209	51 575
Venture capital Funds	3 546	0.4	-	3 546	3 420	0.4	-	3 420
Loans and advances to banks and other	28 576	3.5	-	28 576	18 631	2.3	-	18 631
	813 183	100.0	598 699	214 484	823 415	100.0	616 178	207 237

The assets of the Pension Fund related to securities, real estate and loans and advances to banks that are entities of the Group, are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Loans and advances in banks and other	17 231	6 690
Real estate	4 610	4 921
	21 841	11 611

The evolution of the remeasurements in the balance sheet are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Actuarial gains/(losses) at the beginning of the period	222 159	219 754
Actuarial gains/(losses) in the financial period		
Changes in discount rate	(45 845)	4 816
Payroll update	-	2 370
Pension growth rate update	-	4 553
Deviation on the Pension Fund return	9 228	(11 334)
Resulting from changes in plan conditions	-	(4 389)
Other	2 592	6 389
Actuarial gains/(losses) recognized in other comprehensive income	<u>188 134</u>	<u>222 159</u>

The costs with retirement pensions, health benefits and death subsidy are analysed as follows:

	(Euro thousand)	
	Jun 2025	Jun 2024
Current service cost	2 154	2 045
Net interest income/(expense) on the liabilities coverage balance	(744)	(908)
Costs with early retirement, mutually agreed termination and other	2 134	(38)
Costs for the period	<u>3 544</u>	<u>1 099</u>

The evolution of net assets/(liabilities) in the balance sheet, as at 30 June 2025 and 31 December 2024, is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
At the beginning of the period	41 942	50 428
Current service cost	(2 154)	(4 000)
Net interest income/(expense) on the liabilities coverage balance	744	1 816
Actuarial gains/(losses)	43 253	(13 739)
Financial gains/(losses)	(9 228)	11 334
Pensions paid by Banco Montepio	302	614
Early retirement, mutually agreed terminations and others	(2 134)	(4 511)
At the end of the period	<u>72 725</u>	<u>41 942</u>

The actuarial assumptions have a significant impact on the liabilities for pensions and other benefits. Thus, a sensitivity analysis was performed to positive and negative changes in some of the actuarial assumptions with the purpose of calculating the effect on the value of pension liabilities.

As at 30 June 2025 and 31 December 2024, the impact of these changes is analysed as follows:

	(Euro thousand)			
	Jun 2025			
	Liabilities			
	Increase 0.5 p.p.	Decrease 0.5 p.p.	Increase 1.0 p.p.	Decrease 1.0 p.p.
Discount rate	(44 547)	45 548	(86 718)	90 300
Salary growth rate	27 601	(25 114)	53 702	(51 183)
Pension growth rate	41 161	(38 145)	80 134	(77 814)

	(Euro thousand)			
	Dec 2024			
	Liabilities			
	Increase 0.5	Decrease 0.5	Increase 1.0	Decrease 1.0
	p.p.	p.p.	p.p.	p.p.
Discount rate	(47 014)	48 071	(91 521)	95 302
Salary growth rate	29 130	(26 505)	56 676	(54 018)
Pension growth rate	43 441	(40 258)	84 573	(82 124)

	(Euro thousand)			
	Jun 2025		Dec 2024	
	Liabilities			
	Reduction in life expectancy by 1 year	Increased life expectancy by 1 year	Reduction in life expectancy by 1 year	Increased life expectancy by 1 year
Future mortality	(18 437)	18 223	(19 459)	19 233

	(Euro thousand)			
	Jun 2025		Dec 2024	
	Liabilities			
	€5 reduction	€5 increased	€5 reduction	€5 increased
Contribution to SAMS	(2 294)	2 294	(2 421)	2 421

In accordance with the accounting policy described in note 1 r) and as per note 39, as at 30 June 2025, the cost associated with end-of-career awards amounted to Euro 3,278 thousand (31 December 2024: Euro 3,152 thousand).

47 Assets under management

In accordance with the legislation in force, the fund management companies, and the depositary bank are jointly liable before the participants of the funds for the non-fulfilment of the obligations assumed under law and the regulations of the funds managed.

As at 30 June 2025 and 31 December 2024, the amount of the funds for which the Group acts as depositary bank is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Securities Investment Funds	493 431	397 238
Real estate Investment Funds	851 471	806 068
Pension Funds	359 316	335 435
Bank and insurance	20 211	20 771
	1 724 428	1 559 513

The amounts recognized in these captions are measured at fair value determined as at the balance sheet date.

48 Related parties

As defined in IAS 24, the companies detailed in note 55, the Pension Fund, the members of the Corporate, Management and Supervisory Bodies and the key management personnel are considered related parties of the Group. In addition to the members of the Corporate, Management and Supervisory Bodies and the key management personnel, their family and entities controlled by them or in which management they have significant influence are also considered related parties.

According to Portuguese law, namely under article 85 of the Legal Framework of Credit Institutions and Financial Companies (“RGICSF”), the shareholders of Banco Montepio, as well as individuals related to them and entities controlled by them or in which management they have significant influence are also considered related parties.

The Group's first-line managers are considered Other key management personnel.

In operations carried out between Banco Montepio Group entities that are in a situation of special relationships, terms and conditions are contracted, accepted and practiced substantially identical to those that would normally be contracted, accepted and practiced between independent entities in comparable operations, that is, at market prices.

On this basis, with reference to 30 June 2025, the list of related parties considered by Banco Montepio is presented as follows:

Majority shareholder

Montepio Geral Associação Mutualista

Board of Directors
Chairman of the Board of Directors

Manuel Ferreira Teixeira

Non-executive members

Clementina Barroso

Eugénio Luís Baptista

Florbelá Lima

Maria Cândida Peixoto

Maria Lúcia Bica

Executive Committee
Chief Executive Officer

Pedro Leitão

Executive members

Ângela Barros

Helena Soares de Moura

Isabel Silva

Jorge Baião

José Carlos Mateus

Audit Committee
Chair of the Audit Committee

Clementina Barroso

Members

Florbelá Lima

Maria Cândida Peixoto

Maria Lúcia Bica

Board of Directors of
Other Related Parties

Alípio Dias

Ana Sá Couto

Edite Cheira

Fernando Amaro

Idália Serrão

Jaquelina Rodrigues

João Carvalho das Neves

Licínio Santos

Luís Pinheiro

Manuel Baptista

Paulo Jorge Rodrigues

Pedro Araújo

Pedro Ribeiro

Rui Gama

Rui Heitor

Virgílio Lima

Other Key Management
Personnel

Alexandra Ponciano

Alexandra Quirino Silva

Alexandra Rolo

António Carlos Machado

António Costa

António Figueiredo Lopes

António Longo

Armando Cardoso

Bráulio Silva

Bruno Magalhães

Cláudia Monteiro

Daniel Caçador

Fabienne Lehuédé

Fernanda Correia

Fernando Teixeira

Filipe Guimarães Cizeron

Frederico Tomáz

Joana Correia

Jorge Barros Luís

Jorge Dourado

Luís Montanha Rebelo

Manuel Castanho

Maria Antónia Saldanha

Miguel Esteves

Miguel Gomes da Silva

Miguel Oliveira

Mónica Araújo

Nuno Cavilhas

Nuno Soares

Patrícia Fernandes

Patrícia Medeiros

Paula Pinheiro

Paula Viegas

Paulo Amorim

Paulo Soares

Paulo Trindade

Pedro Miguel Mendes

Pedro Oliveira

Pedro Pessoa Fragoso

Pedro Pires

Ricardo Domingos Chorão

Ricardo Sarmento

Ricardo Silva Ribeiro

Rita Santos

Rui Jorge Santos

Sanguini Shirish

Sara Candeias

Tânia Madeira

Other Related parties

Bem Comum, Sociedade de Capital de Risco, S.A.

Bolsimo - Gestão de Activos, S.A.

CESource, A.C.E.

Empresa Gestora de Imóveis da Rua do Prior, S.A.

Fundação Carlos Larroudé

Fundação Montepio Geral

Fundo de Pensões - Montepio Geral

Futuro – Sociedade Gestora de Fundos de Pensões, S.A.

HTA – Hotéis, Turismo e Animação dos Açores, S.A.

Lusitania Vida, Companhia de Seguros, S.A.

Lusitania, Companhia de Seguros, S.A.

Moçambique, Companhia de Seguros, S.A.

Montepio Gestão de Activos – Sociedade Gestora de Organismos de Investimento Coletivo, S.A.

Montepio Residências para Estudantes, S.A.

Residências Montepio, Serviços de Saúde, S.A.

SILVIP – Sociedade Gestora de Organismos de Investimento Coletivo, S.A.

As at 30 June 2025, the assets held by the Group in respect of related parties, pursuant to article 109, represented or not by securities, included in the captions Loans and advances to customers, Impairment of loans and advances to customers, Financial assets at fair value through other comprehensive income, Impairment of financial assets at fair value through other comprehensive income, Other assets and Guarantees and commitments assumed, are presented as follows:

	Jun 2025						(Euro thousand)
	Loans and advances to customers	Impairment of loans and advances to customers	Financial assets at fair value through other comprehensive income	Impairment of financial assets at fair value through other comprehensive income	Other assets	Guarantees and commitments provided	Total
Companies							
Board of Directors	71	-	-	-	-	-	71
Board of Directors of Other Related Parties	591	1	-	-	-	-	590
Other Key Management Personnel	3 060	1	-	-	-	-	3 059
CESource, A.C.E.	-	-	-	-	67	-	67
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	-	-	-	-	709	-	709
Lusitania Vida, Companhia de Seguros, S.A.	-	-	-	-	5	-	5
Lusitania, Companhia de Seguros, S.A.	1	-	2 369	323	436	-	2 483
Moçambique Companhia de Seguros, S.A.R.L.	-	-	358	-	-	-	358
Montepio Geral Associação Mutualista	2	-	-	-	4 482	49	4 533
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	-	1	-	88	-	89
Residências Montepio, Serviços de Saúde, S.A.	943	3	-	-	21	230	1 191
	4 668	5	2 728	323	5 808	279	13 155

As at 31 December 2024, the assets held by the Group in respect of related parties, pursuant to article 109, represented or not by securities, included in the captions Loans and advances to customers, Impairment of loans and advances to customers, Financial assets at fair value through other comprehensive income, Impairment of financial assets at fair value through other comprehensive income, Other assets, Guarantees and commitments assumed and Provisions of guarantees and commitments assumed, are presented as follows:

	(Euro thousand)							
	Dec 2024							
Companies	Loans and advances to customers	Impairment of loans and advances to customers	Financial assets at fair value through other comprehensive income	Impairment of financial assets at fair value through other comprehensive income	Other assets	Garantees and commitments provided	Provisions for guarantees and commitments assumed	Total
Board of Directors	73	-	-	-	-	-	-	73
Board of Directors of Other Related Parties	620	1	-	-	-	-	-	619
Other Key Management Personnel	2 534	7	-	-	-	-	-	2 527
CESource, A.C.E.	-	-	-	-	67	-	-	67
Lusitania, Companhia de Seguros, S.A.	4	-	1 839	251	22	-	-	1 614
Moçambique Companhia de Seguros, S.A.R.L.	-	-	375	-	-	-	-	375
Montepio Geral Associação Mutualista	4	1	-	-	2 811	49	-	2 863
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	1	-	1	-	97	-	-	99
Residências Montepio, Serviços de Saúde, S.A.	543	3	-	-	11	750	1	1 300
	3 779	12	2 215	251	3 008	799	1	9 537

As at 30 June 2025, the Group's liabilities in respect of related parties, pursuant to article 109, included in the captions Deposits from customers, Debt securities issued and Other subordinated debt, are analysed as follows:

	(Euro thousand)		
	Jun 2025		
Companies	Deposits from customers	Debt securities issued and Other subordinated liabilities	Total
Board of Directors	1 240	-	1 240
Board of Directors of Other Related Parties	995	-	995
Other Key Management Personnel	2 400	-	2 400
Bolsimo - Gestão de Activos, S.A.	1 446	-	1 446
Empresa Gestora de Imóveis da Rua do Prior S.A	214	-	214
Fundação Carlos Larroudé	12	-	12
Fundação Montepio Geral	3 501	-	3 501
Fundo de Pensões - Montepio Geral	16 729	500	17 229
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	3 248	-	3 248
H.T.A. - Hotéis, Turismo e Animação dos Açores, S.A.	62	-	62
Lusitania Vida, Companhia de Seguros, S.A.	3 977	-	3 977
Lusitania, Companhia de Seguros, S.A.	2 293	-	2 293
Montepio Geral Associação Mutualista	218 077	132 230	350 307
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	7 436	-	7 436
Montepio Residências para Estudantes, S.A:	863	-	863
Residências Montepio, Serviços de Saúde, S.A.	1 178	-	1 178
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	3 187	-	3 187
	266 858	132 730	399 588

As at 31 December 2024, the Group's liabilities in respect of related parties, pursuant to article 109, included in the captions Deposits from customers, Debt securities issued and Other subordinated debt, are analysed as follows:

Companies	(Euro thousand)		
	Dec 2024		
	Deposits from customers	Debt securities issued and Other subordinated liabilities	Total
Board of Directors	1 059	-	1 059
Board of Directors of Other Related Parties	1 353	-	1 353
Other Key Management Personnel	2 339	-	2 339
Bolsimo - Gestão de Activos, S.A.	1 228	-	1 228
Empresa Gestora de Imóveis da Rua do Prior S.A	377	-	377
Fundação Montepio Geral	3 122	-	3 122
Fundo de Pensões - Montepio Geral	6 195	3 100	9 295
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	2 113	-	2 113
H.T.A. - Hotéis, Turismo e Animação dos Açores, S.A.	28	-	28
Lusitania Vida, Companhia de Seguros, S.A.	15 003	-	15 003
Lusitania, Companhia de Seguros, S.A.	6 965	-	6 965
Montepio Geral Associação Mutualista	113 007	137 569	250 576
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	8 468	-	8 468
Montepio Residências para Estudantes, S.A:	783	-	783
Residências Montepio, Serviços de Saúde, S.A.	1 426	-	1 426
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	3 318	-	3 318
Sociedade Portuguesa de Administrações, S.A.	972	-	972
	<u>167 756</u>	<u>140 669</u>	<u>308 425</u>

As at 30 June 2025, the Group's income and expenses with related parties, pursuant to article 109, included in the captions Interest and similar income, Interest and similar expense, Net fee and commission income, Staff costs, Other operating income/(expense) and General and administrative expenses, are analysed as follows:

Companies	(Euro thousand)					
	Jun 2025					
	Interest and similar income	Interest and similar expenses	Net fee and commission income/(expense)	Staff costs	Other operating income/(expense)	General administrative expenses
Board of Directors	1	6	1	-	-	-
Board of Directors of Other Related Parties	8	6	1	-	-	-
Other Related Parties	33	14	2	-	-	-
Bolsimo -Gestão de Activos, S.A.	-	8	14	-	-	154
CESource, A.C.E.	-	-	-	(119)	-	-
Empresa Gestora de Imóveis da Rua do Prior S.A	-	-	-	-	-	-
Fundação Montepio Geral	-	20	-	-	-	-
Fundo de Pensões - Montepio Geral	-	142	-	-	-	-
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	-	35	1 422	-	22	-
H.T.A. - Hoteis, Turismo e Animação dos Açores, S.A.	-	-	1	-	-	-
Lusitania Vida, Companhia de Seguros, S.A.	-	38	2 261	(33)	-	-
Lusitania, Companhia de Seguros, S.A.	-	14	2 485	583	(24)	338
Montepio Geral Associação Mutualista	-	5 673	1 719	(4 647)	254	1 027
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	96	1 175	(396)	51	-
Montepio Gestão de Activos Imobiliários, A.C.E. - Em Liquidação	-	-	-	-	-	-
Montepio Residências para Estudantes, S.A.	-	8	-	-	-	-
Residências Montepio, Serviços de Saúde, S.A.	30	7	11	(64)	-	-
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	38	-	-	-	-
	<u>72</u>	<u>6 105</u>	<u>9 092</u>	<u>(4 676)</u>	<u>303</u>	<u>1 519</u>

As at 30 June 2024, the Group's income and expenses with related parties, pursuant to article 109, included in the captions Interest and similar income, Interest and similar expense, Net fee and commission income, Staff costs, Other operating income/(expense) and General and administrative expenses, are analysed as follows:

(Euro thousand)						
Jun 2024						
Companies	Interest and similar income	Interest and similar expenses	Net fee and comission income/ (expense)	Staff costs	Other operating income/ (expense)	General administrative expenses
Board of Directors	1	5	1	-	-	-
Board of Directors of Other Related Parties	22	20	2	-	-	-
Other Related Parties	42	26	2	-	-	-
Bolsimo -Gestão de Activos, S.A.	-	4	4	-	-	160
CESource, A.C.E.	-	-	-	(110)	-	-
Empresa Gestora de Imóveis da Rua do Prior S.A	-	7	-	-	-	-
Fundação Montepio Geral	-	20	-	-	-	-
Fundo de Pensões - Montepio Geral	-	164	-	-	-	-
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	-	23	1 268	-	-	-
GreenVolt - Energias Renováveis, S.A.	1 503	4	17	-	-	-
H.T.A. - Hotéis, Turismo e Animação dos Açores, S.A.	-	-	1	-	-	-
Lusitania Vida, Companhia de Seguros, S.A.	-	87	3 001	-	(2)	-
Lusitania, Companhia de Seguros, S.A.	-	177	2 537	-	(33)	-
Montepio Geral Associação Mutualista	1	8 300	1 400	(8 050)	71	1 046
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	109	791	(333)	51	-
Montepio Gestão de Activos Imobiliários, A.C.E. - Em Liquidação	-	-	-	-	132	-
Montepio Residências para Estudantes, S.A.	-	8	-	-	-	-
NovaCâmbios - Instituição de Pagamento, S.A.	17	1	20	-	4	-
Residências Montepio, Serviços de Saúde, S.A.	59	4	8	(62)	-	-
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	53	-	-	-	-
Sociedade Portuguesa de Administrações, S. A.	-	4	-	-	-	-
	1 645	9 016	9 052	(8 555)	223	1 206

In the first half of 2025 and financial year 2024, there were no transactions with the Group's Pension Fund.

49 Securitization of assets

As at 30 June 2025, there was a live securitization operation, originated by Banco Montepio and Montepio Crédito jointly, and which is characterized as presented below.

On 6 December 2021, Banco Montepio and Montepio Crédito signed contracts with Ares Lusitani – STC, S.A. leading to the securitization of a consumer loan portfolio. The securitization operation, with the name Pelican Finance no. 2, has a legal maturity of 13 years (25 January 2035), with the associated obligations having a Weighted Average Life of 2.76 years (assuming a CPR of 7.5%). The outstanding capital of the securitized loans (Aggregate Principal Amount Outstanding) was, on the reference date of 31 October 2021 (Portfolio Determination Date), Euro 356,774 thousand, this being a static portfolio, without revolving mechanisms. The sale was carried out using a syndicated public placement model, with class A being placed above par (100.606%) and the rest at par.

The entity that guarantees the debt service (servicer) of the traditional securitization operation is Banco Montepio, assuming the collection of the loans sold and channelling the amounts received to the respective Credit Securitization Company (Sociedade de Titularização de Créditos) (Pelican Finance no. 2).

The Group does not hold any direct or indirect shareholding in the company Ares Lusitani.

The loans covered by the securitization operation referred above were not derecognized from the balance sheet as the Group retained most of the risks and rewards associated with the securitized loans. If the Group

substantially transfers the risks and rewards associated with their holding, the securitization operations are derecognized.

As at 30 June 2025, the securitization operation realized by the Group is presented as follows:

					(Euro thousand)				
Issue	Settlement date	Currency	Asset transferred	Loans and advances		Securities issued			Third party amount *
				Initial amount	Current amount	Initial nominal amount	Current nominal amount		
Pelican Finance No.2	December 2021	euro	Mortgage loans	360 301	94 259	360 301	92 190		92 190
				360 301	94 259	360 301	92 190		92 190

* Includes nominal value, accrued interest and other adjustments.

In financial year 2024, the credit securitization operations Pelican Mortgages no. 3, Pelican Mortgages no. 4 and Aqua Mortgages no. 1 were liquidated.

As at 31 December 2024, the securitization operation realized by the Group is presented as follows:

					(Euro thousand)				
Issue	Settlement date	Currency	Asset transferred	Loans and advances		Securities issued			Third party amount *
				Initial amount	Current amount	Initial nominal amount	Current nominal amount		
Pelican Finance No.2	December 2021	euro	Mortgage loans	360 301	118 164	360 301	115 879		120 729
				360 301	118 164	360 301	115 879		120 729

* Includes nominal value, accrued interest and other adjustments.

Additionally, the detail of the securitized loans not derecognized, by securitization operation and contract nature, as at 30 June 2025 and 31 December 2024, is presented as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Domestic loans and advances			
Retail			
Consumer loans and other		92 660	116 812
Credit and overdue interest			
Less than 90 days		54	243
More than 90 days		1 545	1 109
		1 599	1 352
		94 259	118 164

As a form of financing, the securitization vehicle created (Pelican Finance no. 2) issued bonds the nominal value of which is detailed below, and which were partially subscribed in the case of Pelican Finance no. 2.

The bonds held by Banco Montepio or by entities integrated in the consolidation perimeter of the Banco Montepio Group ("Interests held by the Group") are eliminated in the consolidation process for which reason they are presented below for information purposes only.

As at 30 June 2025, the securities issued by the special purpose vehicles are analysed as follows:

Issue	Bonds	Initial nominal amount euros	Current nominal amount euros	Group's interest held (nominal amount) euros	Maturity	Rating (initial)		Rating (current)	
						Fitch	DBRS	Fitch	DBRS
Pelican Finance no 2	Class A	285 400 000	73 025 232	-	2035	AA-	AA	AA	AAH
	Class B	20 700 000	5 296 504	-	2035	A	A	A	AH
	Class C	17 500 000	4 477 721	-	2035	BBB+	BBB	BBB+	BBBH
	Class D	19 300 000	4 938 286	-	2035	BB+	BH	BB+	BB
	Class E	17 400 000	4 452 134	-	2035	n.a.	n.a.	n.a.	n.a.
	Class X	1 000	1	1	2035	n.a.	n.a.	n.a.	n.a.

As at 31 December 2024, the securities issued by the special purpose vehicles are analysed as follows:

Issue	Bonds	Initial nominal amount euros	Current nominal amount euros	held (nominal amount) euros	Maturity	Rating (initial)		Rating (current)	
						Fitch	DBRS	Fitch	DBRS
Pelican Finance no 2	Class A	285 400 000	91 789 762	-	2035	AA-	AA	AA	AAH
	Class B	20 700 000	6 657 491	-	2035	A	A	A	AH
	Class C	17 500 000	5 628 314	-	2035	BBB+	BBB	BBB+	BBBH
	Class D	19 300 000	6 207 226	-	2035	BB+	BH	BB+	BB
	Class E	17 400 000	5 596 152	-	2035	n.a.	n.a.	n.a.	n.a.
	Class X	1 000	1	1	2035	n.a.	n.a.	n.a.	n.a.

Synthetic securitizations

On 21 December 2022, the Group carried out an operation that configures a synthetic securitization structure, based on a portfolio of loans to individuals with mortgage guarantee. As this is a synthetic operation, it does not entail any assignment of loans, being based on the contracting of a financial guarantee that focuses on the mezzanine component of the operation, with Banco Montepio maintaining exposure to the senior, junior and Synthetic Excess Spread components. The mezzanine risk of the operation is thus assumed by market counterparties, in this manner substantiating the significant transfer of risk, with reference to the underlying portfolio, and promoting its prudential derecognition. The securitization in question was structured in such a way that it could be categorized as Simple, Transparent and Standardized (STS), with same being attested by Prime Collateralized Securities (PCS). Since this is a collateralized operation, the structuring resorts to the use of a Special Purpose Vehicle (SPV) established for the purpose in Ireland. This SPV is not subject to consolidation by Banco Montepio. The legal maturity date of the operation is 29 December 2050, and the respective amount is Euro 535,022 thousand as at 30 June 2025 (31 December 2024: Euro 573,689 thousand).

On 31 May 2023, the Group carried out an operation that configures a synthetic securitization structure, based on a portfolio of loans to individuals with mortgage guarantee. As this is a synthetic operation, it does not entail any assignment of loans, being based on the contracting of a financial guarantee that focuses on the mezzanine component of the operation, with Banco Montepio maintaining exposure to the senior, junior and Synthetic Excess Spread components. The mezzanine risk of the operation is thus assumed by market counterparties, in this manner substantiating the significant transfer of risk, with reference to the underlying portfolio, and promoting its prudential derecognition. This new securitization is of a non-collateralized nature, having no recourse to an SPV or equivalent, thus not configuring a Simple, Transparent and Standardized (STS) operation. The legal maturity date of the operation is 4 February 2066, and the respective amount is Euro 639,304 thousand as at 30 June 2025 (31 December 2024: Euro 671,444 thousand).

The operations in question are aimed at strengthening the CET1 ratio, not generating any increase in liquidity, with only the prudential effects being captured. In these operations there was no sale of loans to third parties, with there being no transfer of collections.

With these operations, the Group reduced the risk-weighted assets (RWAs) associated with the loan and advances to customers' portfolio without, however, the accounting derecognition of the financial assets. Thus,

as most of the risks and benefits associated with the loans in question were not transferred, the financial assets' derecognition criteria defined in the accounting policy presented in 1 c.9.) above are not met.

50 Balance Sheet and Income Statement indicators by operational and geographic segments

The segmental reporting is presented in accordance with IFRS 8. In compliance with the Group's management model, the disclosed segments correspond to the segments used for management purposes by the Board of Directors. The Group develops banking and financial services activities with a special focus on the domestic market through the following business segments: Retail, Social Economy, and Corporate and Investment Banking.

Products and services include the entire offer inherent in the universal banking activity, namely deposit taking, credit concession and the provision of financial and custodianship services to Companies and Individuals, as well as the trading of investment funds and life and non-life insurance. Additionally, the Group executes short, medium- and long-term investments in the financial and currency markets to take advantage of price variations or as a mean to obtain returns on its available financial resources.

As at 30 June 2025, the Banco Montepio Group had a domestic network of 224 branches (31 December 2024: 225 branches).

The information by operating segments as at 30 June 2025 reflects the organizational and management model of the Banco Montepio Group, which follows the approved strategic guidance. The control over the performance of the activities carried out by the Group follows the allocation between the operating segments, with the respective management information considering the accounting policies underlying the preparation of the financial statements, as well as the internal management criteria. It is the responsibility of the Strategic Planning and Control Directorate to develop, produce and report management information related to the performance of the various operating segments and the respective control in relation to the objectives defined, reporting hierarchically to the Chief Financial Officer (CFO). The Executive Committee monitors the performance of the operating segments of the internal organizational model in a timely manner, as well as that of the respective budgetary control. The management information is reported to the Executive Committee and to the Board of Directors according to the model established, as well as to the competent organic units.

In evaluating the performance by business area, the Group considers the following operating segments:

- 1) Retail Banking, which includes the sub segments of Individuals, Self-employed Individuals, Small and Medium Enterprises allocated to this segment and Micro businesses;
- 2) Social Economy, which incorporates the customers allocated to the Social Economy and Public Sector business areas;
- 3) Specialized credit, which includes the consumer credit business primarily developed by the subsidiary Montepio Crédito;
- 4) Corporate and Investment Banking, which includes the Large Companies, the Small and Medium Enterprises allocated to this segment and the Financial Institutions, as well as the activity developed in the Investment Banking area;
- 5) Markets, which includes the operations related to the Own Securities' Portfolio, the Loans and Advances to Credit Institutions and Wholesale Funding;
- 6) Non-core, which includes the operations related to the management of real estate held for trading and of non-performing loans; and

- 7) Other segments, which group the operations not included in the other segments. Each segment is allocated the Group's structures that are directly or indirectly dedicated to same, as well as the autonomous units of the Group which activity is also imputed.

Description of the operating segments

On a consolidated basis, each of the reportable segments includes income and costs related to the following activities, products, customers, and Group structures:

Retail Banking

This operating segment corresponds to all the activity developed by the Group in Portugal with Individuals, Self-employed Individuals, Small and Medium Enterprises allocated to this segment and micro businesses, commercially designated as the Individuals and Small Businesses segment, fundamentally originated by the branch network, electronic channels and promotor network. The financial information of this segment includes, among others, products and services, such as mortgage loans, individual and consumer credit, credit to Companies of the Retail segment, demand and term deposits and other savings applications, retirement solutions products, namely PPRs, debit and credit cards, account management and electronic payment services, and investment fund placement, securities' trading and custodianship services, as well as insurance brokerage and non-financial services.

Social Economy

This operating segment reinforces the Group's role while agent of reference of the Social Economy, in the market and with the different stakeholders, incorporating the activity related to the Social Economy and Public Sector business areas.

Specialized Credit

This operating segment highlights one of the cornerstones of the Strategic Program, reflecting the focus on consumer credit. This segment reflects the activity developed by Montepio Crédito.

Corporate and Investment Banking

This operating segment includes the activity developed by the Group with Small, Medium and Large companies, through the commercial structure dedicated to this segment. It also includes the institutional customers' business, namely the financial sector. Of note among the products and services provided are treasury and investment financing, commercial discounting, provision of guarantees, leasing, factoring, renting, foreign operations, such as documentary credits, cheques and remittances, deposits, payment and reception services, cards, as well as custodianship services.

The Corporate Banking business includes the Corporate segment in Portugal which operates, in the scope of the Group's cross-selling strategy, as a distribution channel for products and services of other Group Companies.

In addition, this operating segment includes the activity developed in the Investment Banking area by Banco de Empresas Montepio ("BEM") until 28 November 2023, date on which this activity was transferred to Banco Montepio.

Markets

This segment includes the operations related to the Own Securities' Portfolio, the Loans and Advances to Credit Institutions and Wholesale Funding.

Non-core

This segment includes operations related to the management of properties held for trading and non-performing loans.

Other segments

This segment includes all the support activity developed in respect of the main activities constituting the core business of the segments mentioned above. The interest rate, foreign exchange, liquidity and other risks, excluding credit risk, are imputed to this segment.

Allocation criteria of the results to the segments

The consolidated financial information presented for each segment was prepared in accordance with the criteria followed for the preparation of internal information on which decisions are made in the Group, as required by IFRS 8 – Operating Segments.

The accounting policies applied in the preparation of the financial information related to the operating segments are consistent with those used in the preparation of the financial statements, which are described in note 1, with the following principles having been adopted:

Measurement of segmental profit or loss

The Group uses the net income/(loss) as a measure of the profits or losses to evaluate the performance of each operating segment.

Autonomous operating units

As mentioned above, each autonomous operating unit is evaluated separately, as these units are considered investment centres. Additionally, considering the characteristics of the primary business developed by same, their assets, liabilities, income and expenses are included in the corresponding Operating Segments.

Group structures dedicated to the segment

The Group's activity covers practically all the operating segments and is, therefore, broken down accordingly.

In preparing the financial information, the following criteria are used:

- (i) The operations are allocated to each business segment in function of their origination by the commercial structures, even if, at a later date, and as an example, it is decided to securitize some of the assets originated in same;
- (ii) The calculation of the net interest income is performed considering the business negotiated with customers and other counterparties recognized in each one of the segments, taking into account the respective associated interest rates. In addition, the Group applies a liquidity premium, previously defined and subject to periodic review, related to the activity of raising funds and financing between business areas;
- (iii) The determination of the net interest income also considers the impact of the transfer of the assets and liabilities of each product/segment to a pool, which balances these and adjusts the respective interest, considering the market interest rates at each moment, namely, Euribor for the different periods;
- (iv) The allocation of the direct costs of the respective structures dedicated to each segment;
- (v) The imputation of the indirect costs (central support and IT services), in function of previously defined criteria;
- (vi) The allocation of credit risk is performed in accordance with the impairment model used by the Group; and
- (vii) The imputation of the tax burden to the operating segments results from the application of the marginal tax rate of 28.9% to the profit before tax, with the remainder of the tax amount recognized in the income statement being allocated to the other segments.

Operations between the legally autonomous units of the Group are realized at market prices. The price of intersegment services, namely the prices established for internal funding, is determined by the adjustment system through the above-mentioned pool (with prices varying in accordance with the strategic relevance of

the product and the equilibrium of the structures funding and lending functions). The remaining services are allocated to the segments in accordance with predefined criteria.

The interest rate, exchange rate, liquidity and other risks, except for credit risk, are included in the segment Other Segments.

Interest and similar income/expense

Since the Group's consolidated activity is, essentially, related to the banking business, the greater part of the income generated results from the difference between the interest earned on its assets and the interest borne with the funding it secures. This situation, and the fact that the activity of the segments represents the direct business developed by the business units for each product, means that the revenue of the intermediation activity is presented, as permitted by IFRS 8 (23), at the net interest value under the designation of Net Interest Income.

Investments presented according to the equity method

Investments in associates presented according to the equity method are included in the segment designated Operations of other Segments.

Non-current assets

Non-current assets, according to IFRS 8, include Other Tangible Assets and Intangible Assets. The Group includes these assets in the segment in which they are mostly used.

Assets and liabilities for post-employment benefits

Considering that the factors that influence both the amount of the liabilities and of the assets of the Group's Pension Fund correspond, fundamentally, to variables external to the management of each segment, the Group considers that said impacts should not influence the performance of the Operating Segments which activities are carried out with customers.

Restatement of previously reported information

Information relating to prior periods is restated whenever updates are observed in the Group's organizational and management model capable of altering the composition of the reportable segments (geographic and operational) or when there are relevant changes in the methodology for allocating indirect income and expenses, allowing to ensure the comparability of the information reported.

As at 30 June 2025, the reporting by operating segment, is presented as follows:

(Euro thousand)									
Banco Montepio - Consolidated									
	Commercial Banking				Investment Banking	Markets	Non-Core segments	Other segments	Total
	Retail	Social Economy	Specialized credit	Subtotal					
Interest and similar income	307 980	19 288	15 347	342 615	81 800	42 684	4 728	(171 191)	300 636
Interest and similar expense	153 858	11 785	11 763	177 406	43 616	32 987	2 827	(123 387)	133 449
NET INTEREST INCOME	154 122	7 503	3 584	165 209	38 184	9 697	1 901	(47 804)	167 187
Dividends from equity instruments	-	-	-	-	-	-	-	569	569
Net fee and commission income	53 639	1 222	2 441	57 302	9 463	-	202	(1 212)	65 755
Net gains/(losses) arising from financing operations	-	-	2 534	2 534	-	(2 580)	-	(5 690)	(5 736)
Other operating income/(expense)	347	(124)	(688)	(465)	(128)	(6 761)	9 842	(4 310)	(1 822)
OPERATING INCOME	208 108	8 601	7 871	224 580	47 519	356	11 945	(58 447)	225 953
Staff costs	28 784	1 346	3 970	34 100	3 779	1 702	1 959	38 298	79 838
General and administrative expenses	10 558	299	2 239	13 096	904	1 927	428	21 359	37 714
Depreciation and amortization	896	2	294	1 192	8	1	-	24 241	25 442
OPERACIONAL COSTS	40 238	1 647	6 503	48 388	4 691	3 630	2 387	83 898	142 994
Total provisions and impairment	(16 458)	1 510	497	(14 451)	(392)	133	14 353	(2 203)	(2 560)
Share of profit/(loss) of associated companies under the equity method	-	-	-	-	-	-	-	(349)	(349)
PROFIT/(LOSS) BEFORE TAX AND NON-CONTROLLING INTERESTS	184 328	5 444	871	190 643	43 220	(3 407)	(4 795)	(140 491)	85 170
Taxes	32 260	1 412	279	33 951	12 060	-	(31 589)	71	14 493
NET INCOME/LOSS	152 068	4 032	592	156 692	31 160	(3 407)	26 794	(140 562)	70 677
Assets	8 298 969	318 668	-	8 617 637	3 036 086	6 021 078	394 181	1 166 034	19 235 016
Liabilities	12 352 337	1 099 083	-	13 451 420	1 454 406	1 559 676	-	1 027 215	17 492 717
Investments in associated companies	-	-	-	-	-	4 178	-	-	4 178

The preparation of the segmental reporting follows the logic of the contribution to the consolidation, with the reportable segments excluding the respective intercompany balances, identified in note 48.

As at 30 June 2024, the reporting by operating segment, is presented as follows:

(Euro thousand)									
Banco Montepio - Consolidated									
	Commercial Banking				Investment Banking	Markets	Non-Core segments	Others segments	Total
	Retail	Social Economy	Specialized credit	Subtotal					
Interest and similar income	328 677	19 923	13 762	362 362	96 146	35 243	8 476	(150 915)	351 312
Interest and similar expense	182 339	12 927	16 571	211 837	53 174	45 299	5 420	(162 978)	152 752
NET INTEREST INCOME	146 338	6 996	(2 809)	150 525	42 972	(10 056)	3 056	12 063	198 560
Dividends from equity instruments	-	-	-	-	-	-	-	494	494
Net fee and commission income	52 369	1 226	1 487	55 082	8 846	629	775	(2 260)	63 072
Net gains/(losses) arising from financing operations	-	-	3 775	3 775	-	(21)	-	(3 750)	4
Other operating income/(expense)	262	(82)	(855)	(675)	(571)	(1 040)	4 644	(9 414)	(7 056)
OPERATING INCOME	198 969	8 140	1 598	208 707	51 247	(10 488)	8 475	(2 867)	255 074
Staff costs	30 200	1 448	3 580	35 228	3 904	1 821	2 229	34 257	77 439
General and administrative expenses	8 130	197	1 878	10 205	722	1 935	567	21 156	34 585
Depreciation and amortization	677	2	266	945	4	1	1	20 666	21 617
OPERACIONAL COSTS	39 007	1 647	5 724	46 378	4 630	3 757	2 797	76 079	133 641
Total provisions and impairment	(68)	(387)	216	(239)	(6 713)	942	21 544	(1 774)	13 760
Share of profit/(loss) of associated companies under the equity method	-	-	-	-	-	-	-	(334)	(334)
PROFIT/(LOSS) BEFORE TAX AND NON-CONTROLLING INTERESTS	160 030	6 880	(4 342)	162 568	53 330	(15 187)	(15 866)	(77 506)	107 339
Taxes	40 007	1 720	(774)	40 953	13 365	(3 845)	(3 696)	(8 174)	38 603
NET INCOME/LOSS	120 023	5 160	(3 568)	121 615	39 965	(11 342)	(12 170)	(69 332)	68 736
Assets	7 730 134	300 419	-	8 030 553	2 928 784	5 503 621	560 544	1 145 939	18 169 441
Liabilities	11 671 170	909 741	-	12 580 911	1 060 518	1 987 862	-	880 303	16 509 594
Investments in associated companies	-	-	-	-	-	3 673	-	-	3 673

As at 30 June 2025, the net contribution both to the income statement as well as to the balance sheet corresponds, in its entirety, to the domestic activity.

51 Risk management

Objectives of the Risk Management Policy

The Group is exposed to several risks the most relevant of which in the financial component being credit, concentration, market, interest rate, banking portfolio market, foreign currency, liquidity, real estate, and Pension Fund risks. Additionally, the Group is subject to other non-financial risks, namely operating, information and communication technologies, strategy and business risks as well as other emerging risks, namely Environmental, Social and Governance (ESG) risks of which the climatic risks stand out. Depending on the nature and relevance of the risk, plans, programs, or actions are designed, supported by information systems and procedures providing a high degree of reliability as regards risk management measures established in due course. For all risks identified as material, Banco Montepio has implemented a process for the identification and review of same, being subject to regular monitoring and mitigation actions in order to reduce the exposure to potential losses and to increase the soundness and resilience of the Group.

The control and the efficient management of risk play a key role in the balanced and sustained development of the Group. In addition to contributing to the optimization of the profitability/risk binomial of the various lines of business, they also ensure the maintenance of an adequate risk profile in terms of solvency and liquidity.

The monitoring of these risks is centralized in the Risk Directorate, the unit responsible for the Risk Management Function of the Group, which regularly informs the Management (elsewhere also "Board of Directors") and Supervisory bodies of the evolution of the risk profile of the institution and, if necessary, proposes risk exposure mitigation/reduction actions.

The Group's risk management policy is the responsibility of the Board of Directors, which defines the tolerance levels and maximum risk limits, for each specific risk considered materially relevant, in accordance with the defined strategic objectives and business plan, with this policy being reviewed regularly. It is also the responsibility of the Board of Directors to ensure the existence of an adequate risk control at Group level,

namely through the respective supervisory boards. The Risk Committee is a delegated non-executive body of the Board of Directors with the role of risk management supervision, which mission is to monitor the design and implementation of the risk strategy and risk appetite of the Group and to verify whether these are aligned with the sustainable strategy in the medium- and long-term, providing advice to the Board of Directors in these areas.

The Board of Directors, with the support of the Audit Committee (a supervisory body of Banco Montepio) must ensure that the Institution has sufficient capital to meet regulatory requirements and to guarantee the coverage of potential losses resulting from the activity, as well as an optimized balance sheet structure that ensures a stable and safe funding capacity and liquidity profile, allowing it to face stress situations and ensuring the continuity of its operations and the protection of its depositors and holders of non-subordinated debt.

The Group has clear and well-defined objectives in its strategic plan, namely as regards capital ratios, transformation of deposits into credit, liquidity, and financing ratios, in addition to a feasible and sustainable business model aligned with its risk appetite.

To this end, the definition of risk appetite is based on certain principles - namely solidity, sustainability and profitability – being prepared in function of the strategic plan and the intended market positioning, as well as the risks faced in its activity that are materially relevant. For these, objectives are set according to the desired level of return and the business strategy, tolerance levels, that is, risk variation intervals that can lead to discussions and decisions about corrective measures and limits that, if exceeded, lead to immediate corrective measures.

In defining risk appetite, the Board of Directors ensures its alignment with the other organizational components (business strategy and the global vectors of risk strategy). In addition, the Board of Directors seeks to ensure that risk appetite is well understood across the entire organization, especially the business units responsible for decision making and that can affect risk exposure and its monitoring.

The Group's Risk Management Policy is the norm that regulates the entire monitoring and control process of risk matters and densifies the activities to be developed by the Bank that assure the adequacy of internal and regulatory capital, considering the business strategy defined.

In order to ensure an effective management of the risks associated with the Group's activities, the Risk Directorate is responsible for promoting that all Group Companies implement risk management systems that are coherent with each other and in accordance with the requirements set forth in the Internal Regulation of the Banco Montepio Risk Management Function, in the Banco Montepio Group's Risk Management Policy and in the remaining applicable internal policies and regulations, without prejudice to the respective legal and regulatory framework. The Risk Directorate is responsible for monitoring the risk management activity of Group Companies, on a consolidated and individual basis, ensuring the consistency of the risk concepts used, the methodologies for risk identification, measurement and control, the supporting standards and respective risk profile monitoring processes, as well as the compliance with the applicable regulatory and prudential requirements, namely on a consolidated basis. These activities should be directly assured by the risk management functions of those entities, except in those cases where Banco Montepio's Board of Directors decides that the development of these responsibilities by Banco Montepio's Risk Directorate is more effective and efficient.

Credit risk

Credit Risk is the probability of negative impacts on results or capital, due to the inability of a counterparty to meet its financial commitments to the institution, including possible restrictions on the transfer of payments from abroad. Credit risk exists mainly in loan exposures (including secured), credit lines, guarantees and derivatives.

The credit risk management process is based on the existence of a solid process of credit analysis and decision, supported by several tools aiding the credit decision process. The quantification of credit risk is also

supported by the model used to calculate impairment losses (loss given default) and in the estimation of the regulatory and economic capital requirements (non-expected losses).

The fundamental principle of credit risk analysis is independence from the business decisions. In this analysis, instruments are used, and rules defined according to the materiality of the exposures, familiarity with the types of risk involved (e.g., the modelling capacity of such risks) and the liquidity of the instruments.

In the credit risk scope, and as regards analytical methodologies, the risk control techniques and models are based on econometric modelling, based on the Institution's experience in the granting of various types of credit and also, whenever possible, the level of recovery.

Credit decisions are dependent on risk ratings and compliance with various rules governing the financial capacity and behaviour of the applicants.

There are scoring models for the admission of individuals to the retail portfolios, namely for mortgage loans, individual loans, and credit cards.

Sole traders ("Empresários em nome individual" – "ENI") and Micro businesses are considered retail, being therefore subject to the respective scoring models.

There are also behavioural scoring models for retail portfolios, which are used to monitor the credit portfolio as well as to evaluate new credit proposals, being coupled with software-based scoring information, where applicable.

Regarding non-retail credit portfolios, internal rating models are used for small, medium and large companies, distinguished by activity sectors, such as the tertiary sector, or by ageing of the company's activity, namely start-up companies.

Regardless of the typology of the applicable model, any proposal, contract or credit customer is classified into a single risk scale class, in ascending order of Probability of Default, with this scale being composed of 18 classes, of which the first 15 correspond to performing risk classes, classes 16 and 17 to those recording arrears, and class 18 to default, in accordance with the applicable internal definition, which follows the guidelines of the Senior management in terms of prudential requirements.

The derogation of the response of scoring systems, internal ratings, and internal price lists is allowed, but only by higher decision levels, in accordance with the established principles of delegation of responsibilities. Rejection situations are defined in order to minimize the risk of adverse selection, with risk classes for rejection having been defined.

Intervention limits are also defined for the different decisions, by operation amount and global customer exposure, type of operation/collateral and assigned risk class. In this context, higher hierarchical positions must approve operations with higher exposures. The levels and limits are approved by the Board of Directors, and the highest decision level corresponds to the Board of Directors. At the intermediate levels the intervention of at least two persons is compulsory, one belonging to the commercial network and the other to the Credit Analysis Directorate, a body independent of the commercial structure. The Risk Directorate is the unit responsible for the development of the credit risk models (scoring and rating), and for the monitoring of Banco Montepio Group's risk control, on a global basis.

Within the scope of credit risk monitoring, internal reports are prepared with the main risk indicators of the credit portfolios and metrics on the use of the rating/scoring models. In terms of preventive monitoring, an alert system is in place for indicators of credit risk profile deterioration of a certain counterpart (Early Warning Signs).

The Banco Montepio Group uses real and financial collaterals as instruments to mitigate credit risk. The real collaterals correspond mainly to mortgages on residential properties in the scope of housing loans and mortgages on other types of properties in the scope of other types of loans. To reflect the market value of these, they are reviewed regularly based on valuations conducted by certified independent appraiser entities or using revaluation coefficients that reflect the trend in the market for the type of property and the

geographical area. Most of the physical collaterals are revalued at least annually. The financial collaterals are revalued based on market values of the respective assets, when available, with certain depreciation coefficients being applied to reflect their volatility.

The expected loss measurement process follows the general principles defined in IFRS 9. The accounting policies considered in this process are described in note 1 c.

As part of the calculation of the estimated impairment losses, sensitivity analyses were carried out on the macroeconomic variables considered in the forward-looking models and the following results were obtained:

1. Macroeconomic projection degradation scenario of 10%: impact of 5.29% of total impairment of the loan portfolio; and
2. Macroeconomic projection improvement scenario of 10%: impact of -4.50% of total impairment of the loan portfolio.

In addition, sensitivity analyses were also performed directly on the PD and LGD parameters, with the following results being obtained:

1. Parameter degradation scenario of 5%: impact of 7.58% of total impairment of the loan portfolio; and
2. Parameter improvement scenario of 5%: impact of -6.78% of total impairment of the loan portfolio.

Regarding the process of incorporating macroeconomic projections into the parameters for estimating impairment, the established process provides for the projections to be updated at least annually.

Below is a summary of the evolution of the main macroeconomic variables considered in the models:

	2024	2025	2026	2027	2028
Unemployment Rate ⁽²⁾					
Base Scenario	6.57%	5.74%	5.35%	5.14%	4.96%
Worst-case Scenario	6.57%	7.44%	7.33%	6.49%	5.59%
Best-case Scenario	6.57%	5.41%	4.98%	4.87%	4.80%
GDP Growth Rate ⁽²⁾					
Base Scenario	2.8%	1.33%	0.57%	2.11%	1.12%
Worst-case Scenario	2.8%	-3.58%	1.01%	2.72%	1.67%
Best-case Scenario	2.8%	2.48%	1.80%	1.25%	1.39%
3-Month Euribor Interest Rate ⁽¹⁾					
Base Scenario	3.00%	1.70%	1.75%	2.06%	2.36%
Worst-case Scenario	3.00%	1.31%	0.70%	0.71%	0.75%
Best-case Scenario	3.00%	2.45%	2.25%	2.31%	2.36%
Housing Price Index Growth Rate ⁽²⁾					
Base Scenario	11.1%	8.33%	2.16%	1.86%	1.36%
Worst-case Scenario	11.1%	-2.79%	-2.65%	9.68%	5.05%
Best-case Scenario	11.1%	8.48%	3.25%	1.66%	1.52%
Growth Rate of Disposable Income Per Capita ⁽¹⁾					
Base Scenario	10.63%	-2.01%	1.95%	1.19%	0.85%
Worst-case Scenario	10.63%	0.68%	-1.1%	1.69%	1.64%
Best-case Scenario	10.63%	2.99%	2.6%	0.98%	0.82%
Growth Rate of Exports of Goods and Services ⁽²⁾					
Base Scenario	4.09%	3.16%	2.78%	3.5%	4.42%
Worst-case Scenario	4.09%	-5.09%	-0.89%	5.26%	5.95%
Best-case Scenario	4.09%	6.18%	4.06%	4.07%	4.47%
Growth Rate of Family Consumption ⁽²⁾					
Base Scenario	5.02%	0.50%	-0.46%	0.9%	0.26%
Worst-case Scenario	5.02%	-4.01%	-0.55%	1.00%	0.90%
Best-case Scenario	5.02%	0.81%	1.18%	0.69%	0.31%

⁽¹⁾ Source: Eurostat; Projections: Moody's Analytics

⁽²⁾ Source: National Institute of Statistics; Projections: Moody's Analytics

The Group's credit risk exposure can be analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Customers (on-balance sheet and off-balance sheet)		
Loans and advances to customers	12 542 948	12 161 896
(Impairment)	(194 181)	(216 891)
Guarantees granted	520 037	512 283
Irrevocable credit lines	745 281	759 312
Revocable credit lines	973 019	846 444
(Provisions)	(9 011)	(10 860)
	14 578 093	14 052 184
Securities		
Financial assets held for trading	34 704	23 333
Financial assets at fair value through profit or loss	11 047	9 600
Financial assets at fair value through other comprehensive income	318 898	279 120
(Impairment)	(610)	(594)
Other financial assets at amortized cost	3 592 540	3 478 444
(Impairment)	(4 758)	(4 740)
	3 951 821	3 785 163
Loans and deposits at credit institutions payable on demand	58 951	49 769
Other loans and advances to credit institutions	199 814	138 230
Hedging derivatives	10 699	30 257
Other financial assets	46 606	36 631
	18 845 984	18 092 234

The Group's exposure to the credit risk of Loans and advances to customers, presented in the balance sheet and in the off-balance sheet captions, as at 30 June 2025 and 31 December 2024, by sector of activity, can be analysed as follows:

(Euro thousand)								
Activity	On-balance sheet value			Jun 2025				Total
				Off-balance sheet value				
	Loans and advances to customers			Guarantees provided	Irrevocable credit lines	Revocable credit lines		
	Gross value	Impairment	Net Value	Gross value		Provisions		
Agriculture, forestry and fishing	123 949	4 897	119 052	317	6 046	6 167	60	131 522
Extractive Industries	13 509	854	12 655	1 634	1 405	884	5	16 573
Manufacturing industries	986 424	47 979	938 445	17 465	151 576	66 438	677	1 173 247
Electricity generation and distribution, gas, steam and air conditioning	193 591	1 453	192 138	966	16 246	24 397	6	233 741
Water supply	55 258	993	54 265	3 058	8 244	801	48	66 320
Construction	396 310	12 838	383 472	158 298	119 788	148 326	4 820	805 064
Wholesale and retail trade	778 939	28 409	750 530	50 087	120 490	71 723	397	992 433
Transport and storage	336 701	10 030	326 671	9 720	14 268	17 491	182	367 968
Accommodation and catering activities	526 725	9 085	517 640	10 654	18 186	23 405	87	569 798
Information and Communication	59 168	1 444	57 724	10 466	17 063	8 917	32	94 138
Financial and insurance activities	381 859	2 101	379 758	209 958	33 089	17 702	23	640 484
Real estate activities	409 958	9 391	400 567	11 792	100 594	44 727	223	557 457
Consulting, scientific, technical and similar	455 304	5 284	450 020	13 340	68 341	24 527	110	556 118
Administrative and supporting service activities	116 286	2 130	114 156	8 048	17 470	9 090	70	148 694
Public administration and defence, compulsory social security	98 272	192	98 080	47	6 900	30 429	4	135 452
Education	63 847	1 158	62 689	181	5 732	6 695	40	75 257
Healthcare services and social support	335 150	8 027	327 123	2 221	27 466	47 288	93	404 005
Artistic activities, shows and recreational	47 567	1 209	46 358	5 680	6 906	2 636	14	61 566
Other services	97 288	2 763	94 525	4 078	5 471	5 590	39	109 625
Mortgage Loans	6 307 735	23 900	6 283 835	-	-	105 441	-	6 389 276
Consumer Loans	759 108	20 044	739 064	2 027	-	310 345	2 081	1 049 355
	12 542 948	194 181	12 348 767	520 037	745 281	973 019	9 011	14 578 093

	Dec 2024							(Euro thousand)
Activity	On-balance sheet value			Off-balance sheet value				Total
	Loans and advances to customers			Guarantees provided	Irrevocable credit lines	Revocable credit lines		
	Gross value	Impairment	Net Value	Gross value		Provisions		
Agriculture, forestry and fishing	122 993	5 179	117 814	783	5 962	6 151	50	130 660
Extractive Industries	12 964	963	12 001	2 247	1 872	747	6	16 861
Manufacturing industries	993 865	39 158	954 707	17 865	120 159	67 392	888	1 159 235
Electricity generation and distribution, gas, steam and air conditioning	211 951	1 501	210 450	616	24 797	241	24	236 080
Water supply	56 045	819	55 226	2 628	11 216	1 446	183	70 333
Construction	374 681	13 090	361 591	142 701	134 290	100 474	4 316	734 740
Wholesale and retail trade	768 835	30 405	738 430	48 816	130 650	69 531	751	986 676
Transport and storage	313 831	9 514	304 317	4 776	15 817	17 791	260	342 441
Accommodation and catering activities	556 198	12 872	543 326	19 665	20 008	28 170	210	610 959
Information and Communication	47 593	2 241	45 352	7 031	31 657	4 366	69	88 337
Financial and insurance activities	360 296	4 735	355 561	206 072	37 361	7 803	97	606 700
Real estate activities	498 548	28 170	470 378	11 079	93 136	26 528	550	600 571
Consulting, scientific, technical and similar	382 304	5 406	376 898	25 884	70 846	25 172	217	498 583
Administrative and supporting service activities	111 666	2 711	108 955	7 604	17 717	10 897	108	145 065
Public administration and defence, compulsory social security	35 924	286	35 638	85	1 050	7 700	3	44 470
Education	62 787	1 397	61 390	197	7 243	4 740	68	73 502
Healthcare services and social support	340 252	7 053	333 199	2 287	22 092	52 973	92	410 459
Artistic activities, shows and recreational	43 599	1 594	42 005	5 654	7 493	2 194	24	57 322
Other services	97 418	2 613	94 805	4 568	5 946	6 544	50	111 813
Mortgage Loans	6 030 863	24 603	6 006 260	-	-	98 849	-	6 105 109
Consumer Loans	739 283	22 581	716 702	1 725	-	306 735	2 894	1 022 268
	12 161 896	216 891	11 945 005	512 283	759 312	846 444	10 860	14 052 184

The exposure to the credit risk of Securities, as at 30 June 2025 and 31 December 2024, by sector of activity, can be analysed as follows:

(Euro thousand)									
Jun 2025									
Activity	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			Other financial assets at amortised cost			Total
	Gross value	Gross value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Extractive Industries	-	-	-	-	-	22 954	9	22 945	22 945
Manufacturing industries	497	6	-	-	-	98 792	137	98 655	99 158
Electricity generation and distribution, gas, steam and air conditioning	302	-	-	-	-	22 109	19	22 090	22 392
Construction	-	134	-	-	-	31 007	34	30 973	31 107
Wholesale and retail trade	-	7 480	-	-	-	1 497	1	1 496	8 976
Transport and storage	-	-	-	-	-	1 525	1	1 524	1 524
Accommodation and catering activities	-	-	-	-	-	-	-	-	-
Information and Communication	-	-	-	-	-	4 994	29	4 965	4 965
Financial and insurance activities	19 090	-	2 865	323	2 542	179 033	21	179 012	200 644
Real estate activities	-	53	-	-	-	-	-	-	53
Consulting, scientific, technical and similar	-	3 021	-	-	-	719	1	718	3 739
Administrative and supporting service activities	-	-	-	-	-	1 017	1	1 016	1 016
Public administration and defence, compulsory social security	14 815	-	311 814	262	311 552	-	-	-	326 367
Education	-	-	-	-	-	4 996	10	4 986	4 986
Healthcare services and social support	-	-	4 219	25	4 194	3 007	17	2 990	7 184
Other services	-	353	-	-	-	7 156	6	7 150	7 503
Government-issued securities	-	-	-	-	-	3 213 734	4 472	3 209 262	3 209 262
	34 704	11 047	318 898	610	318 288	3 592 540	4 758	3 587 782	3 951 821

									(Euro thousand)
Dec 2024									
Activity	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			Other financial assets at amortised cost			Total
	Gross value	Gross value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Extractive Industries	-	-	-	-	-	7 580	2	7 578	7 578
Manufacturing industries	-	7	-	-	-	14 778	6	14 772	14 779
Electricity generation and distribution, gas, steam and air conditioning	-	-	-	-	-	36 923	38	36 885	36 885
Construction	-	159	-	-	-	-	-	-	159
Wholesale and retail trade	-	5 652	-	-	-	17 081	3	17 078	22 730
Financial and insurance activities	23 333	713	1 839	251	1 588	105 846	12	105 834	131 468
Real estate activities	-	56	-	-	-	2 735	1	2 734	2 790
Consulting, scientific, technical and similar	-	3 013	-	-	-	-	-	-	3 013
Administrative and supporting service activities	-	-	-	-	-	1 000	1	999	999
Public administration and defence, compulsory social security	-	-	272 403	317	272 086	-	-	-	272 086
Healthcare services and social support	-	-	4 320	25	4 295	3 008	18	2 990	7 285
Other services	-	-	558	1	557	-	-	-	557
Government-issued securities	-	-	-	-	-	3 289 493	4 659	3 284 834	3 284 834
	23 333	9 600	279 120	594	278 526	3 478 444	4 740	3 473 704	3 785 163

As at 30 June 2025 and 31 December 2024, the amounts included in the captions Deposits and deposit equivalents at other credit institutions repayable on demand, Loans and advances to credit institutions and Hedging derivatives concern the Financial activities and insurance sector.

The Group's exposure to the credit risk of Loans and advances to customers, presented in the balance sheet and in the off-balance sheet captions, as at 30 June 2025 and 31 December 2024, broken down between the collective and individual analysis, can be analysed as follows:

(Euro thousand)						
Jun 2025			Dec 2024			
Impacts by stage	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Collective analysis	14 503 314	173 691	14 329 623	14 005 686	179 937	13 825 749
Stage 1	12 295 828	34 170	12 261 658	11 780 287	36 020	11 744 267
Stage 2	2 003 324	50 670	1 952 654	2 029 061	66 808	1 962 253
Stage 3	204 162	88 851	115 311	196 338	77 109	119 229
Individual analysis	277 971	29 501	248 470	274 249	47 814	226 435
Stage 1	95 740	836	94 904	94 826	825	94 001
Stage 2	101 190	5 849	95 341	64 563	5 469	59 094
Stage 3	81 041	22 816	58 225	114 860	41 520	73 340
	14 781 285	203 192	14 578 093	14 279 935	227 751	14 052 184

As at 30 June 2025 and 31 December 2024, the detail of the Stages of Other financial assets at amortized cost, of Financial assets at fair value through other comprehensive income and of Loans and advances to credit institutions, is presented as follows:

(Euro thousand)						
Jun 2025			Dec 2024			
Impacts by stage	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Other financial assets at amortized cost	3 592 540	4 758	3 587 782	3 478 444	4 740	3 473 704
Stage 1	3 592 540	4 758	3 587 782	3 478 444	4 740	3 473 704
Financial assets at fair value through other comprehensive income	318 898	610	318 288	279 120	594	278 526
Stage 1	316 447	286	316 161	277 174	343	276 831
Stage 2	2 451	324	2 127	1 946	251	1 695
Other loans and advances to credit institutions	199 994	180	199 814	139 270	1 040	138 230
Stage 1	199 471	164	199 307	135 397	1 022	134 375
Stage 2	523	16	507	3 873	18	3 855
	4 111 432	5 548	4 105 884	3 896 834	6 374	3 890 460

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to the gross amount of Other financial assets at amortized cost, is presented as follows:

(Euro thousand)						
Jun 2025			Dec 2024			
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross value at the beginning of the period	3 478 444	-	3 478 444	3 885 005	-	3 885 005
Exposure of new net derecognition credits, refunds and other variations	114 096	-	114 096	(406 561)	-	(406 561)
Gross value at the end of the period	3 592 540	-	3 592 540	3 478 444	-	3 478 444

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to Impairment losses of Other financial assets at amortized cost, is presented as follows:

(Euro thousand)						
Jun 2025			Dec 2024			
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment loss at the beginning of the period	4 740	-	4 740	6 157	-	6 157
Exposure of new net derecognition credits, refunds and other variations	18	-	18	(1 417)	-	(1 417)
Impairment loss at the end of the period	4 758	-	4 758	4 740	-	4 740

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to the gross amount of Financial assets at fair value through other comprehensive income, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross value at beginning of the period	277 174	1 946	279 120	23 287	1 802	25 089
Transfer to stage 2	-	-	-	106	(106)	-
Exposure of new net derecognition credits, refunds and other variations	39 273	505	39 778	253 781	250	254 031
Gross value at the end of the period	316 447	2 451	318 898	277 174	1 946	279 120

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to Impairment losses of Financial assets at fair value through other comprehensive income, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment loss at the beginning of the period	343	251	594	65	239	304
Exposure of new net derecognition credits, refunds and other variations	(57)	73	16	278	12	290
Impairment loss at the end of the period	286	324	610	343	251	594

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to the gross amount of Loans and advances to credit institutions, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross value at the beginning of the period	135 397	3 873	139 270	179 506	444	179 950
Transfer to stage 2	-	-	-	(3 285)	3 285	-
Exposure of new net derecognition credits, refunds and other variations	64 074	(3 350)	60 724	(40 823)	143	(40 680)
Gross value at the end of the period	199 471	523	199 994	135 397	3 873	139 270

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to Impairment losses of Loans and advances to credit institutions, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment loss at the beginning of the period	1 022	18	1 040	1 035	13	1 048
Exposure of new net derecognition credits, refunds and other variations	(858)	(2)	(860)	(13)	5	(8)
Impairment loss at the end of the period	164	16	180	1 022	18	1 040

As at 30 June 2025 and 31 December 2024, the detail of the exposure to the credit risk of Loans and advances to customers subject to collective analysis, structured by segment and by Stage, is as follows:

(Euro thousand)

Segment	Jun 2025			Dec 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Retail	7 483 478	46 010	7 437 468	7 176 250	50 059	7 126 191
Mortgage loans	6 414 284	23 885	6 390 399	6 130 417	24 584	6 105 833
Stage 1	5 215 308	993	5 214 315	5 119 771	1 350	5 118 421
Stage 2	1 156 233	10 193	1 146 040	957 341	10 247	947 094
Stage 3	42 743	12 699	30 044	53 305	12 987	40 318
Consumer credit	792 710	18 741	773 969	773 418	20 650	752 768
Stage 1	707 103	2 130	704 973	697 759	3 252	694 507
Stage 2	58 345	2 783	55 562	50 550	3 418	47 132
Stage 3	27 262	13 828	13 434	25 109	13 980	11 129
Credit cards	276 484	3 384	273 100	272 415	4 825	267 590
Stage 1	258 767	2 422	256 345	257 661	3 755	253 906
Stage 2	15 806	296	15 510	13 135	356	12 779
Stage 3	1 911	666	1 245	1 619	714	905
Corporate	7 019 836	127 681	6 892 155	6 829 436	129 878	6 699 558
Non-Construction	6 225 079	115 926	6 109 153	6 108 730	118 671	5 990 059
Stage 1	5 462 347	27 217	5 435 130	5 128 111	26 057	5 102 054
Stage 2	660 774	31 871	628 903	893 243	46 975	846 268
Stage 3	101 958	56 838	45 120	87 376	45 639	41 737
Construction	794 757	11 755	783 002	720 706	11 207	709 499
Stage 1	652 303	1 407	650 896	576 984	1 606	575 378
Stage 2	112 165	5 526	106 639	114 793	5 813	108 980
Stage 3	30 289	4 822	25 467	28 929	3 788	25 141
	14 503 314	173 691	14 329 623	14 005 686	179 937	13 825 749

As at 30 June 2025 and 31 December 2024, the impairment associated with the exposure to the credit risk of Loans and advances to customers is detailed as follows:

(Euro thousand)

	Jun 2025						
	Impairment calculated on an individual basis		Impairment calculated on a portfolio basis		Total		
	Loans amount	Impairment	Loans amount	Impairment	Loans amount	Impairment	Loans net of impairment
Corporate loans	276 793	29 486	7 019 836	127 681	7 296 629	157 167	7 139 462
Retail - mortgage loans	1 178	15	6 414 284	23 885	6 415 462	23 900	6 391 562
Retail - other loans	-	-	1 069 194	22 125	1 069 194	22 125	1 047 069
	277 971	29 501	14 503 314	173 691	14 781 285	203 192	14 578 093

(Euro thousand)

	Dec 2024						
	Impairment calculated on an individual basis		Impairment calculated on a portfolio basis		Total		
	Loans amount	Impairment	Loans amount	Impairment	Loans amount	Impairment	Loans net of impairment
Corporate loans	273 043	47 794	6 829 437	129 879	7 102 480	177 673	6 924 807
Retail - mortgage loans	1 206	20	6 130 417	24 583	6 131 623	24 603	6 107 020
Retail - other loans	-	-	1 045 832	25 475	1 045 832	25 475	1 020 357
	274 249	47 814	14 005 686	179 937	14 279 935	227 751	14 052 184

As at 30 June 2025, the transfer between Stages, of the exposure to the credit risk of Loan and advances to customers, is presented as follows:

	(Euro thousand)			
	Jun 2025			
	Stage 1	Stage 2	Stage 3	Total
Gross value at beginning of the period	11 875 113	2 093 625	311 197	14 279 935
Transfer to stage 1	402 868	(399 993)	(2 875)	-
Transfer to stage 2	(609 951)	625 921	(15 970)	-
Transfer to stage 3	(12 914)	(51 468)	64 382	-
Write-Offs	-	-	21 763	21 763
Exposure of new net derecognition credits, refunds and other variations	736 452	(163 571)	(93 294)	479 587
Gross value at the end of financial period	12 391 568	2 104 514	285 203	14 781 285

As at 31 December 2024, the transfer between Stages, of the exposure to the credit risk of Loan and advances to customers, is presented as follows:

	(Euro thousand)			
	Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross value at beginning of the period	11 053 618	2 301 232	441 184	13 796 034
Transfer to stage 1	662 675	(647 495)	(15 180)	-
Transfer to stage 2	(658 960)	683 011	(24 051)	-
Transfer to stage 3	(38 261)	(64 139)	102 400	-
Write-Offs	(261)	(2 499)	(93 388)	(96 148)
Exposure of new net derecognition credits, refunds and other variations	856 302	(176 485)	(99 768)	580 049
Gross value at the end of the period	11 875 113	2 093 625	311 197	14 279 935

As at 30 June 2025, the transfer between Stages, related to Impairment losses associated with the credit risk of Loans and advances to customers, is presented as follows:

	(Euro thousand)			
	Jun 2025			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss at the beginning of the period	36 845	72 277	118 629	227 751
Transfer to stage 1	1 616	(1 607)	(9)	-
Transfer to stage 2	(15 094)	15 682	(588)	-
Transfer to stage 3	(5 042)	(15 441)	20 483	-
Write-Offs	-	-	21 763	21 763
Exposure of new net derecognition credits, refunds and other variations	16 681	(14 392)	(48 611)	(46 322)
Impairment loss at the end of the period	35 006	56 519	111 667	203 192

As at 31 December 2024, the transfer between Stages, related to Impairment losses associated with the credit risk of Loans and advances to customers, is presented as follows:

	(Euro thousand)			
	Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
Impairment loss at the beginning of the period	29 325	82 475	179 517	291 317
Transfer to stage 1	2 328	(2 219)	(109)	-
Transfer to stage 2	(21 915)	23 042	(1 127)	-
Transfer to stage 3	(16 128)	(23 326)	39 454	-
Write-Offs	(261)	(2 499)	(93 388)	(96 148)
Exposure of new net derecognition credits, refunds and other variations	43 496	(5 196)	(5 718)	32 582
Impairment loss at the end of the period	36 845	72 277	118 629	227 751

As at 30 June 2025 and 31 December 2024, the fair value analysis of collaterals associated with the Group's exposure to the credit risk of Loans and advances to customers, is as follows:

	(Euro thousand)	
Fair value of collateral	Jun 2025	Dec 2024
Individual analysis		
Securities and other financial assets	14 212	18 028
Real Estate - Construction and CRE	174 614	185 157
Other real estate	267 939	151 038
Other guarantees	65 988	69 658
Collective analysis - Stage 1		
Securities and other financial assets	869 295	798 541
Real Estate - Mortgage loans	12 114 761	11 880 737
Real Estate - Construction and CRE	1 544 780	2 052 481
Other real estate	2 362 203	2 179 652
Other guarantees	1 084 352	1 031 918
Collective analysis - Stage 2		
Securities and other financial assets	209 157	253 033
Real Estate - Mortgage loans	2 428 774	2 057 314
Real Estate - Construction and CRE	231 043	327 497
Other real estate	341 199	537 309
Other guarantees	62 073	73 379
Collective analysis - Stage 3		
Securities and other financial assets	40 962	30 108
Real Estate - Mortgage loans	103 494	121 950
Real Estate - Construction and CRE	20 797	24 754
Other real estate	43 579	46 907
Other guarantees	15 994	14 810
	21 995 216	21 854 271

The Group's exposure to the credit risk of Loans and advances to customers, by segment and impairment, as at 30 June 2025 and 31 December 2024, is presented as follows:

(Euro thousand)						
Segment	Jun 2025			Dec 2024		
	Total exposure	Total impairment	Total net exposure	Total exposure	Total impairment	Total net exposure
Corporate	5 906 122	129 506	5 776 616	5 720 454	130 996	5 589 458
Construction and CRE	1 390 507	27 661	1 362 846	1 382 026	46 677	1 335 349
Retail - Mortgage loans	6 415 462	23 900	6 391 562	6 131 623	24 603	6 107 020
Retail - Other loans	1 069 194	22 125	1 047 069	1 045 832	25 475	1 020 357
	14 781 285	203 192	14 578 093	14 279 935	227 751	14 052 184

The Group's exposure to the credit risk of Loans and advances to customers, by segment and by production year, as at 30 June 2025, is presented as follows:

(Euro thousand)													
Production year	Corporate			Construction and CRE			Retail - Mortgage loans			Retail - Other			Net total
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	
2004 and previous	439	13 208	274	510	19 353	1 181	26 949	613 032	3 287	16 187	12 985	213	653 623
2005	107	8 135	242	120	3 431	31	7 315	300 875	1 673	4 457	3 706	43	314 158
2006	146	11 465	153	103	3 697	134	8 880	376 838	2 048	11 706	9 002	114	398 553
2007	209	6 000	200	132	4 822	172	9 043	384 726	1 955	29 247	30 132	434	422 919
2008	730	16 598	455	341	14 686	757	4 759	202 961	1 410	46 547	59 612	637	290 598
2009	1 021	26 318	509	294	9 233	882	2 525	118 109	493	36 291	38 163	467	189 472
2010	1 197	33 029	799	193	6 860	573	2 552	138 056	448	26 500	17 227	235	193 117
2011	1 430	56 552	1 317	268	4 332	238	970	49 388	184	21 007	18 751	429	126 855
2012	1 335	33 981	815	494	9 214	2 038	559	28 737	190	14 908	8 599	166	77 322
2013	2 232	90 460	1 966	163	9 514	436	716	36 876	205	13 780	9 899	232	143 910
2014	3 389	158 795	2 664	1 552	38 600	558	861	47 891	286	14 956	14 268	505	255 541
2015	3 120	71 446	1 181	365	10 268	234	1 008	53 876	255	12 442	12 181	555	145 546
2016	3 907	249 913	5 517	733	24 991	1 627	1 439	89 356	406	20 629	16 260	546	372 424
2017	4 662	133 879	4 124	378	62 247	987	1 964	134 290	677	14 828	15 315	452	339 491
2018	5 018	125 713	3 587	635	44 158	636	2 075	147 519	658	24 738	37 002	858	348 653
2019	5 438	198 879	5 590	804	29 109	518	2 549	188 357	469	19 144	41 756	1 287	450 237
2020	8 218	291 228	8 623	1 040	72 842	3 708	2 851	238 674	830	17 567	53 185	2 267	640 501
2021	9 880	331 950	13 709	1 498	88 814	1 592	5 160	475 147	1 680	25 603	90 552	3 956	965 526
2022	13 806	942 339	25 485	1 935	215 836	3 598	4 450	442 147	2 122	23 584	101 121	3 403	1 666 835
2023	11 297	742 305	20 642	1 452	129 658	2 249	6 207	595 780	1 358	32 736	138 536	2 473	1 579 557
2024	14 396	1 152 044	19 111	2 304	344 802	4 440	10 809	1 144 691	2 899	39 175	208 852	2 258	2 821 681
2025	9 658	1 211 885	12 543	1 255	244 040	1 072	5 056	608 136	367	19 883	132 090	595	2 181 574
	101 635	5 906 122	129 506	16 569	1 390 507	27 661	108 697	6 415 462	23 900	485 915	1 069 194	22 125	14 578 093

The Group's exposure to the credit risk of Loans and advances to customers, by segment and by production year, as at 31 December 2024, is presented as follows:

(Euro thousand)

Production year	Corporate			Construction and CRE			Retail - Mortgage loans			Retail - Other			Net total
	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	Number of operations	Amount	Impairment	
2004 and previous	466	14 735	293	530	20 052	1 350	28 081	668 402	3 828	16 517	13 402	291	710 829
2005	106	8 430	292	121	3 467	36	7 650	318 256	2 029	4 547	4 049	96	331 749
2006	151	11 984	91	103	3 572	158	9 245	399 501	2 330	11 955	9 339	172	421 645
2007	236	6 170	253	132	4 727	220	9 373	405 417	2 214	30 154	31 306	632	444 301
2008	795	25 422	1 149	297	7 679	712	4 915	213 551	1 425	47 895	61 442	909	303 899
2009	1 117	28 061	628	314	9 854	761	2 625	125 966	507	37 412	39 575	724	200 836
2010	1 325	37 636	933	203	7 217	824	2 692	146 187	563	27 290	17 880	373	206 227
2011	1 446	58 358	1 260	273	4 431	358	1 009	52 353	174	21 638	19 014	448	131 916
2012	1 713	38 380	756	226	8 629	1 374	592	31 009	201	15 356	8 952	324	84 315
2013	2 355	96 599	2 083	184	9 916	510	746	38 994	178	14 218	10 395	346	152 787
2014	3 408	176 611	6 828	1 553	42 429	699	897	50 398	285	15 570	14 996	701	275 921
2015	3 375	88 911	3 226	341	11 379	326	1 063	57 566	366	13 252	13 770	656	167 052
2016	4 278	295 807	6 437	647	29 553	3 592	1 508	96 565	496	21 959	18 600	768	429 232
2017	4 666	155 385	4 028	401	77 675	11 659	2 067	142 641	608	16 467	18 390	600	377 196
2018	5 573	144 696	4 167	722	47 712	1 084	2 171	156 111	677	26 446	41 911	1 198	383 304
2019	6 440	227 870	5 966	881	64 072	1 252	2 668	199 855	534	20 642	48 427	1 658	530 814
2020	9 389	349 859	9 763	1 222	76 880	3 749	2 985	253 788	927	19 383	63 340	2 826	726 602
2021	10 859	410 559	13 566	1 763	96 736	2 807	5 399	504 389	1 909	28 116	106 624	4 660	1 095 366
2022	14 847	1 088 053	26 579	1 968	245 759	4 131	4 637	467 280	2 247	25 815	116 081	3 675	1 880 541
2023	10 625	774 238	20 438	1 581	218 369	4 270	6 418	625 343	1 347	35 814	156 802	2 486	1 746 211
2024	18 022	1 682 690	22 260	2 733	391 918	6 805	11 017	1 178 051	1 758	40 434	231 537	1 932	3 451 441
	101 192	5 720 454	130 996	16 195	1 382 026	46 677	107 758	6 131 623	24 603	490 880	1 045 832	25 475	14 052 184

The Group's exposure to the credit risk of Loans and advances to customers, by segment, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)

Jun 2025											
Assessment	Corporate		Construction and CRE		Retail - Mortgage loans		Retail - Other		Total		
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	
Individual	209 476	21 277	67 317	8 209	1 178	15	-	-	277 971	29 501	
Collective	5 696 646	108 229	1 323 190	19 452	6 414 284	23 885	1 069 194	22 125	14 503 314	173 691	
	5 906 122	129 506	1 390 507	27 661	6 415 462	23 900	1 069 194	22 125	14 781 285	203 192	

(Euro thousand)

Dec 2024											
Assessment	Corporate		Construction and CRE		Retail - Mortgage loans		Retail - Other		Total		
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	
Individual	180 850	25 865	92 193	21 929	1 206	20	-	-	274 249	47 814	
Collective	5 539 604	105 131	1 289 833	24 748	6 130 417	24 583	1 045 832	25 475	14 005 686	179 937	
	5 720 454	130 996	1 382 026	46 677	6 131 623	24 603	1 045 832	25 475	14 279 935	227 751	

The Group's exposure to the credit risk of Loans and advances to customers, by activity sector for Companies, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)

Jun 2025												
Assessment	Construction		Industry		Trade		Real Estate activities		Other activities		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Individual	28 362	6 267	22 485	8 388	33 493	2 322	38 955	1 942	153 498	10 568	276 793	29 487
Collective	794 757	11 754	1 216 899	41 129	987 796	26 508	528 433	7 697	3 491 951	40 592	7 019 836	127 680
	823 119	18 021	1 239 384	49 517	1 021 289	28 830	567 388	9 639	3 645 449	51 160	7 296 629	157 167

(Euro thousand)

Dec 2024												
Assessment	Construction		Industry		Trade		Real Estate activities		Other activities		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Individual	32 004	6 725	24 064	8 008	38 709	4 668	60 189	15 204	118 078	13 190	273 044	47 795
Collective	720 706	11 207	1 193 121	33 008	979 178	26 511	569 127	13 541	3 367 304	45 611	6 829 436	129 878
	752 710	17 932	1 217 185	41 016	1 017 887	31 179	629 316	28 745	3 485 382	58 801	7 102 480	177 673

The amount of restructured loans and advances by stage and by segment, as at 30 June 2025 and 31 December 2024, is presented as follows:

(Euro thousand)

Jun 2025									
	Corporate		Construction and CRE		Retail - Mortgage loans		Retail - Other		Total
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure Impairment
Stage 2	42 159	2 843	13 070	888	26 192	298	3 765	206	85 186 4 235
Stage 3	47 166	22 219	27 378	4 720	11 227	3 100	4 487	2 378	90 258 32 417
	89 325	25 062	40 448	5 608	37 419	3 398	8 252	2 584	175 444 36 652

(Euro thousand)

Dec 2024									
	Corporate		Construction and CRE		Retail - Mortgage loans		Retail - Other		Total
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure Impairment
Stage 2	44 372	2 770	6 381	534	25 861	320	4 397	254	81 011 3 878
Stage 3	63 232	21 845	25 152	15 054	16 786	4 170	4 529	2 828	109 699 43 897
	107 604	24 615	31 533	15 588	42 647	4 490	8 926	3 082	190 710 47 775

The gross exposure of performing and non-performing credit, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)

Jun 2025											
	Gross performing and non-performing exposures						Accumulated impairment and other negative fair value adjustments related to credit risk				Collaterals and financial guarantees received
	of which performing with arrears of >30 days and <= 90	of which restructured and performing	of which non-performing			on performing exposure	on non-performing exposure		on performing exposures	of which restructured	
			of which non-performing	of which impaired	of which restructured		dos quais reestruturados	of which restructured			
Loans represented by securities ⁽¹⁾	4 706 920	-	497	497	497	-	8 158	295	-	-	-
Other balance sheet credit exposures ⁽²⁾	13 560 451	21 029	83 285	235 933	235 933	235 904	87 775	4 197	106 559	32 386	91 870 114 552
Off-balance sheet exposures ⁽³⁾	2 238 337	462	2 222	48 333	48 333	48 333	2 469	4 636	37	4 375	11 -

⁽¹⁾ Includes Debt instruments of the Financial asset available for sale and commercial paper and bonds recognised under loans and advances to customers.
⁽²⁾ Includes Loans and advances to customers, Cash and deposits at central banks and Other loans and advances to credit institutions and Foreign exchange operations to be settled.
⁽³⁾ Includes revocable and irrevocable credit facilities, Guarantees and Documentary credit provided.

(Euro thousand)

Dec 2024											
	Gross performing and non-performing exposures						Accumulated impairment and other negative fair value adjustments related to credit risk				Collaterals and financial guarantees received
	of which performing with arrears of >30 days and <= 90	of which restructured and performing	of which non-performing			on performing exposure	on non-performing exposure		on performing exposures	of which restructured	
			of which non-performing	of which impaired	of which restructured		of which restructured	of which restructured			
Loans represented by securities ⁽¹⁾	4 378 552	-	526	526	526	-	8 273	301	-	-	-
Other balance sheet credit exposures ⁽²⁾	13 051 797	15 126	81 253	259 766	259 766	259 745	108 828	100 373	3 875	114 319	43 881 102 041 112 892
Off-balance sheet exposures ⁽³⁾	2 118 039	689	101	50 294	50 294	50 294	855	7 450	3	3 409	- - -

⁽¹⁾ Includes Debt instruments of the Financial asset available for sale and commercial paper and bonds recognised under loans and advances to customers.
⁽²⁾ Includes Loans and advances to customers, Cash and deposits at central banks and Other loans and advances to credit institutions and Foreign exchange operations to be settled.
⁽³⁾ Includes revocable and irrevocable credit facilities, Guarantees and Documentary credit provided.

The fair value of the collateral underlying the exposure to the credit risk of Loans and advances to customers of the Corporate, Construction and Real Estate activities and Mortgage segments, as at 30 June 2025, is presented as follows:

Fair value	(Euro thousand)							
	Construction and CRE				Mortgage			
	Real Estate		Other collateral		Real Estate		Other collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	3 016	468 499	14 707	847 184	85 367	13 469 520	435	13 013
>= 0,5 M€ and <1M€	440	309 268	306	201 539	1 508	948 984	1	500
>= 1 M€ and <5M€	523	1 180 665	213	401 768	139	202 402	-	-
>= 5 M€ and <10M€	113	775 615	30	204 543	2	15 438	-	-
>= 10 M€ and <20M€	54	794 385	10	118 169	1	10 684	-	-
>= 20 M€ and <50M€	19	544 970	2	72 975	-	-	-	-
>= 50M€	9	819 656	2	102 541	-	-	-	-
	4 174	4 893 058	15 270	1 948 719	87 017	14 647 028	436	13 513

The fair value of the collateral underlying the exposure to the credit risk of Loans and advances to customers of the Corporate, Construction and Real Estate activities and Mortgage segments, as at 31 December 2024, is presented as follows:

Fair value	(Euro thousand)							
	Construction and CRE				Mortgage			
	Real Estate		Other collateral		Real Estate		Other collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	3 170	483 670	14 754	863 471	85 100	13 062 433	171	5 555
>= 0,5 M€ and <1M€	452	317 667	311	205 129	1 259	792 458	1	500
>= 1 M€ and <5M€	538	1 203 320	207	381 804	123	178 988	-	-
>= 5 M€ and <10M€	98	656 434	27	189 543	2	15 438	-	-
>= 10 M€ and <20M€	56	804 959	10	118 169	1	10 684	-	-
>= 20 M€ and <50M€	19	546 977	1	29 375	-	-	-	-
>= 50M€	9	1 393 490	2	102 541	-	-	-	-
	4 342	5 406 517	15 312	1 890 032	86 485	14 060 001	172	6 055

The LTV (loan-to-value) ratio of the Corporate, Construction and Real Estate activities and Mortgage segments, as at 30 June 2025 and 31 December 2024, is presented as follows:

Segment/ Ratio	(Euro thousand)					
	Jun 2025			Dec 2024		
	Number of properties	Total exposure	Impairment	Number of properties	Total exposure	Impairment
Corporate						
Without associated property ⁽¹⁾	-	4 704 050	100 298	-	4 514 652	97 049
< 60%	1 794	610 832	11 386	1 779	567 236	11 925
>= 60% and < 80%	485	304 157	9 856	541	275 803	10 014
>= 80% and < 100%	436	266 615	6 642	504	341 916	10 257
>= 100%	15	20 468	1 324	18	20 847	1 750
Construction and CRE						
Without associated property ⁽¹⁾	-	664 710	15 001	-	616 288	14 789
< 60%	697	497 613	5 167	708	516 050	9 949
>= 60% and < 80%	325	102 772	4 366	391	146 272	6 967
>= 80% and < 100%	410	120 386	2 849	389	95 496	14 372
>= 100%	12	5 025	277	12	7 919	600
Mortgage						
Without associated property ⁽¹⁾	-	22 974	319	-	23 337	474
< 60%	62 488	3 211 090	10 442	61 980	3 096 575	10 602
>= 60% and < 80%	19 226	1 991 569	6 941	19 357	1 927 556	7 270
>= 80% and < 100%	5 190	1 173 267	5 639	5 029	1 065 749	5 655
>= 100%	113	16 562	558	119	18 407	602

⁽¹⁾ Includes operations with other associated collateral, namely financial collateral.

The fair value and the net value of real estate received in recovery/execution of loans, by asset type, recorded in the caption Other assets (note 33), as at 30 June 2025 and 31 December 2024, are presented as follows:

Assets	(Euro thousand)		
	Jun 2025		
	Number of properties	Fair value of assets	Book value
Land	676	71 956	67 959
Urban	495	49 743	46 987
Rural	181	22 213	20 972
Buildings under construction	126	11 998	10 626
Commerce	18	1 356	1 335
Residential	91	10 502	9 160
Other	17	140	131
Constructed buildings	522	46 490	39 290
Commerce	231	29 446	26 399
Residential	112	14 945	11 043
Other	179	2 099	1 848
Others	-	-	2 030
	1 324	130 444	119 905

Assets	(Euro thousand)		
	Dec 2024		
	Number of properties	Fair value of assets	Book value
Land	763	86 576	81 776
Urban	578	61 397	57 942
Rural	185	25 179	23 834
Buildings under construction	140	15 054	13 035
Commerce	19	1 422	1 401
Residential	104	13 492	11 503
Other	17	140	131
Constructed buildings	608	57 262	48 117
Commerce	288	37 811	33 154
Residential	130	16 635	12 424
Other	190	2 816	2 539
Others	-	-	1 544
	1 511	158 892	144 472

The carrying amount reported in the table above takes into account, upon initial recognition and as defined in the accounting policy described in note 1 h), the lower value between its fair value net of selling expenses and the carrying amount of the credit existing on the date on which the transfer was made, and is subsequently updated due, in particular, to changes in the appraised value of the property and/or estimated selling expenses. In situations where a potential capital gain is determined, same is not recognized in the financial statements.

The time elapsed since the recognition of the real estate received in recovery/execution, recorded in the caption Other assets (note 33), as at 30 June 2025 and 31 December 2024, is presented as follows:

(Euro thousand)					
Elapsed time since recovery/execution	Jun 2025				
	< 1 year	>= 1 year and < 2.5 years	>= 2.5 years and < 5 years	>= 5 years	Total
Land	-	120	2 900	64 939	67 959
Urban	-	61	1 999	44 927	46 987
Rural	-	59	901	20 012	20 972
Buildings under construction	-	-	243	10 383	10 626
Commerce	-	-	-	1 335	1 335
Residential	-	-	243	8 917	9 160
Other	-	-	-	131	131
Constructed buildings	1 139	7 243	5 640	25 268	39 290
Commerce	379	5 252	3 575	17 193	26 399
Residential	263	1 875	1 751	7 154	11 043
Other	497	116	314	921	1 848
Others	-	-	-	2 030	2 030
	<u>1 139</u>	<u>7 363</u>	<u>8 783</u>	<u>102 620</u>	<u>119 905</u>

(Euro thousand)					
Elapsed time since recovery/execution	Dec 2024				
	< 1 year	>= 1 year and < 2.5 years	>= 2.5 years and < 5 years	>= 5 years	Total
Land	-	754	2 433	78 589	81 776
Urban	-	76	2 137	55 729	57 942
Rural	-	678	296	22 860	23 834
Buildings under construction	-	-	585	12 450	13 035
Commerce	-	-	-	1 401	1 401
Residential	-	-	585	10 918	11 503
Other	-	-	-	131	131
Constructed buildings	3 475	6 780	8 337	29 525	48 117
Commerce	2 542	5 127	5 869	19 616	33 154
Residential	418	1 546	2 143	8 317	12 424
Other	515	107	325	1 592	2 539
Others	-	-	-	1 544	1 544
	<u>3 475</u>	<u>7 534</u>	<u>11 355</u>	<u>122 108</u>	<u>144 472</u>

Concentration risk

The concentration risk results from the existence of common or correlated risk factors between different entities or portfolios. The deterioration of any of these factors may have a simultaneous negative impact on the credit quality of each of the counterparties or on the results of each class of assets and liabilities. In a concentration scenario, the loss effects on a small number of exposures may be disproportionate, confirming the importance of managing this risk in the maintenance of adequate solvability levels. In the Group, concentration risk monitoring focuses mainly on credit concentration, investment portfolio, financing, interest rate and operational risks.

Credit concentration risk is the most important risk for the Group and, as such, there are several procedures related to its identification, measurement, and management. To control the concentration risk of the exposure to a customer/group of customers that are related, maximum exposure limits were set for the aggregate positions of the credit and investment portfolios, for the various Group entities.

To reduce concentration risk, the Group seeks to diversify its activity areas and income sources, as well as its exposures and funding sources.

The concentration risk management is carried out in a centralized manner, with regular monitoring of the concentration indices by the Risk Directorate of Banco Montepio. In particular, the level of concentration of the largest depositors and, with respect to the credit portfolio, the level of individual concentration and the degree of diversification of the quality of the Corporate portfolio are regularly monitored by the Risk Directorate. Maximum exposure limits are established per customer/group of customers related to each other, activity sectors, as well as limits for the concentration of the largest depositors.

Market risk

The concept of market risk reflects the potential loss that can be registered by a given portfolio as a result of changes in rates (interest and exchange rates) and/or prices of the different financial instruments that compose it, considering both the existing correlations between them and the respective volatilities.

The Group regularly calculates its “VaR” both for its own trading portfolio as well as for that of the financial assets at fair value through other comprehensive income, with same being determined based on a 10-day horizon and a 99% confidence level, using the historical simulation method. The types of risk considered in this methodology are the interest rate, exchange rate, price, spread and commodities’ risks.

The Group's investment portfolio is mainly concentrated in debt instruments (bonds and commercial paper), and as at 30 June 2025 this represented 97.1% (31 December 2024: 96.8%) of the total portfolio, with the dominant position being held by bonds of sovereign issuers, essentially Portugal, Spain and Italy.

Regarding credit derivatives, Banco Montepio held no position in these instruments as at 30 June 2025 and 31 December 2024.

Regarding the credit quality of the debt securities, circa 99.3% of the portfolio is Investment Grade (31 December 2024: 99.3%). Of note are the Portuguese, Spanish and Italian sovereign bonds with rating A-, BBB+ and BBB-, respectively, and that represent 78.0% (31 December 2024: 85.2%) of the debt portfolio. The main changes in the portfolio composition, by issuer, refer to the decrease in exposure to Spanish sovereign debt and to the increase in exposure to supranational debt of the Eurozone and to covered bonds. Together, these changes resulted in the improvement of the credit quality of the portfolio, especially in terms of the increase in the position of AAA ratings. It should also be pointed out that due to their nature of secured bonds, the majority of the covered bond positions have AAA ratings.

The distribution of the bond portfolio, recognized in the captions Financial assets held for trading, Financial assets at fair value through other comprehensive income and Other financial assets at amortized cost, is presented as follows:

Rating	(Euro thousand)					
	Jun 2025		Dec 2024		Change	
	Amount	%	Amount	%	Amount	%
AAA	355 485	9.0	187 070	5.0	168 415	90.0
AA+	98 822	2.5	95 188	2.5	3 634	3.8
AA	9 939	0.3	4 928	0.1	5 011	101.7
AA-	188 615	4.8	160 102	4.3	28 513	17.8
A+	12 565	0.3	10 340	0.3	2 225	21.5
A	16 734	0.4	2 506	0.1	14 228	567.8
A-	1 045 898	26.6	1 046 824	27.8	(926)	(0.1)
BBB+	940 059	23.9	1 079 605	28.7	(139 546)	(12.9)
BBB	38 383	1.0	42 810	1.1	(4 427)	(10.3)
BBB-	1 127 134	28.7	1 107 828	29.4	19 306	1.7
BB+	-	-	13 740	0.4	(13 740)	(100.0)
NR	100 292	2.5	11 864	0.3	88 428	745.3
	<u>3 933 926</u>	<u>100.0</u>	<u>3 762 805</u>	<u>100.0</u>	<u>171 121</u>	<u>4.5</u>

The position in bonds recognized in the portfolio of Financial assets at fair value through other comprehensive income stood at Euro 318,288 thousand (31 December 2024: Euro 278,526 thousand), the position in Other financial assets at amortized cost stood at Euro 3,587,782 thousand (31 December 2024: Euro 3,473,704 thousand) and the position in Financial assets held for trading stood at Euro 27,856 thousand (31 December 2024: Euro 10,575 thousand).

Regarding the trading portfolio, as at 30 June 2025 and 31 December 2024, the main VaR indicators are as follows:

	(Euro thousand)				
	Jun 2025	Average	Minimum	Maximum	Dec 2024
Market VaR	286	462	187	894	462
Interest rate risk	134	236	114	109	265
Exchange risk	26	107	44	638	18
Price risk	153	225	141	338	173
Spread Risk	43	66	106	23	10
Diversification effect	(70)	(172)	(218)	(214)	(4)

The value of the VaR of the trading portfolio decreased from 31 December 2024 to 30 June 2025, having remained at moderate or reduced levels during the first half of 2025 and in line with that observed in the previous year.

Bank portfolio's interest rate risk

The assessment of interest rate risk originated by banking portfolio operations is performed by a sensitivity analysis to the risk, on a consolidated basis for the entities integrating the Group (including the subsidiary recognized in discontinued operations).

Interest rate risk is measured according to the impact on net interest income, economic value and own funds caused by changes in market interest rates. The main risk factors arise from lags in maturities for the resetting of rates and/or residual maturities between assets and liabilities (repricing risk), non-parallel variations in yield curve risk, the lack of a perfect correlation between different indices with the same repricing period (basis risk) and the options associated with instruments that enable different decisions being taken by the players/participants depending on the level of rates contracted and those practiced at the moment (option risk).

Based on the financial characteristics of each contract, a projection of the expected cash flows is made, according to the rate reset dates and eventual behavioural assumptions.

The aggregation, for each currency analysed, of the expected cash flows in each of the time intervals allows one to determine the interest rate gaps by repricing period.

The following tables present the interest rate gaps, on a consolidated basis, in the first half of 2025 and financial year 2024:

	(Euro thousand)					
	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 5 years	More than 5 years	Total
30 June 2025						
Assets						
Debt securities	205 763	499 640	216 152	1 651 273	1 375 396	3 948 224
Loans and advances	5 416 458	3 140 764	1 678 340	2 440 681	517 579	13 193 822
Others	1 633 977	150 795	352	18 877	-	1 804 001
Off-balance sheet	102 057	29 102	22 097	-	-	153 256
Total	7 358 255	3 820 301	1 916 941	4 110 831	1 892 975	19 099 303
Liabilities						-
Debt securities issued	94 148	-	36 122	929 359	4 452	1 064 081
Term deposits	4 771 855	2 202 644	1 668 021	447 010	-	9 089 530
Others	2 784 188	668 011	217 858	665 585	2 935 987	7 271 629
Total	7 650 191	2 870 655	1 922 001	2 041 954	2 940 439	17 425 240
GAP (Assets - Liabilities)	(291 936)	949 646	(5 060)	2 068 877	(1 047 464)	1 674 063
31 December 2024						
Assets						
Debt securities	74 910	189 728	512 002	1 405 211	1 624 964	3 806 815
Loans and advances	5 676 765	2 574 220	1 396 308	2 612 844	487 461	12 747 598
Others	1 204 843	1 492	1 496	8 435	(694)	1 215 572
Off-balance sheet	102 465	28 581	22 285	-	-	153 331
Total	7 058 983	2 794 021	1 932 091	4 026 490	2 111 731	17 923 316
Liabilities						
Debt securities issued	138 240	14 488	220 365	615 393	5 596	994 082
Term deposits	4 765 714	2 079 519	1 625 587	494 529	-	8 965 349
Others	2 521 106	638 352	46 085	555 587	2 618 559	6 379 689
Total	7 425 060	2 732 359	1 892 037	1 665 509	2 624 155	16 339 120
GAP (Assets - Liabilities)	(366 077)	61 662	40 054	2 360 981	(512 424)	1 584 196

	Jun 2025				Dec 2024			
	June	Annual Average	Maximum	Minimum	December	Annual Average	Maximum	Minimum
Interest Rate Gap	1 674 063	1 629 129	1 674 063	1 584 196	1 584 196	3 613 141	6 993 454	1 584 196

Sensitivity to the balance sheet interest rate risk is calculated by the difference between the present value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows, simulating parallel shifts of the market interest rate curve.

As at 30 June 2025, based on the interest rate gaps observed, an instantaneous and parallel positive variation in the interest rates by 100 bp would cause a decrease in the economic value expected from the banking portfolio of circa Euro 23,691 thousand (31 December 2024: increase of Euro 49,290 thousand).

The following table presents the average interest rates, in relation to the Group's major asset and liability categories, in the first half of 2025 and financial year 2024, as well as the respective average balances and the income and expenses for the financial year:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Average balance	Average interest rate (%)	Interest	Average balance	Average interest rate (%)	Interest
Interest-generating assets						
Deposits at central banks and other credit institutions	1 472 690	2.15	15 888	1 342 134	3.27	44 582
Other loans and advances to other credit institutions	182 081	2.91	2 664	162 252	2.41	3 973
Loans and advances to customers	12 333 482	4.16	257 732	11 920 090	5.05	612 190
Securities portfolio	3 925 694	1.07	21 084	3 746 545	0.88	33 359
Other assets at fair value	10 378	4.01	209	8 869	4.81	434
Other (derivatives includes)	-	-	3 059	-	-	101
	17 924 325	3.34	300 636	17 179 890	3.98	694 639
Interest-generating liabilities						
Deposits from ECB	-	-	-	202 309	3.80	7 806
Deposits from other credit institutions	670 338	1.37	4 628	863 044	2.37	20 800
Deposits from customers	15 292 367	1.26	97 043	14 145 888	1.53	220 075
Senior debt	597 433	5.62	16 876	803 137	3.55	28 953
Subordinated debt	274 389	7.77	10 713	261 949	8.32	22 164
Other (derivatives includes)	-	-	4 189	-	-	10 449
	16 834 527	1.58	133 449	16 276 327	1.87	310 247
Net interest income		1.86	167 187		2.20	384 392

Foreign exchange risk

Regarding the foreign exchange risk of the banking portfolio, the general procedure is to apply funds raised in the various currencies, through assets in the respective money market and for terms not exceeding those of the funding. Thus, existing exchange rate gaps are essentially due to mismatches between the periods of the applications and of the funding.

The breakdown of assets and liabilities, by currency, in the first half of 2025 and financial year 2024, is analysed as follows:

(Euro thousand)							
Jun 2025							
	Euro	U. S. Dollar	Angolan Kwanza	Swiss Franc	Pound Sterling	Other foreign currencies	Total amount
Assets by currency							
Cash and deposits at central banks	1 676 670	11 003	-	1 271	1 281	941	1 691 166
Loans and deposits to credit institutions payable on demand	28 709	24 416	3 341	1 195	457	833	58 951
Other loans and advances to credit institutions	107 327	81 799	10 671	17	-	-	199 814
Loans and advances to customers	12 335 093	13 674	-	-	-	-	12 348 767
Financial assets held for trading	36 486	1 553	-	43	96	-	38 178
Financial assets at fair value through profit or loss	101 035	-	-	-	-	-	101 035
Financial assets at fair value through other comprehensive income	344 151	-	-	-	-	-	344 151
Hedging derivatives	10 699	-	-	-	-	-	10 699
Other financial assets at amortized cost	3 504 816	82 966	-	-	-	-	3 587 782
Investments in associated companies	4 178	-	-	-	-	-	4 178
Non current assets held for sale	22	-	-	-	-	-	22
Investment properties	38 343	-	-	-	-	-	38 343
Other tangible assets	192 302	-	-	-	-	-	192 302
Intangible assets	66 495	-	-	-	-	-	66 495
Current tax assets	566	-	-	-	-	-	566
Deferred Tax Assets	306 807	-	-	-	-	-	306 807
Other assets	243 949	610	-	59	-	1 142	245 760
Total Assets	18 997 648	216 021	14 012	2 585	1 834	2 916	19 235 016
Liabilities by currency							
Deposits from other credit institutions	581 687	5 101	-	272	103	468	587 631
Deposits from customers	15 379 246	151 635	-	2 930	21 741	34 376	15 589 928
Debt securities issued	710 266	-	-	-	-	-	710 266
Financial liabilities held for trading	6 951	-	-	-	-	-	6 951
Hedging derivatives	30 472	-	-	-	-	-	30 472
Provisions	28 306	1	-	-	-	-	28 307
Current tax liabilities	1 140	-	-	-	-	-	1 140
Other subordinated debt	261 779	-	-	-	-	-	261 779
Other liabilities	269 163	113	-	2 009	1 358	3 600	276 243
Total Liabilities	17 269 010	156 850	-	5 211	23 202	38 444	17 492 717
Exchange forward transactions		(60 205)	-	2 536	21 349	35 819	
Exchange gap		(1 034)	14 012	(90)	(19)	291	
Stress Test		207	(2 802)	18	4	(58)	

(Euro thousand)							
Dec 2024							
	Euro	U. S. Dollar	Angolan Kwanza	Swiss Franc	Pound Sterling	Other foreign currencies	Total amount
Assets by currency							
Cash and deposits at central banks	1 460 094	10 493	-	1 779	1 347	825	1 474 538
Loans and deposits to credit institutions payable on demand	20 823	22 469	4 012	1 093	224	1 148	49 769
Other loans and advances to credit institutions	85 880	37 625	14 701	17	7	-	138 230
Loans and advances to customers	11 933 708	11 297	-	-	-	-	11 945 005
Financial assets held for trading	25 890	873	-	80	-	-	26 843
Financial assets at fair value through profit or loss	102 683	-	-	-	-	-	102 683
Financial assets at fair value through other comprehensive income	304 479	-	-	-	-	-	304 479
Hedging derivatives	30 257	-	-	-	-	-	30 257
Other financial assets at amortized cost	3 396 877	76 827	-	-	-	-	3 473 704
Investments in associated companies	4 535	-	-	-	-	-	4 535
Non current assets held for sale	34	-	-	-	-	-	34
Investment properties	44 760	-	-	-	-	-	44 760
Other tangible assets	196 047	-	-	-	-	-	196 047
Intangible assets	64 641	-	-	-	-	-	64 641
Current tax assets	1 324	-	-	-	-	-	1 324
Deferred Tax Assets	323 691	-	-	-	-	-	323 691
Other assets	234 230	5	-	3	-	-	234 238
Total Assets	18 229 953	159 589	18 713	2 972	1 578	1 973	18 414 778
Liabilities by currency							
Deposits from other credit institutions	605 377	1 166	-	418	39	296	607 296
Deposits from customers	14 746 066	154 999	-	3 072	20 788	33 880	14 958 805
Debt securities issued	588 376	-	-	-	-	-	588 376
Financial liabilities held for trading	11 202	-	-	-	-	-	11 202
Hedging derivatives	27 037	-	-	-	-	-	27 037
Provisions	30 498	-	-	-	-	-	30 498
Current tax liabilities	1 481	-	-	-	-	-	1 481
Other subordinated debt	271 824	-	-	-	-	-	271 824
Other liabilities	239 847	1 016	1	471	-	2 565	243 900
Total Liabilities	16 521 708	157 181	1	3 961	20 827	36 741	16 740 419
Exchange forward transactions		(2 888)	-	1 062	19 296	34 739	
Exchange gap		(480)	18 712	73	47	(29)	
Stress Test		95	(3 742)	(14)	(10)	(1)	

The result of the stress test performed corresponds to the estimated impact (before tax) on equity, including non-controlling interests, due to a devaluation of 20.0% in the exchange rate of each currency against the Euro.

Liquidity risk

Liquidity risk reflects the Group's inability to meet its obligations at due date, without incurring in significant losses arising from a deterioration in financing conditions (financing risk) and/or the sale of its assets at values lower than market values (market liquidity risk).

The assessment of the liquidity risk is made using regulatory indicators defined, as well as other internal metrics for which internal limits are defined. This control is reinforced with the monthly execution of stress tests, to characterize the risk profile of Banco Montepio and ensure that the Group fulfils its obligations in a liquidity crisis scenario. The calculation of the LCR and NSFR prudential ratios is performed monthly.

As at 30 June 2025, the LCR value was 191% (31 December 2024: 201.1%).

As regards the net stable funding ratio, designated NSFR, same stood at 142.7% (31 December 2024: 141.1%).

As at 30 June 2025, the Group's financing structure was as follows:

	(Euro thousand)					
	Total	Undetermined	Up 3 months	3 - 6 months	6 - 12 months	> 12 months
Deposits from other credit institutions	587 631	-	287 624	-	-	300 007
Deposits from customers	15 589 928	-	10 672 850	2 165 025	1 650 827	1 101 226
Debt securities issued	710 266	-	-	-	2 216	708 050
Financial liabilities held for trading	6 951	-	10	2	685	6 254
Other subordinated debt	261 779	-	138	-	1 048	260 593
Other liabilities	276 243	276 243	-	-	-	-
	17 432 798	276 243	10 960 622	2 165 027	1 654 776	2 376 130

As at 31 December 2024, the Group's financing structure was as follows:

	(Euro thousand)					
	Total	Undetermined	Up 3 months	3 - 6 months	6 - 12 months	> 12 months
Deposits from other credit institutions	607 296	-	307 289	-	-	300 007
Deposits from customers	14 958 805	-	10 242 413	2 016 446	1 576 244	1 123 702
Debt securities issued	588 376	-	-	-	11 719	576 657
Financial liabilities held for trading	11 202	-	861	547	1 466	8 328
Other subordinated debt	271 824	-	168	11 760	-	259 896
Other liabilities	243 900	243 900	-	-	-	-
	16 681 403	243 900	10 550 731	2 028 753	1 589 429	2 268 590

In the context of the European Banking Authority's guidance on the disclosure of encumbered and unencumbered assets, taking into account the recommendation made by the European Systemic Risk Board, and in accordance with Commission Implementing Regulation (EU) 2021/637 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of encumbered and unencumbered assets, we present the following information, with reference to 30 June 2025 and 31 December 2024, relating to assets and their collateral:

	(Euro thousand)			
	Jun 2025			
Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets from the reporting institutions	637 043	-	18 597 973	-
Equity instruments	-	-	119 325	119 325
Debt securities	606 013	573 215	4 120 310	3 043 343
Other assets	-	-	1 020 194	-

	(Euro thousand)			
	Dec 2024			
Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of unencumbered assets	Fair value of unencumbered assets
Assets from the reporting institutions	651 226	-	17 763 552	-
Equity instruments	-	-	122 547	122 547
Debt securities	624 176	338 307	3 756 376	3 192 191
Other assets	-	-	1 074 573	-

	(Euro thousand)	
	Jun 2025	Dec 2024
Encumbered assets, encumbered collateral received and associated liabilities	Carrying amount of selected financial liabilities	
Associated liabilities, contingent liabilities and securities borrowed	557 083	559 417
Assets, collateral received and own debt securities issued other than covered bonds and encumbered ABS	620 864	635 064

The encumbered assets are mostly related to the Group's funding operations, namely of the EIB in Repos operations, with the issuance of covered bonds and securitization programs. The type of assets used as collateral for securitization programs and for the issuance of covered bonds, whether those placed outside the Group, or those used to reinforce the collateral pool with the ECB, are constituted by customers' loans contracts. Repos transactions in the money market are collateralized, essentially, by sovereign debt bonds.

The amounts presented in the previous tables correspond to the position as at 30 June 2025 and 31 December 2024 and reflect the high level of collateralization of the wholesale funding of the Group. The buffer of eligible assets for the ECB, after haircuts, uncommitted and available for use in new operations amounts, as at 30 June 2025, to Euro 4,121,406 thousand (31 December 2024: Euro 4,103,487 thousand).

It should be noted that the total value of collaterals available at the European Central Bank (ECB), as at 30 June 2025, amounts to Euro 4,087,565 thousand (31 December 2024: Euro 3,935,192 thousand) with a usage of Euro 31,000 thousand associated with the Bank's intraday credit line (31 December 2024: Euro 22,460 thousand):

	(Euro thousand)	
	Jun 2025	Dec 2024
Total eligible collateral	4 681 940	4 656 132
Total collateral in the pool	4 087 565	3 935 192
Collateral outside the pool	594 375	720 940
Used collateral	560 534	552 645
Collateral used for ECB	31 000	22 460
Collateral committed to other financing operations	529 534	530 185
Collateral available for ECB	4 056 565	3 912 732
Total available collateral	4 121 406	4 103 487

Note: collateral amount considers the applied haircut

As at 30 June 2025 and 31 December 2024, the level 1 and 2 High-quality liquid assets, were as follows:

	(Euro thousand)			
	Jun 2025		Dec 2024	
High-Quality Liquid Assets (HQLA)	Amount	%	Amount	%
Level 1				
Coins and banknotes	148 208	3.2	162 375	3.9
Withdrawable central bank reserves	1 544 143	33.1	1 176 935	28.2
Central government assets	2 743 387	58.9	2 700 606	64.8
Extremely high quality covered bonds	176 092	3.8	82 484	2.0
Level 2				
Corporate debt securities (CQS1)	17 219	0.4	21 276	0.5
Asset-backed securities (residential, CQS1)	371	0.0	417	0.0
Corporate debt securities (CQS2/3)	28 479	0.6	25 963	0.6
	4 657 899	100.0	4 170 056	100.0

As at 30 June 2025 and 31 December 2024, the (undiscounted) contractual outflows of the financial liabilities, including interest flows, presented the following structure:

	(Euro thousand)							
	Jun 2025							
Liabilities	Total	In cash ⁽¹⁾	Up 3 months	3 - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Deposits from other credit institutions	588 229	34 215	253 786	37 529	25	37 546	112 596	112 532
Deposits from customers	15 674 233	6 348 443	4 387 470	2 155 591	1 668 401	611 512	502 816	-
Debt securities issued	808 087	187	22 090	8 559	42 202	52 969	677 517	4 563
Financial liabilities held for trading	6 951	6 951	-	-	-	-	-	-
Other subordinated debt	455 216	-	171	-	21 410	21 576	65 411	346 648
Other liabilities	305 690	-	305 690	-	-	-	-	-
	17 838 406	6 389 796	4 969 207	2 201 679	1 732 038	723 603	1 358 340	463 743

⁽¹⁾ Includes trading liabilities, including derivatives, measured at fair value.

	(Euro thousand)							
	Dec 2024							
Liabilities	Total	In cash ⁽¹⁾	Up 3 months	3 - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Deposits from other credit institutions	608 265	54 632	253 375	29	37 529	37 550	112 607	112 543
Deposits from customers	15 061 194	5 821 891	4 434 143	2 027 302	1 632 740	721 910	423 208	-
Debt securities issued	674 198	105	10 623	24 333	39 044	263 545	327 825	8 723
Financial liabilities held for trading	11 202	11 202	-	-	-	-	-	-
Other subordinated debt	472 718	-	206	21 250	171	21 580	65 063	364 448
Other liabilities	275 878	-	275 878	-	-	-	-	-
	17 103 455	5 887 830	4 974 225	2 072 914	1 709 484	1 044 585	928 703	485 714

⁽¹⁾ Includes trading liabilities, including derivatives, measured at fair value.

Furthermore, as at 30 June 2025, the Group has irrevocable commitments related to credit lines amounting to Euro 745,282 thousand (31 December 2024: Euro 759,312 thousand), as described in note 44, which represent potential liquidity outflows.

Real estate risk

Real estate risk results from possible negative impacts on Banco Montepio's results or equity due to fluctuations in the market price of real estate.

The real estate risk results from the exposure in real estate assets, whether from the foreclosure of properties or judicial auction in the scope of credit recovery processes or from investment units in real estate funds held in the securities' portfolio. These exposures are monitored through scenario analyses that attempt to estimate the potential impacts of changes in the real estate markets in the portfolios of these real estate assets and make available the information elements necessary for the definition of the real estate risk management policy.

As at 30 June 2025 and 31 December 2024, the exposure to real estate and investment units in real estate funds presented the following values:

	(Euro thousand)	
	Jun 2025	Dec 2024
Non-current assets held for sale	22	34
Real estate received in recovery of credit	117 876	142 928
Investment properties	38 343	44 760
Investment units in Real Estate Funds	35 095	34 851
	191 336	222 573
Stress test	(19 134)	(22 257)

Stress test results correspond to the estimated impact on equity (before taxes) of a negative 10% variation in the values of real estate and investment units in real estate funds.

Still regarding real estate risk, Banco Montepio has defined in its own internal regulations a plan to reduce the prudential value of properties received in recovery of credit. This prudential deduction, with no impact on the financial statements, is carried out through the application of a gradual haircut plan applicable to the properties considering their ageing in the balance sheet. Regarding the portfolios of properties received in recovery of credit and investment properties, the Banco Montepio Group considered, as at 30 June 2025, a specific prudential deduction of Euro 66,748 thousand.

Notwithstanding that described in the accounting policy disclosed in note 1 h) in relation to properties, the net realizable value of the inventories is determined based on a valuation made by an independent appraiser. Real estate appraisals are based on assumptions on which the influence of the economic and financial situation and the market's ability to transact the available offer, at each moment, are decisive. In this way, the realization of the appraisal value determined by the independent appraisers is dependent on the verification of the assumptions used in the respective appraisals, meaning that the evolution of the macroeconomic conditions and the real estate market may translate into changes in these same assumptions, and, consequently, have an impact on the recoverability of the appraised value of the properties.

Operational risk and Going concern

Operational risk corresponds to the potential loss resulting from failures or inadequacies in internal processes, people or systems, or potential losses resulting from external events. Banco Montepio adopted the standard method to quantify its own capital requirements for operational risk, supported on the existence of an operational risk management system based on the identification, assessment, monitoring, control and measurement of this type of risk.

The operational risk management model implemented complies with the 3-lines-of-defence principle.

The Risk Directorate exercises the corporate function of operational risk management of Banco Montepio which is supported by the existence of participants in different organic units that ensure the proper implementation of the operational risk management.

The operational risk profile assessment for new products, processes and systems and its consequent monitoring, on a regular basis, has allowed the early identification and mitigation of operational risk situations.

Regarding operational risk monitoring as at 30 June 2025, the collection and analysis of operational risk loss events were continued.

One of the essential aspects in the management of this specific type of risk is the prior identification of the relevant operational risks whenever a product, process or system is implemented or revised, as well as the monitoring of action plans aimed at avoiding or mitigating the effects of materialization of risks with greater frequency/severity of loss events or with greater residual value, within the scope of the self-assessment process.

Monitoring

Within the scope of Banco Montepio's Operational Risk Management System, the key risk indicators (KRIs) aim to monitor the exposure factors associated with the main risks, allowing to measure and monitor the risk appetite and anticipate the occurrence of losses through preventive actions.

In this sense, the defined limits were regularly monitored, and action plans were promoted in cases where they were exceeded.

These indicators are part of the Operational Risk Reports presented to the Risk Committee and the Executive Committee.

Operational Risk Self-Assessment

The operational risk management cycle implemented at Banco Montepio is based on the preparation of a table of activities and respective operational risks and controls, allowing the identification of the potential exposure of each body/organic unit to operational risk, determining its risk profile and prioritizing eventual risk mitigation actions. Operational risks are mapped considering seven main categories: internal fraud; external fraud; employment and occupational safety practices; customer, product and commercial practices; damage to physical assets; activity disruptions and system failures; and execution, delivery and management of processes. Operational risks and the respective controls are regularly self-assessed, usually in the form of workshops with the representatives of each body/organic unit and with the support of the Risk Directorate.

Based on the results of the self-assessments - carried out in terms of impacts and frequencies for risks and the percentage of effectiveness for controls - a residual risk tolerance matrix is established, which supports the level of risk considered acceptable to the institution and which allows to identify the risks for which additional mitigation measures will have to be considered.

Business Continuity Management

The business continuity management cycle is supported by a set of assessment, design, implementation and monitoring activities, integrated in a continuous improvement cycle that aims to make business processes more resilient, allowing to ensure the continuity of operations in the case occurrence of events that cause the interruption of activity.

Information and Communication Technologies Risk

Information and communication technologies risk is characterized by the risk of losses in capital and the Bank's net equity due to breach of confidentiality, lack of integrity of systems and data, inadequacy or unavailability of systems and data or inability to change information technologies (IT) within a reasonable period of time and cost when the environment or business requirements change (i.e., agility). This scope also includes the risk of losses resulting from external security risk events or inadequate or deficient internal processes, including cyberattacks or inadequate physical security.

As part of the management of this risk, Banco Montepio's Risk Directorate ensures the identification, measurement, assessment, management, monitoring and communication of information and communication technology risk events and security. Considering the ongoing digital transformation and the Bank's increased technological dependence, as well as the increase in cyberattacks in Portugal and around the world, in 2022 the Bank created a Cybersecurity Office independent of the Information Systems Directorate, in order to centralize and focus teams on implementing a process framework to mitigate security events as well as defining and implementing an action plan whenever they occur. This Office is in direct contact with the Bank's Risk Directorate within the scope of management and security risk monitoring.

Environmental, Social and Governance Risks

The guiding principles followed by the Banco Montepio Group, regarding ESG risk, seek alignment with the expectations referenced in the ECB - Guide on climate-related and environmental risks, published in November 2020.

ESG Risks are based on the assessment of the environmental, social and governance (ESG) components. Environmental risks ("climate and environmental risk via physical risk" and "climate risk via transition risk") are defined in Banco Montepio's Risk Taxonomy (in the Banco Montepio Group context) and are individually identified and assessed as part of the risk materiality assessment process. Social and governance risks are also defined in Banco Montepio's Risk Taxonomy ("Social Risk" and "Governance Risk").

Within the context of the Banco Montepio Group's global risk management framework, the materiality of ESG risks is assessed and an internal policy guiding their management is defined. This policy includes the definition of the risk management model, based on the three lines of defence principle, as well as mechanisms for monitoring and reporting risk exposure. Furthermore, risk tolerance limits are established, integrated into the Banco Montepio Group's risk appetite framework (RAF).

Considering the Banco Montepio Group's business model, credit risk is identified as the main transmission channel for the impact of ESG risks on traditional risks. This conclusion is based on the reduced exposure to market risk, the robust liquidity position (with high buffers), and the very limited number of losses associated with operational risk events.

In this context, and within the scope of the Banco Montepio Group's risk management framework, three climate scenarios defined by the NGFS are used to support the assessment and identification of material risks. These scenarios allow one to estimate the potential impact on credit losses due to the materialization

of climate risks over three time horizons: short-term (up to 3 years), medium-term (up to 8 years), and long-term (up to 30 years).

The Banco Montepio Group uses three NGFS climate scenarios—"current policies," "Net Zero 2050," and "delayed transition" - to assess the materiality of climate risk. The results indicate a greater impact in the short term due to transition risk (especially in the Net Zero scenario), a moderate impact in the medium term, and a greater impact in the long term due to physical risk. Given that there were no material losses associated with climate risks, the Banco Montepio Group classifies this risk as moderate (i.e., material) from a forward-looking perspective within its material risk assessment framework.

The Banco Montepio Group has defined a methodology that aims to link key physical and transition risks to traditional prudential risks, allowing for the quantification of their impacts. This approach establishes materiality thresholds to assess the relevance of environmental risks, supporting effective management, the definition of strategic priorities and the development of specific scenario analyses.

Additionally, the Banco Montepio Group has integrated climate stress tests into its ICAAP and ILAAP exercises, aiming to demonstrate that economic capital requirements for traditional risks are robust enough to accommodate climate risk scenarios. These tests suggest that the Banco Montepio Group has adequate capital and liquidity levels to respond to potential equity degradation caused by climate-related events.

Pension Fund risk

The Pension Fund risk results from the potential devaluation of the Fund's asset portfolio or the decrease in the respective expected returns, as well as the increase in the Fund's liabilities as a result of the evolution of the different actuarial assumptions. In such scenarios, Banco Montepio will have to make unplanned contributions in order to maintain the benefits defined by the Fund.

Regular analysis and monitoring of Banco Montepio's Pension Fund management is carried out by the Pension Fund Monitoring Committee. In addition, the Risk Directorate ensures the production of monthly reports with the evolution of the market value of the Pension Fund's portfolio and the associated risk indicators.

Besides verifying compliance with the investment policy and the legal and prudential limits, the management entity (Futuro) has strengthened control and monitoring through a variety of risk measures and a set of internal procedures aimed at maintaining the prudent management of the risk. On this basis, a risk management model based on the technical perspective of EIOPA's "QIS Pension Funds" studies is used. The development of tolerance indicators for this model allows for the monitoring of the variations of these indicators, in accordance with the investment policy defined for the Pension Fund.

Market risk monitoring is based on the VaR calculation, with a confidence level of 99.5% for a one-year time horizon. Since VaR does not totally guarantee that risks do not exceed the probability used, Stress Tests are also carried out, with the purpose of calculating the impact of several extreme scenarios on the value of the portfolio.

The assessment of the liquidity level of the share-based and bond-based components of the Pension Fund is assessed through a liquidity test. With shares, this analysis is done based on the number of days for their liquidation, considering the assets in the portfolio. This test consists of verifying the liquidity of the share-based segment, assessing how many days are necessary for its settlement in the market, considering the costs associated with these transactions and the average historical volume of transactions in the various markets. In addition, in the bond-based segment, the cash receipts (positive cash flows) resulting from bond coupon (interest) payments and amortizations, or possible call option exercises are calculated for one year. All these tests allow for the assessment of the degree of liquidity in the short term and to monitor or act in the event of a possible shortage of liquidity, in a timely manner.

Other risks

Regarding other risks – reputation, compliance, strategy and business risks - these are also monitored by the Board of Directors, with the risks being controlled and corrective measures being taken based on the results obtained compared with the objectives/limits established, of note being, namely, the monitoring and control of deviations from the approved strategic plan and budget.

In the scope of emerging risks, where ESG risks stand out, the Group is implementing its own framework for managing these risks, ensuring their interconnection with credit, market, liquidity, operational and real estate risks, among others. Within the scope of this framework, the management and supervisory bodies will monitor the current and prospective evolution of the institution's risk profile in relation to these risks. It should be noted that, as part of the review of the Bank's risk appetite, KRIs have been included to regulate exposure to ESG risks (namely, climate risks) since 2022.

Hedging policies and Risk reduction

For the purpose of reducing credit risk, the risk mitigation elements associated with each operation are considered. In particular, real mortgage guarantees, and financial collateral are relevant, as well as the provision of personal credit protection, namely of guarantees.

In terms of the direct reduction of the exposure value, credit operations collateralized by financial collateral are considered, namely, term deposits. In financial collaterals, the market and foreign exchange risks of the assets involved are considered, and, when applicable, the value of the collateral is adjusted.

Regarding real mortgage guarantees, Banco Montepio has defined valuation and revaluation models to be applied to properties that may or already constitute real collateral for credit operations. The asset valuations are carried out by independent expert appraisers, and the management of the valuations and inspections is centralized in a unit that is independent of the commercial area. In accordance with (EU) Regulation no. 575/2013 (CRR), the requirements for the verification and revaluation of the assets' value, depending on the cases, either by statistical and computerized methods or by review or revaluation of the valuation amount by an expert appraiser are assured.

For credit guarantees, the principle of the substitution of the customer's risk by that of the protection provider is applied, provided that the risk of the latter is not inferior to that of the prior.

The Group does not usually use on-balance sheet and off-balance sheet offsetting processes, nor does it hold credit derivatives on positions in its portfolio.

Trading portfolio market risk mitigation techniques essentially consist of hedging exposures with financial products with a symmetric risk to decrease the total risk of the exposures or the partial or total sale of exposures to reduce exposure or cancel it completely.

Regarding the banking portfolio, interest rate and foreign exchange risk mitigation techniques correspond to the negotiation of hedging operations with derivatives and the closure of exposures through the sale of open exposures.

Own funds and Capital ratios

The capital monitoring and management process at the Banco Montepio Group has as its objective to ensure the accuracy of the determination and assessment of the level of regulatory and economic capital, taking into account the risk profile determined by the Board of Directors and the Bank of Portugal add-ons in the scope of the SREP, as well as assess the potential effects, on the Group's financial conditions, resulting from changes in risk factors due to exceptional but plausible events (stress tests).

The process of monitoring the evolution of regulatory capital adequacy is carried out monthly, while economic capital adequacy is monitored on a quarterly basis. The global monitoring of the risk profile and the respective capital adequacy are an integral part of the regular reports to the Risk Committee, Executive Commission, Audit Committee and Board of Directors, as well as of the Group's Risk Appetite framework. This process has a governance structure and procedures to monitor the evolution of capital (within the objective and risk tolerance limits defined by the Board of Directors), including the definition of roles and responsibilities for

escalating and resolving breaches of the defined limits. The responsibility for identifying breaches of the risk limits defined at the Group level, as well as of the entities that assume the risk management function, lies with the Risk Directorate. Whenever a situation of non-compliance with the aforementioned limits is identified, the Risk Directorate carries out an analysis of this situation including the following elements:

- Identification of the limit breached;
- Identification of the risk factors that justify said breach;
- Information on the perspective future evolution of these risk factors;
- Proposal of risk reduction, assumption, mitigation or transfer measures, as applicable; and
- Proposal of reallocation of risk limits, if applicable.

The responsibility for defining action plans to remedy the breaches of the limits verified lies with the Risk Directorate, together with the first-line organic units.

The own funds of the Group are determined in accordance with the applicable regulatory standards, namely Directive 2013/36/EU (CRD IV) and Regulation (EU) no. 575/2013 (CRR), adopted by the European Parliament and by the Council, Notice no. 10/2017 of the Bank of Portugal. Own funds include level 1 own funds (tier 1) and the level 2 own funds (tier 2). Tier 1 includes level 1 core own funds (common equity tier 1 – CET1) and the additional level 1 own funds with, of note, the following general composition:

- Level 1 Core Own Funds or Common Equity Tier 1 (CET1): this category includes the realized share capital (with the deduction of treasury shares held), eligible reserves (including fair value reserves), retained earnings, positive and certified retained earnings for the period or, if negative, the full amount. As regards the fair value reserves, within the scope of Regulation (EU) no. 2020/873, Banco Montepio adhered to the possibility of applying the prudential filters to the fair value reserves associated with sovereign debt. The value of reserves and retained earnings, if existing, is adjusted for the reversal of the results in financial liabilities at fair value through profit or loss in the part corresponding to the risk of the institution's own credit. Non-controlling interests are only eligible to the extent necessary to cover the Group's capital requirements attributable to minority shareholders. The book value of the amounts related to goodwill, if existing, other intangible assets (not associated with software), as well as the gap, if positive, between the assets and liabilities of the Pension Fund, is deducted. The amount of the prudent valuation calculated in accordance with articles 34 and 105 of the CRR is also deducted, as are the deferred tax assets related to tax losses. Deductions are also made of equity tranches according to article 36 paragraph k) of the CRR, resulting from synthetic and traditional securitizations made during 2021 and 2023. Regarding financial shareholdings in financial sector entities and deferred tax assets arising from timing differences that depend on future profitability, the values in these captions are deducted when, individually, they exceed 10.0% of CET1, or, subsequently, 15.0% of CET1 when considered in aggregate (only on the part not deducted in the first barrier of 10.0% and considering only significant shareholdings). The values not deducted will be subject to the weighting of 250.0% to the total risk-weighted assets. Regarding shareholdings in financial institutions, the deduction is proportionally realized in the corresponding capital levels held. Still in accordance with Regulation (EU) no. 575/2013, the applicable amount of insufficient coverage for non-productive exposures is now deducted if said exposures originated after 26 April 2019. Banco Montepio also deducts the amount of the Irrevocable Payment Commitments (IPC) associated with the (Single Resolution Fund) ("SRF"). In addition to the regulatory deductions, Banco Montepio defined in its own internal regulations a plan to reduce the prudential value of properties received in recovery of loans. This reduction is carried out through a prudential deduction resulting from the application of a gradual plan of haircuts applied to properties considering their ageing on the balance sheet. Regarding portfolios of property received in recovery of credit and investment properties, the Group considered, as at 30 June 2025, a specific prudential deduction of Euro 66,748 thousand (with a negative impact of 83 basis points on CET1), resulting from the internal prudential haircut policy. Bearing in mind the plan defined in its own internal regulations, an impact of - Euro 80,367 thousand is estimated until the end of the year 2025 (*ceteris paribus* in Banco Montepio's

portfolio as at 30 June 2025, and considering the coefficients defined in the internal regulation, which has at its base Circular Letter no. CC/2024/00000050). However, Banco Montepio continues to make efforts to reduce its exposure to properties, namely on those with a greater ageing in its portfolio, to reduce the amount of this potential prudential impact;

- Level 1 Own Funds or Tier 1 (T1): includes capital equivalent instruments, which conditions are in accordance with article 52 of Regulation (EU) no. 575/2013 and that have been approved by the Bank of Portugal. Non-controlling interests relating to additional own funds' minimum requirements of the institutions in which the Group does not hold full ownership are also eligible. The eventual shareholdings of T1 capital of financial institutions subject to deduction are deducted from this capital; and
- Level 2 Own Funds or Tier 2 (T2): includes capital equivalent instruments, which conditions are in accordance with article 63 of the CRR and that have been approved by the Bank of Portugal. Non-controlling interests relating to the own fund's minimum requirements of the institutions in which the Group does not hold full ownership are also eligible. The eventual shareholdings of T2 capital of financial institutions subject to deduction are deducted from this capital.

Total Own Funds or Total Capital are constituted by the sum of the three levels of own funds previously referred.

On 1 January 2025, the most recent revision of Regulation 575/2013 of the European Parliament, commonly referred to as CRR3, came into force. This revision had its most significant impact on the calculation of credit-risk weighted assets (where the Banco Montepio Group applies the standardized approach), as well as on operational risk. Regarding the calculation of risk-weighted assets, in addition to credit, operating and market risk requirements, reference is made to the weighting of 250% of deferred tax assets associated with timing differences that depend on future profitability and financial shareholdings that are within the limit established for non-deduction from CET1. With respect to deferred tax assets associated with timing differences that do not depend on future profitability, these are subject to a 100% weighting for capital requirement purposes. The CVA requirement (Credit Valuation Adjustment) is also determined.

Considering the relation between own funds (in their different levels) and the risk-weighted assets, it can be verified whether an entity has own funds for an amount not below the own funds' minimum requirements, thus certifying the adequacy of its capital. This relation is reflected in the different capital ratios, namely CET1 ratio, T1 ratio and total capital ratio (ratio corresponding to the respective capital level as a percentage of the amount corresponding to 12.5 times the own funds' requirements).

For these ratios, regulatory minimums are indicated by CRR of 4.5% for CET1, of 6.0% for Tier 1 and of 8.0% for Total Capital. However, on these regulatory minimums are applied reserves of own funds (such as Conservation Reserve, Counter-Cyclical Reserve and Reserves for Other Systemic Institutions), the value of which is defined by the Bank of Portugal, and an add-on of capital in the scope of the annual exercise of the Supervisory Review and Evaluation Process ("SREP"), which amount is defined by the Bank of Portugal. According to that defined by the Bank of Portugal, the minimum ratios required may be presented as follows:

Ratios	Jun 2025				Dec 2024			
	Ratio	Tier 1	Tier 2	Reserves ⁽¹⁾	Ratio	Tier 1	Tier 2	Reserves ⁽¹⁾
CET1	9.02%	4.50%	1.74%	2.77%	9.11%	4.50%	1.83%	2.78%
T1	11.10%	6.00%	2.33%	2.77%	11.22%	6.00%	2.44%	2.78%
Total	13.87%	8.00%	3.10%	2.77%	14.03%	8.00%	3.25%	2.78%

⁽¹⁾ Considers:

Conservation reserve 2.5%;

Reserve The SII of 0.25%;

Countercyclical Reserve currently set at 0% in Portugal, how ever presents the value of 0.028%

Pursuant to these provisions, as at 30 June 2025, the regulatory ratios, considering the reserves, for Common Equity Tier 1, Tier 1 and Total were 9.02%, 11.10% and 13.87%.

The summary of the calculation of the Group's capital requirements, as at 30 June 2025 and 31 December 2024^(*), is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Capital Common Equity Tier 1		
Realized share capital	1 210 000	1 210 000
Net income/(loss), reserves and retained earnings	508 492	433 731
Other regulatory adjustments	(401 404)	(363 385)
	1 317 088	1 280 346
Capital Tier 2		
Subordinated debt	256 323	256 323
	256 323	256 323
Total own funds	1 573 411	1 536 669
Own funds requirements		
Credit risk	562 837	562 310
Market risk	1 761	1 379
Operating risk	70 841	59 913
Other requirements	11 564	14 557
	647 003	638 159
Prudential Ratios		
Common Equity Tier 1 Ratio	16.3%	16.1%
Tier 1 Ratio	16.3%	16.1%
Total Capital Ratio	19.5%	19.3%

^(*) 31 December 2024 under phase-in

It should be noted that the ratios, as at 30 June 2025 and 31 December 2024, consider the impact of the adherence to the Special Regime Applicable to Deferred Tax Assets, as described in note 32.

52 Recently issued accounting policies

IFRS Disclosures – New standards as at 30 June 2025, for annual periods beginning on 1 January 2025:

1. Impact of the adoption of new standards and amendments to the standards that became effective for annual periods beginning on 1 January 2025:

IAS 21 (amendment), 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'. This amendment adds requirements for determining whether a currency can be exchanged for another currency (exchangeability) and defining how to determine the spot exchange rate to be used when it is not possible to exchange a currency for a long period of time. This change also requires the disclosure of information that allows understanding how the currency that cannot be exchanged for another currency affects, or is expected to affect, the financial performance, financial position and cash flows of the entity, in addition to the spot exchange rate used on the reporting date and how it was determined. This amendment is applied retrospectively without restating the comparative, and the translation of the financial information must be recorded in retained earnings (if conversion from foreign currency to

functional currency) or in foreign exchange reserves (if conversion from functional currency to presentation currency).

2. Standards (new and amended) published, which application is mandatory for annual periods beginning on or after 1 January 2026, already endorsed by the European Union:

- a) **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Amendments to the classification and measurement of financing' (effective for annual periods beginning on or after 1 January 2026). The amendments relate to: i) clarification of the concept of the date of recognition and derecognition of some financial assets and liabilities, introducing a new exception for financial liabilities settled through an electronic payment system; ii) clarification and examples of when a financial asset meets the criterion that contractual cash flows correspond to "principal and interest payments only" ("SPPI"), such as: 1) non-recourse assets; 2) contractually linked instruments and 3) instruments with features linked to compliance with environmental, social and governance ("ESG") goals; iii) new disclosure requirements for instruments with contractual terms that may alter cash flows in terms of period and amount; and iv) new disclosures required for equity instruments designated at fair value through other comprehensive income. These changes apply on the date they become effective without restatement of the comparative.
- b) **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Contracts negotiated with reference to electricity generated from a renewable source' (effective for annual periods beginning on or after 1 January 2026). The amendments aim to improve the reporting of the financial effects of negotiated contracts based on the production of electricity from renewable sources, subject to variability in the amount generated due to the fact that this is dependent on uncontrollable natural conditions. These amendments are intended to: i) clarify the application of the requirements of the IFRS 9 "own use" exemption; (ii) allow the application of hedge accounting when renewable electricity purchase agreements are designated as a hedging instrument; and iii) add new disclosure requirements to IFRS 7 to better understand the impact of these contracts on the entity's financial performance and cash flows. This amendment will apply retrospectively without restating the comparative periods, except for the designation of coverage, which must be applied prospectively.

The Banco Montepio Group does not anticipate any significant impact resulting from the application of these amendments on its financial statements.

3. Standards (new and amended) published, which application is mandatory for annual periods beginning on or after 1 January 2026, not yet endorsed by the European Union:

- a) **IFRS 18** (new standard), 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. IFRS 18 will replace the current IAS 1. While maintaining many of the principles in IAS 1, IFRS 18 places greater focus on specifying a structure for the income statement, consisting of mandatory categories and subtotals. Income statement items will be classified into one of three categories: operating, investing, financing. Specified subtotals and totals will be required, with the main change being the mandatory inclusion of the subtotal "Operating profit/(loss)". This standard also includes improvements in the disclosure of management performance measures, including reconciliation with the closest subtotal required by IFRS. This standard also reinforces the guidance on the principles of aggregation and disaggregation of information contained in the financial statements and related notes, based on their shared characteristics. This standard applies retrospectively.
- b) **IFRS 19** (new standard), 'Non-publicly reporting subsidiaries: Disclosures' (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. IFRS 19 is a voluntary standard that allows eligible subsidiaries to use IFRS with reduced disclosure requirements. IFRS 19 is a standard that only deals with disclosures and is applied in conjunction with the requirements of the other IFRS for the purposes of recognition, measurement and presentation. A subsidiary is considered eligible if: (i) it is not subject to a public reporting obligation; and (ii) the parent entity prepares consolidated financial statements for public reporting in accordance with IFRS. IFRS 19 may be applied by eligible subsidiaries in the preparation of their own consolidated,

separate or individual financial statements. Full comparative information is required unless an exemption applies.

- c) **Annual Improvements** – ‘Volume 11’ (effective for annual periods beginning on or after 1 January 2026). The annual IFRS improvement cycles aim to clarify application issues or correct inconsistencies in the standards. This volume of improvements affects the following standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. These amendments are still subject to endorsement by the European Union.

The Banco Montepio Group does not anticipate any significant impact resulting from the application of these amendments on its financial statements.

53 Transfer of assets

The Group carried out several financial asset sale operations, namely loans and advances to customers, to funds specialized in the recovery of loans. These funds take responsibility for the management of the companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of same.

The financial assets sold under these operations are derecognized from the balance sheet of the Group, since the operations result in the transfer to the funds of a substantial portion of the risks and rewards associated with the assets as well as the control of same.

The funds specialized in the recovery of credit that acquired financial assets from the Group are closed funds, in respect of which the holders have no possibility of requesting the redemption of their investment units throughout the useful life of same.

These investment units are held by several banks in the market that ceded the loans, in percentages that vary throughout the useful life of the funds, but it is ensured that each bank, separately, does not hold units representative of more than 50% of the capital of the funds.

The funds have a specific management structure (General Partner), fully independent from the seller banks, and that is selected on the date of the incorporation of the funds.

The management structure of the funds has as main responsibilities to:

- Define the objective of the funds; and
- Manage the funds on an exclusive basis, determining the objectives and investment policy and the conduct of the management and business of the funds.

The management structure is remunerated through management commissions charged to the funds.

Generally, these funds, in which the Group holds minority positions, incorporate companies under Portuguese law to acquire the loans from the banks, which are financed through the issuance of senior and junior bonds.

The value of the senior bonds, fully subscribed by the funds that hold the share capital of the companies, matches the fair value of the asset transferred, determined in accordance with a negotiation process based on valuations performed by both parties. These bonds are remunerated at an interest rate that reflects the risk of the company holding the assets. The value of the junior bonds is equivalent to the difference between the fair value based on the valuation of the senior bonds and the transfer value of the loans to the Portuguese-law companies.

These junior bonds, when subscribed by the Group, grant the right to a contingent positive value if the value of the assets transferred exceeds the nominal value of the senior bonds plus their related interest.

However, considering that these junior bonds reflect a valuation difference of the assets transferred, based on valuations performed by independent entities and a negotiation process between the parties, the junior bonds are fully provided against.

Therefore, following the asset sale operations carried out, the Group subscribed:

- Investment units of the funds, in which the cash flows that will allow their recovery arise mainly from a broad set of assets transferred by the various participant banks (where the Group has a clear minority interest). These securities are booked in the portfolio of financial assets at fair value through profit or loss and are measured at fair value based on the quotation value, as disclosed by the funds and audited at each year end; and
- Junior bonds (with a higher subordination level), issued by the Portuguese-law companies controlled by the funds, which are fully provided against because they reflect the best estimate of the impairment of the financial assets transferred.

In this context, of not holding control but maintaining some exposure to certain risks and rewards, the Group, in accordance with IFRS 9, performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the operation, having concluded that it does not hold substantially all the risks and rewards.

Considering that it does not hold control and does not exercise significant influence over the funds or the companies holding the assets, the Group derecognized the assets transferred and recognized the assets received in return as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Amounts associated with the transfer of assets			Amounts associated with the transfer of assets		
	Net assets transferred	Amount received	Result obtained with the transfer	Net assets transferred	Amount received	Result obtained with the transfer
Fundo Vega, FCR	27 857	43 124	15 267	27 857	43 124	15 267
Discovery Portugal Real Estate Fund	13 698	15 415	1 717	13 698	15 415	1 717
Fundo Aquarius, FCR	13 060	13 485	425	13 060	13 485	425
	54 615	72 024	17 409	54 615	72 024	17 409

As at 30 June 2025 and 31 December 2024, the assets received under these operations are as follows (see note 23):

	(Euro thousand)	
	Jun 2025	Dec 2024
	Senior securities	
Fundo Vega, FCR	18 566	20 652
Discovery Portugal Real Estate Fund	14 867	14 118
Fundo Aquarius, FCR	7 195	8 518
	40 628	43 288

Although the subordinated securities are fully provided against, the Group also has an indirect exposure to the financial assets transferred, in the scope of the minority investment in the pool of all the assets transferred by other financial institutions, through the shares and investment units in the funds acquired in the scope of the operations (designated in the table as senior bonds).

54 Contingencies

Resolution Fund

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law no. 31-A / 2012, of 10 February, which is governed by the Legal Framework of Credit Institutions and Financial Companies ("RGICSF ") and by its regulations and its mission is to provide financial support for the resolution measures implemented by the Bank of Portugal, in its quality as national resolution authority, and to perform all other functions conferred by law in the implementation of such measures.

As with the majority of the financial institutions operating in Portugal, the Group is one of the institutions participating in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Bank of Portugal based, among others, on the amount of its liabilities. As at 30 June 2025, the periodic contribution made by the Group amounted to Euro 2,950 thousand (30 June 2024: Euro 1,990 thousand), based on a contribution rate of 0.0009%.

Resolution measure applied to Banco Espírito Santo, S.A. (BES)

As part of its responsibility while supervisory and resolution authority of the Portuguese financial sector, the Bank of Portugal, on 3 August 2014, decided to apply to Banco Espírito Santo, S.A. ("BES") a resolution measure under, pursuant to article 145-G(5) of the RGICSF, which consisted of the transfer of most of its activity to a transition bank called Novo Banco, S.A. ("Novo Banco"), created especially for this purpose.

To realize the share capital of Novo Banco, the Resolution Fund, while sole shareholder, provided Euro 4,900 million, of which Euro 365 million corresponding to its own financial resources. A loan was granted by a bank syndicate to the Resolution Fund, in the amount of Euro 635 million, with the participation of each credit institution weighted according to several factors, including their size. The remaining amount (Euro 3,900 million) came from a repayable loan granted by the Portuguese State.

Following the implementation of the referred resolution measure, on 7 July 2016, the Resolution Fund stated that it would review and evaluate the steps to be taken following the publication of the report on the results of the independent valuation exercise, carried out to estimate the level of credit recovery for each class of lenders in the hypothetical scenario of a normal insolvency process of BES as at 3 August 2014. Under the applicable law, if it turns out that lenders which credits have not been transferred to Novo Banco assume a greater loss than they would hypothetically have had BES entered into a liquidation process immediately prior to the application of the resolution, these lenders are entitled to receive the difference from the Resolution Fund.

On 31 March 2017, the Bank of Portugal announced that it had selected Lone Star Fund for the purchase of Novo Banco, which was concluded on 17 October 2017, through the injection by the new shareholder of Euro 750 million, which will be followed by a new capital injection of Euro 250 million, to be completed within the period of three years. With this operation, Novo Banco's status as transition bank ceased, with Lone Star Fund now holding 75% of the share capital of Novo Banco and the Resolution Fund the remaining 25%, albeit without the corresponding voting rights.

On 26 February 2018, the European Commission released the non-confidential version of the State aid approval decision underlying the sale process of Novo Banco, which includes a contingent capitalization mechanism whereby the Resolution Fund may be called upon to carry out capital injections if certain conditions materialize related to the performance of a restricted set of assets of Novo Banco and the evolution of the bank's capital levels.

This mechanism is triggered annually, based on the annual accounts of Novo Banco certified by the respective auditor, with the possibility of intra-annual assessments being foreseen, but only in the event of non-compliance, by Novo Banco, with the prudential requirements. For the purpose of this mechanism, the differences in the valuation of assets (positive or negative) are considered in relation to their book value, net

of impairments, recorded as at 30 June 2016 (circa Euro 7.9 thousand million according to the information provided by Novo Banco). Hence, economic losses or gains resulting from, for example, the sale of assets or the restructuring of loans, but also the impairment, or its reversal, recorded by Novo Banco, in accordance with the accounting standards, as well as the costs of financing associated with the maintenance of the assets in the balance sheet of Novo Banco, are considered.

Under the referred mechanism, own financial resources resulting from contributions paid, directly or indirectly, by the banking sector, complemented by a State loan amounting to Euro 430 million under the framework agreement celebrated between the Portuguese State and the Resolution Fund were used. According to the information provided by Novo Banco, as at 31 December 2017, the net value of the assets covered by the perimeter of the contingent capitalization mechanism amounted to approximately Euro 5.4 thousand million.

On 6 May 2019, the Resolution Fund made the payment of Euro 1,149 million to Novo Banco with reference to the accounts of 2018, having used its own resources, resulting from contributions due, directly and indirectly, by the banking sector, and resorted to a loan from the State in the amount of Euro 850 million, which corresponds to the maximum annual financing limit agreed between the Resolution Fund and the State in October 2017.

In May 2020, the Resolution Fund made the payment of Euro 1,035 million to Novo Banco with reference to the accounts of 2019, which resulted from the execution of the agreements celebrated in 2017, in connection with the sale of 75% of the Resolution Fund's shareholding in Novo Banco, complying with all the procedures and limits defined therein, and resorted to a loan from the State in the amount of Euro 850 million.

On 4 June 2021, the Resolution Fund made a payment to Novo Banco of Euro 317 million, referring to the accounts for financial year 2020, which was fully financed with resources from a loan obtained from seven national credit institutions. The amount calculated by the Resolution Fund for the purpose of the payment to Novo Banco was Euro 429 million.

On 23 December 2021, the Resolution Fund made the payment of Euro 112 million, after having obtained all analyses from a financial, economic and legal point of view, which was pending verification in June 2021 and was already provided against.

On 9 December 2024, the Resolution Fund announced, in a statement, the signing of an agreement terminating the Contingent Capitalization Mechanism (CCM), signed in 2017 in the scope of the sale of Novo Banco. This agreement brings forward by approximately one year the termination of the CCM, initially scheduled for the end of 2025, and definitively eliminates any possibility of new payment requests to the Resolution Fund by Novo Banco. With the termination of the CCM, disbursements made by the Fund are limited to Euro 3,405 million, the amount considered due between 2018 and 2021.

On 13 June 2025, a Memorandum of Understanding was announced between the Lone Star Fund and Banque Populaire Caisse d'Épargne Group (BPCE) for the sale of the 75% stake held by Lone Star in Novo Banco, for an estimated value of Euro 6,400 million for the entire capital, with the transaction expected to be completed in early 2026.

As at 30 June 2025, the shareholding structure of Novo Banco consisted of the Resolution Fund (13.54%), the Direção-Geral do Tesouro e Finanças (General Directorate of Treasury and Finance) (11.46%), and Lone Star (75%). According to the aforementioned statement, the sale of the Resolution Fund's stake within the scope of this operation should generate gross proceeds of around Euro 866 million, intended for the repayment of the Resolution Fund's debt, namely to the State.

Resolution measure applied to Banif – Banco Internacional do Funchal, S.A. (Banif)

The Board of Directors of the Bank of Portugal deliberated, on 19 December 2015, to declare that Banif – Banco Internacional do Funchal, S.A. ("Banif") was "at risk or in a situation of insolvency" and to start the urgent resolution of the institution through the mode of the partial or total disposal of its activity, and which materialized, on 20 December 2015, with the disposal of the rights and obligations, representing assets,

liabilities, off-balance sheet items and assets under management of Banif to Banco Santander Totta S.A. ("Santander Totta") for Euro 150 million.

Most of the assets that were not disposed of were transferred to an asset management vehicle called Oitante, S.A. ("Oitante"), created specifically for this purpose, which has as sole shareholder the Resolution Fund. Oitante issued debt securities in the amount of Euro 746 million, with a guarantee being provided by the Resolution Fund and a counter-guarantee by the Portuguese State.

This operation involved public support estimated at Euro 2,255 million that aimed to cover future contingencies and that was financed in Euro 489 million by the Resolution Fund and Euro 1,766 million directly by the Portuguese State.

On 21 July 2016, the Resolution Fund made a payment to the State, amounting to Euro 163,120 thousand, as an early partial repayment of the resolution measure applied to Banif.

As noted above for BES, if lenders are found to assume a greater loss than they hypothetically would have had Banif entered into a liquidation process immediately prior to the application of the resolution measure, those creditors are entitled to receive the difference from the Resolution Fund.

Liabilities and funding of the Resolution Fund

Following the resolution measures applied to BES and Banif and the sale agreement of Novo Banco to Lone Star, the Resolution Fund contracted the loans referred to above and assumed liabilities and contingent liabilities resulting from:

- the effects of the application of the principle that no creditor of an institution under resolution may assume a greater loss than it would have assumed had that institution entered into liquidation;
- the negative effects arising from the resolution process resulting in additional liabilities or contingencies for Novo Banco, which must be neutralized by the Resolution Fund;
- legal proceedings against the Resolution Fund;
- the guarantee provided to the bonds issued by Oitante. This guarantee is counter-guaranteed by the Portuguese State; and
- the contingent capitalization mechanism associated with the sale process of Novo Banco to Lone Star.

To preserve the financial stability through the promotion of conditions that provide predictability and stability to the contributory effort to the Resolution Fund, the Portuguese Government has agreed with the European Commission to change the conditions of the financing provided by the Portuguese State and the participating banks to the Resolution Fund. To this end, an amendment to the Resolution Fund's financing agreements have been formalized, introducing a number of changes to the repayment plans, remuneration rates, and other terms and conditions associated with these loans, to adjust them to the Resolution Fund's ability to fully meet its obligations on the basis of its regular revenues, i.e. without the need for any charges to be made to the participating banks for special contributions or any other type of extraordinary contribution.

According to the Resolution Fund's announcement of 31 March 2017, the revision of the conditions of the financing granted by the Portuguese State and the participating banks was aimed at ensuring the sustainability and financial equilibrium of the Resolution Fund, based on a stable, predictable and affordable burden for the banking sector. Based on this revision, the Resolution Fund considered that the full payment of its liabilities as well as their respective remuneration was ensured, without the need for special contributions or any other extraordinary contributions from the banking sector.

Notwithstanding the possibility provided for in the applicable legislation for the collection of special contributions, given the renegotiation of the terms of the loans granted to the Resolution Fund by the Portuguese State and by a bank syndicate, in which the Bank is included, and the public announcements made by the Resolution Fund and the Office of the Minister of Finance, these consolidated financial

statements reflect the expectation of the Board of Directors that the Bank will not be called upon to make special contributions or any other extraordinary contributions to finance the Resolution Fund.

Any significant changes in this regard could have material implications on these financial statements.

Competition Authority

On 9 September 2019, Caixa Económica Montepio Geral, caixa económica bancária, S.A. (Banco Montepio) was notified of the final Decision of the Competition Authority (“CA”) on administrative process PRC-2012/9 (“Decision”), under which this entity applied on Banco Montepio a fine of Euro 13 million due to breach of article 9 of Law no. 19/2012, of 8 May (as per the wording in force) and article 101 of the Treaty on the Functioning of the European Union (“TFEU”).

Banco Montepio, as well as several other targeted institutions in the CA process, filed an appeal to challenge this Decision before the Competition, Regulation and Supervision Court (“CRSC”) on 21 October 2019 (process no. 225/15.4YUSTR). The judicial challenge suspended the effects of the CA Decision, and in particular the obligation to pay the fine, following the CRSC ruling and the subsequent provision of security under the terms determined by the Court. In April 2022 the CRSC decided to stay the proceedings and refer two preliminary questions to the Court of Justice of the European Union (“CJEU”), pursuant to article 267 of the TFEU.

By judgment given on 29 July 2024, the CJEU concluded that article 101 of the TFEU should be interpreted as meaning that an exchange of information between competing credit institutions such as that described by the CRSC in the referral can be qualified as a restriction of competition by object.

By judgment given on 20 September 2024, the CRSC confirmed the CA's decision and maintained the fine applied to Banco Montepio in the amount Euro 13 million.

On 15 October 2024, Banco Montepio appealed the CRSC sentence to the Lisbon Court of Appeal (“LCA”).

By ruling of 10 February 2025, the Lisbon Court of Appeal declared the administrative offense proceedings against all defendants, including Banco Montepio, to be time-barred and ordered the case dismissed. The Competition Authority and the Public Prosecutor's Office appealed the Lisbon Court of Appeal's ruling to the Constitutional Court. On 4 June 2025, the Constitutional Court issued a summary decision, deciding not to hear the appeals filed by the CA and the Public Prosecutor's Office. On 26 June 2025, the CA filed an appeal seeking review of the Constitutional Court's summary decision. By Ruling issued on 25 August 2025, the Constitutional Court dismissed the complaint filed by the CA. The case awaits the final judgment of the Lisbon Court of Appeal.

Considering all the relevant circumstances, it is considered that there is a serious and significant probability that the fine applied to Banco Montepio will be annulled.

In March and April 2024, Banco Montepio was summoned to the collective actions brought by Associação Ius Omnibus (processes no. 2/24.1YQSTR and no. 6/24.4YQSTR) and by AMPEMEP - Associação de Micro, Pequenas e Médias Empresas Portuguesas (Process no. 10/24.1YQSTR) at the CRSC, in which other Credit Institutions are also defendants.

These processes take the form of private enforcement actions for the alleged violation of competition law arising from information sharing that is the subject of the aforementioned process PRC/2012/9 of the Competition Authority. The actions brought allege general estimates of damages based on economic studies and do not include specific compensation claims against each of the defendants.

By order issued in process no. 2/24.1YQSTR, the CRSC decided to stay the proceedings until the final judgment is handed down or rendered in process no. 225/15.4YUSTR-W. Banco Montepio filed objections in processes no. 6/24.4YQSTR and no. 10/24.1YQSTR.

In January 2025, the Competition Court appended processes no. 6/24.4YQSTR and no. 10/24.1YQSTR. By order of 8 July 2025, the CSRC acquitted all Defendants in the proceedings regarding the action brought by

lus Omnibus (proc. 6/24.4YQSTR). On 10 July 2025, a preliminary hearing was held in relation to the case filed by AMPEMEP (proc. No. 10/24.1YQSTR), and the CSRC issued an order acquitting the Defendants in the proceedings regarding the claims related to the sentencing of the Defendants to pay compensation to the alleged injured parties and expenses to the funds financing the case, and determined that the case would proceed only to assess whether the Defendants committed an unlawful act, and thus the case filed by AMPEMEP became a simple assessment case.

Bank of Portugal

The Bank has been subject to some administrative offense processes instituted by the Bank of Portugal, for alleged practices and infractions in supervisory matters that are applicable to the Bank, having, to the effect, made provisions in the global amount of Euro 180,000, as at 30 June 2025 and 31 December 2024.

The evolution of these processes is regularly monitored by Banco Montepio's Board of Directors, with technical-legal intervention under the responsibility of its Legal Directorate and, in certain cases, by law firms, which services are contracted on a case-by-case basis.

For most of these processes, the Bank of Portugal issued decisions in the scope of summary proceedings, whereby it proposed a single fine of substantially less than the amount of the potential maximum fine, and, as regards one of the two processes still underway, same is still in a preliminary phase, which significantly limits the risk analysis; even so, it is considered that the Bank has serious and reasonable lines of defence, whether in terms of factual support, or in terms of the legal framework, regarding most of the infractions that might hypothetically be imputed to it.

Thus, and notwithstanding the Board of Directors considering as possible that the Bank's lines of defence may be successful, in whole or in part, in relation to any of the infractions that are imputed to it, even if the respective risk of being sentenced still exists, it is the Board's conviction that the amount of the consequent sanctions will not exceed the amount of provisions recognized by the Bank as at 30 June 2025.

55 Subsidiaries and associates

As at 30 June 2025, the Companies consolidated under the full consolidation method in the Group are as follows:

Subsidiary	Head office	Share capital	Currency	Activity	% of control	% of effective part
Montepio Crédito - Instituição Financeira de Crédito, S.A.	Oporto	45 000 000	Euro	Specialised loans	100.00%	100.00%
Montepio Holding, S.G.P.S., S.A.	Lisbon	175 000 000	Euro	Management of shareholding	100.00%	100.00%
Montepio Investimento, S.A.	Lisbon	30 000 000	Euro	Banking	100.00%	100.00%
SSAGINCENTIVE - Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A.	Lisbon	100 000	Euro	Management of real estate	100.00%	100.00%
Montepio Serviços, A.C.E.	Lisbon	-	-	Business support services	80.00%	80.00%

As at 31 December 2024, the Companies consolidated under the full consolidation method in the Group are as follows:

Subsidiary	Head office	Share capital	Currency	Activity	% of control	% of effective part
Montepio Crédito - Instituição Financeira de Crédito, S.A.	Oporto	45 000 000	Euro	Specialised loans	100.00%	100.00%
Montepio Holding, S.G.P.S., S.A.	Lisbon	175 000 000	Euro	Management of shareholding	100.00%	100.00%
Montepio Investimento, S.A.	Lisbon	30 000 000	Euro	Banking	100.00%	100.00%
SSAGINCENTIVE - Sociedade de Serviços Auxiliares e de Gestão de Imóveis, S.A.	Lisbon	100 000	Euro	Management of real estate	100.00%	100.00%
Montepio Serviços, A.C.E.	Lisbon	-	-	Business support services	85.00%	85.00%

As at 30 June 2025 and 31 December 2024, the Group's associates accounted for under the equity method, are as follows:

(Euro)				
Subsidiary	Head office	Share capital	Activity	% held
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	S. Miguel Island	10 000 000	Accommodation, catering and similar/Hotels with restaurant	20.00%
CESource, ACE	Lisbon	-	Management of IT systems	18.00%

As at 30 June 2025 and 31 December 2024, the consolidation perimeter of the Group includes the following special purpose entities and investment funds:

Subsidiary	Establishment year	Acquisition year	Head office	% of controlling interest	Consolidation method
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado	2013	2013	Lisbon	100%	Full
Polaris - Fundo de Investimento Imobiliário Fechado	2009	2012	Lisbon	100%	Full
Carteira Imobiliária - Fundo Especial de Investimento Imobiliário Aberto (FEIIA)	2013	2013	Lisbon	100%	Full
Pelican Finance No 2	2021	2021	Lisbon	100%	Full

56 Subsequent events

The Banco Montepio Group analyses events occurring after the balance sheet date, i.e., the favourable and unfavourable events that occur between the balance sheet date and the date on which the financial statements are authorized for issue and, and during that period no subsequent events were identified.

Share Capital increase

On 31 July 2025, the General Meeting of Banco Montepio resolved, under the Special Regime Applicable to Deferred Tax Assets (Law no. 61/2014, as amended), to proceed with a share capital increase in the total amount of Euro 4,809,544, by incorporating the special reserve, with the consequent amendment to article

4(1) of the Articles of Association. The aforementioned share capital increase is currently being processed and is expected to be completed during the second half of 2025.

TRANSLATION NOTE

These Financial Statements and Notes to the Financial Statements are a free translation from the original version issued in the Portuguese language. In the event of misrepresentations or discrepancies the original version shall prevail.

ACCOUNTS AND NOTES TO THE INTERIM CONDENSED INDIVIDUAL ACCOUNTS

1ST HALF 2025



Banco Montepio

Interim Condensed Individual Income Statement for the six months period ended on 30 June 2025

(Euro thousand)

	Notes	Jun 2025	Jun 2024
Interest and similar income	2	294 427	358 568
Interest and similar expense	2	137 173	167 683
Net interest income		157 254	190 885
Dividends from equity instruments	3	569	494
Net fee and commission income	4	64 490	62 759
Net gains/ (losses) arising from financial assets and liabilities at fair value through profit or loss	5	(1 570)	244
Net gains/ (losses) arising from financial assets at fair value through other comprehensive income	6	731	-
Net gains/ (losses) arising from exchange differences	7	2 285	781
Net gains/ (losses) arising from sale of other financial assets	8	9 551	6 106
Other operating income/ (expense)	9	(14 320)	(16 304)
Total operating income		218 990	244 965
Staff costs	10	73 776	72 011
General and administrative expenses	11	34 964	31 971
Depreciation and amortization	12	25 120	21 034
		133 860	125 016
Impairment of loans and advances to customers and to credit institutions	13	(7 708)	6 567
Impairment of other financial assets	14	133	942
Impairment of other assets	15	447	9 289
Other provisions	16	(1 514)	(2 383)
Profit/ (loss) before income tax		93 772	105 534
Income Tax			
Current	29	(952)	(387)
Deferred	29	(13 463)	(39 179)
Net profit/ (loss) for the period		79 357	65 968
Earnings per share			
Basic		0,033	0,027
Diluted		0,033	0,027

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Separate Financial Statements

Banco Montepio

Interim Condensed Individual Statement of Comprehensive Income for the six months period ended on 30 June 2025

(Euro thousand)

	Notes	Jun 2025	Jun 2024
Items that may be reclassified to the Income Statement			
Fair value reserves			
Financial assets at fair value			
through other comprehensive income			
Debt instruments	40	(2 364)	(1 221)
Taxes related to fair value changes	29 and 40	710	301
		(1 654)	(920)
Items that will not be reclassified to the Income Statement			
Fair value reserves			
Financial assets at fair value			
through other comprehensive income			
Equity instruments	40	(43)	232
Remeasurements of post-employment and long term benefits	44	32 786	31 257
Taxes	29	(4 452)	-
		28 291	31 489
Other comprehensive income for the period		26 637	30 569
Net income		79 357	65 968
Total comprehensive income for the period		105 994	96 537

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Separate Financial Statements

Banco Montepio

Interim Condensed Individual Balance Sheet 30 June 2025

(Euro thousand)

	Notes	Jun 2025	Dec 2024
Assets			
Cash and deposits at central banks	17	1 691 164	1 474 536
Loans and deposits to credit institutions payable on demand	18	42 603	35 084
Other loans and advances to credit institutions	19	178 100	103 275
Loans and advances to customers	20	12 241 302	11 815 691
Financial assets held for trading	21	37 961	26 451
Financial assets at fair value through profit or loss	22	137 705	146 143
Financial assets at fair value through other comprehensive income	23	344 146	304 474
Hedging derivatives	24	10 699	30 257
Other financial assets at amortized cost	25	3 587 782	3 473 704
Investments in associated companies	26	283 258	277 587
Other tangible assets	27	184 093	184 214
Intangible assets	28	66 268	64 463
Current tax assets	29	524	911
Deferred tax assets	29	311 448	328 654
Other assets	30	338 935	328 586
Total Assets		19 455 988	18 594 030
Liabilities			
Deposits from other credit institutions	31	626 095	646 055
Deposits from customers	32	15 834 888	15 195 524
Debt securities issued	33	618 076	467 647
Financial liabilities associated to transferred assets	34	24 167	33 334
Financial liabilities held for trading	21	6 951	11 202
Hedging derivatives	24	30 472	27 037
Provisions	35	27 091	29 317
Current tax liabilities	-	952	599
Other subordinated debt	36	261 779	271 824
Other liabilities	37	270 760	232 115
Total Liabilities		17 701 231	16 914 654
Equity			
Share capital	38	1 210 000	1 210 000
Legal reserve	39	217 697	207 487
Fair value reserves	40	9 964	11 661
Other reserves and Retained earnings	40	237 739	148 133
Net profit / (loss) for the period		79 357	102 095
Total Equity		1 754 757	1 679 376
Total Liabilities and Equity		19 455 988	18 594 030

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Separate Financial Statements

Banco Montepio

Interim Condensed Individual Statement of Cash Flows for the six months period ended on 30 June 2025

(Euro thousand)

	Jun 2025	Jun 2024
Cash arising from operating activities		
Interest income received	278 431	349 181
Interest expense paid	(168 047)	(152 274)
Commission received	78 471	74 624
Commission paid	(14 198)	(12 053)
Costs with staff and suppliers	(108 273)	(98 397)
Recovery of loans and interest	4 211	1 751
Other payments and receivables	42 643	(24 749)
Income tax payment	(212)	(153)
	113 026	137 930
(Increases)/Decreases in operating assets		
Loans and advances to credit institutions and customers	(495 027)	(199 782)
(Purchase)/Sale of financial assets held for trading	4 961	(5 697)
(Purchase)/Sale of financial assets at fair value through profit or loss	8 401	33 549
(Purchase)/Sale of financial assets at fair value through other comprehensive income	(38 770)	(281 798)
(Purchase)/Sale of hedging derivatives	-	(9 803)
(Purchase)/Sale of other financial assets at amortized cost	(118 896)	698 091
Other assets	18 232	9 191
	(621 099)	243 751
Increases/(decreases) in operating liabilities		
Deposits from customers	646 597	810 342
Deposits from credit institutions	(19 872)	(128 494)
Deposits from central banks	-	(854 830)
	626 725	(172 982)
	118 652	208 699
Cash from investing activities		
Dividends received (note 3)	569	494
(Purchase) / Sale of investments in associates	-	661
Purchase of fixed assets (notes 27 and 28)	(27 904)	(23 371)
	(27 335)	(22 216)
Cash from financing activities		
Dividends paid (note 41)	(30 613)	(6 000)
(Issuance) / Repayment of cash bonds and subordinated debt (notes 34 and 37)	162 509	299 404
Lease Contracts	(934)	(3 450)
	130 962	289 954
Effect of changes in cash exchange rate and cash equivalents	1 868	356
Net change in cash and cash equivalents	224 147	476 793
Cash and cash equivalents at the beginning of the period		
Cash and deposits at central banks (note 17)	1 474 536	1 171 397
Loans and deposits to credit institutions payable on demand (note 18)	35 084	46 065
	1 509 620	1 217 462
Cash and cash equivalents at the end of the period		
Cash and deposits at central banks (note 17)	1 691 164	1 662 989
Loans and deposits to credit institutions payable on demand (note 18)	42 603	31 266
	1 733 767	1 694 255

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Separate Financial Statements

Banco Montepio

Interim Condensed Individual Statement of Changes in Equity for the six months period ended on 30 June 2025

(Euro thousand)

	Share Capital (note 38)	Legal Reserve (note 39)	Fair value Reserve (note 40)	Other reserves and Retained earnings (note 40)	Net Income	Total Equity
Balance on 31 December 2023	1 210 000	196 833	6 563	59 048	106 545	1 578 989
Application of net income in 2023						
Loss coverage	-	-	-	76 649	(76 649)	-
Retained earnings	-	-	-	13 242	(13 242)	-
Legal reserve	-	10 654	-	-	(10 654)	-
Dividends paid	-	-	-	-	(6 000)	(6 000)
Other comprehensive income:	-	-	(688)	31 257	-	30 569
Remeasurements of post-employment and long-term benefits (note 44)	-	-	-	31 257	-	31 257
Changes in fair value of debt instruments	-	-	(1 221)	-	-	(1 221)
Changes in the fair value of capital instruments	-	-	232	-	-	232
Taxes on changes in fair value (note 29 and 40)	-	-	301	-	-	301
Net income for the period	-	-	-	-	65 968	65 968
Total comprehensive income for the period	-	-	(688)	31 257	65 968	96 537
Other movements	-	-	-	-	-	-
Balance on 30 June 2024	1 210 000	207 487	5 875	180 196	65 968	1 669 526
Other comprehensive income:	-	-	5 786	(32 064)	-	(26 278)
Remeasurements of post-employment and long-term benefits (note 44)	-	-	-	(33 371)	-	(33 371)
Realized gains on capital instruments	-	-	-	1 307	-	1 307
Changes in fair value of debt instruments	-	-	5 625	-	-	5 625
Changes in the fair value of capital instruments	-	-	2 461	-	-	2 461
Taxes on changes in fair value (note 29)	-	-	(2 300)	-	-	(2 300)
Net income for the period	-	-	-	-	36 127	36 127
Total comprehensive income for the period	-	-	5 786	(32 064)	36 127	9 849
Other movements	-	-	-	1	-	1
Balance on 31 December 2024	1 210 000	207 487	11 661	148 133	102 095	1 679 376
Application of net income in 2024						
Retained earnings	-	-	-	61 272	(61 272)	-
Legal reserve	-	10 210	-	-	(10 210)	-
Dividends paid	-	-	-	-	(30 613)	(30 613)
Other comprehensive income:	-	-	(1 697)	28 334	-	26 637
Remeasurements of post-employment and long-term benefits (note 44)	-	-	-	32 786	-	32 786
Changes in fair value of debt instruments	-	-	(2 364)	-	-	(2 364)
Changes in the fair value of capital instruments	-	-	(43)	-	-	(43)
Taxes on changes in fair value (note 29)	-	-	710	-	-	710
Taxes on remeasurements of defined benefit plans	-	-	-	(4 452)	-	(4 452)
Net income for the period	-	-	-	-	79 357	79 357
Total comprehensive income for the period	-	-	(1 697)	28 334	79 357	105 994
Other movements	-	-	-	-	-	-
Balance on 30 June 2025	1 210 000	217 697	9 964	237 739	79 357	1 754 757

THE CHIEF ACCOUNTANT

THE BOARD OF DIRECTORS

To be read with the notes attached to the Interim Separate Financial Statements

Introduction

Caixa Económica Montepio Geral, caixa económica bancária, S.A. (hereinafter “Banco Montepio”), with registered office at Rua Castilho, no. 5, 1250-066, Lisbon, is a credit institution majority held by Montepio Geral Associação Mutualista (hereinafter “MGAM”), which was incorporated on 24 March 1844. Banco Montepio is authorized to operate in accordance with Decree-Laws no. 298/92, of 31 December, and no. 136/79, of 18 May, which regulate the activity of savings banks and establish some restrictions to their activities. Banco Montepio is authorized to perform banking operations in addition to those mentioned in its By-laws, if generally authorized by the Bank of Portugal. This fact leads to the practice of banking operations in general.

On 10 September 2015, Decree-Law no. 190/2015 was published, introducing amendments in the Legal Framework of Credit Institutions and Financial Companies and in the Mutual Association Code. Following the publication of this Decree-Law, Banco Montepio changed its classification to “caixa económica bancária”.

On 14 September 2017, the By-laws deed was executed, transforming Caixa Económica Montepio Geral into a public limited company, changing its legal name to Caixa Económica Montepio Geral, caixa económica bancária, S.A.

1 Accounting policies

a) Bases of presentation

The financial statements of Banco Montepio have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as endorsed by the European Union (“EU”), in compliance with Regulation (EC) no. 1606/2002 of the European Parliament and the Council, of 19 July and Notice no. 5/2015 of the Bank of Portugal, of 7 December. IFRS comprise accounting standards issued by the International Accounting Standards Board (“IASB”) as well as interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”) and their predecessor bodies.

Banco Montepio’s condensed interim financial statements herein presented refer to the period ended 30 June 2025 and were prepared for recognition and measurement purposes in accordance with IFRS endorsed by the EU and in force on 1 January 2025, applying, namely, the standard IAS 34 - Interim Financial Reporting (“IAS 34”). Consequently, these financial statements do not include all the information required in the preparation of individual financial statements prepared in accordance with IFRS, as adopted by the European Union, and should therefore be read in conjunction with the financial statements for financial year ended 31 December 2024.

The condensed interim separate financial statements and the notes to the financial statements presented herein were approved by the Board of Directors of Banco Montepio on 29 September 2025.

The financial statements are presented in Euro, rounded to the nearest thousand, with all references to any standards always relating to the respective version in force. These financial statements were prepared on the going concern, accrual and historical cost principles, as modified by the application of fair value for derivative financial instruments, financial assets and liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income. Financial assets and liabilities that are classified under hedge accounting are stated at fair value in respect of the risk that is being hedged, while the remaining financial assets and liabilities, as well as non-financial assets and liabilities, are recorded at amortized cost or historical cost. Non-current assets held for sale are recorded at the lower of their carrying amount or fair value less costs to sell.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income, and expenses. The estimates and assumptions used are based on

historical experience and other factors that are believed to be reasonable under the circumstances, substantiating the basis for making the judgments about the book values of assets and liabilities that are not readily apparent from other sources, so actual results may differ from these estimates. The main estimates and assumptions involving a higher degree of judgment or complexity or where assumptions and estimates are considered to be significant are presented in the accounting policy described in note 1 y).

b) Financial instruments – IFRS 9

b.1) Classification of financial assets

The Bank classifies its financial assets into one of the following valuation categories:

- Financial assets at amortized cost;
- Financial assets at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

The classification requirements for debt and equity instruments are as follows:

b.1.1) Debt instruments

Debt instruments are instruments that meet the definition of financial liability from the issuer's perspective, such as loans, public and private bonds, and accounts receivable acquired from customers with non-recourse factoring contracts.

The classification and subsequent valuation of these instruments in the previous categories are based on the following two elements:

- the Bank's business model for financial asset management, and
- the characteristics of the contractual cash flows from the financial assets.

Based on these elements, the Bank classifies its debt instruments for valuation purposes into one of the following three categories:

a) Financial assets at amortized cost, when the following two conditions are met:

- they are managed under a business model which objective is the holding of financial assets to receive contractual cash flows, and
- the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the principal outstanding.

In addition to debt instruments managed based on a business model which purpose is to receive their contractual cash flows, which are recorded in the caption Other financial assets at amortized cost, the category of financial assets at amortized cost also includes Loans and advances to credit institutions and Loans and advances to customers.

b) Financial assets at fair value through other comprehensive income, when the following two conditions are met:

- they are managed under a business model which purpose combines the receipt of contractual cash flows from financial assets and their sale, and
- the contractual conditions give rise to cash flows on specific dates, which are only payments of principal and interest on the principal outstanding.

c) Financial assets at fair value through profit or loss, whenever due to the Bank's business model or the characteristics of their contractual cash flows, it is not appropriate to classify financial assets in any of the previous categories. At the transition date, to classify financial assets in this category, the Bank also considered whether it expects to recover the book value of the asset through the sale to a third party.

This portfolio also includes all instruments in respect of which any of the following characteristics are met:

- that were originated or acquired for the purpose of being traded in the short term;
- that are part of a group of identified and jointly managed financial instruments for which there is evidence of recent actions aimed at achieving short-term gains; and
- that are derivative instruments that do not meet the definition of a financial collateral agreement and have not been designated as hedging instruments.

Assessment of the business model

The business model reflects the way the Bank manages its assets from a cash flow generation perspective. Therefore, it is important to understand whether the Bank's objective is only to receive contractual cash flows from assets or whether it intends to receive the contractual cash flows and the cash flows from the sale of the assets. If none of these situations apply (e.g., financial assets are held for trading), then financial assets are classified as part of "another" business model and recognized at fair value through profit or loss. Factors considered by the Bank in identifying the business model for a set of assets include past experience of how: (i) cash flows are received; (ii) how asset performance is assessed and reported to the management body; (iii) how risks are assessed and managed and (iv) how directors are remunerated.

Securities held for trading serve, essentially, for the purpose of being sold in the short term, or as part of a portfolio of jointly managed financial instruments, for which there is clear evidence of a recent pattern of short-term gains. These securities are classified under "other" business models and recognized at fair value through profit or loss.

The assessment of the business model does not depend on the intentions for an individual instrument, but rather for a set of instruments, considering the frequency, value, the timing of sales in previous financial periods, the reasons for such sales and the expectations regarding future sales. Near-maturity sales and those motivated by the increased credit risk of the financial assets, or to manage concentration risk, among others, may be consistent with the model of holding assets to receive contractual cash flows, if those sales are infrequent (albeit significant in value) or if they are of an immaterial value, both individually and in aggregate (even if frequent). To the effect, Banco Montepio considers as immaterial sales of up to 10% of the nominal value of the sales of the portfolio and as infrequent 4 sales per year, regardless of the time interval between the transactions.

If a financial asset contains a contractual clause that may modify the timing or value of the contractual cash flows (such as early amortization or extension of the term), the Bank determines whether the cash flows that will be generated during the life of the instrument, due to the exercise of said contractual clause, are only payments of principal and interest on the principal outstanding.

If a financial asset includes a periodic interest rate adjustment, but the frequency of such adjustment does not coincide with the reference interest rate term (for example, the interest rate is adjusted every three months), the Bank assesses, on initial recognition, such inconsistency in the interest component to determine whether the contractual cash flows represent only payments of principal and interest on the principal outstanding.

Contractual conditions that, on initial recognition, have a minimal effect on cash flows or depend on the occurrence of exceptional or highly unlikely events (such as settlement by the issuer) do not preclude their classification in the portfolios at amortized cost or at fair value through other comprehensive income.

SPPI assessment

When the business model consists of holding assets for the purpose of: (i) receiving contractual cash flows or (ii) receiving contractual cash flows and selling these assets, the Bank assesses whether the cash flows of the financial instrument correspond solely to payments of principal and interest on the principal outstanding (the "solely payments of principal and interest" ("SPPI") test).

In this assessment, the Bank considers whether the contractual cash flows are consistent with a basic loan agreement, i.e., the interest includes only considerations regarding the time value of money, credit risk, other normal credit risks and a profit margin that is consistent with a basic loan agreement. When the contractual terms introduce risk exposure or cash flow variability that is inconsistent with a simple loan agreement, the financial instrument is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether cash flows correspond solely to payments of principal and interest on the principal outstanding ("SPPI" test).

b.1.2) Equity instruments

Equity instruments are instruments that meet the definition of capital from the issuer's perspective, that is, they are instruments that do not contain a contractual obligation to pay and that show a residual interest in the issuer's net assets. An example of equity instruments are the ordinary shares.

Investments in equity instruments are an exception to the general valuation criteria described above. The Bank exercises the option, on initial recognition, to irrevocably designate in the category of financial assets at fair value through other comprehensive income the investments in equity instruments that are not classified as held for trading and which, in the case of not exercising said option, would be classified as financial assets at fair value through profit or loss.

b.2) Classification of financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for its settlement to be realized through the delivery of cash or another financial asset, regardless of its legal form. Financial liabilities are classified in the following categories:

(i) Financial liabilities at amortized cost

This category includes deposits from central banks and other credit institutions, deposits from customers, debt securities issued and other subordinated liabilities.

(ii) Financial assets held for trading

This category includes derivative financial instruments with a negative fair value, as per note 1 c).

(iii) Financial liabilities at fair value through profit or loss (Fair Value Option)

This category includes financial instruments designated by the Bank, on initial recognition, in this category provided that at least one of the following requirements is met:

- the financial liabilities are internally managed, valued and analysed based on their fair value;
- derivative operations are contracted to hedge these assets or liabilities, in this manner ensuring consistency in the valuation of assets or liabilities and the derivatives (countering accounting mismatch); and
- the financial liabilities contain embedded derivatives.

(iv) Financial liabilities associated with assets transferred

This category includes liabilities associated with credit securitization operations that were not derecognized following the application of IFRS 9 - Financial instruments. These liabilities are initially recorded at the amount received on the cession of the loans and are subsequently valued at amortized cost, in a manner coherent with the valuation of the corresponding assets and the conditions defined in the securitization operation.

b.3) Recognition and initial valuation of financial instruments

On initial recognition all financial instruments are recorded at fair value. For financial instruments that are not recorded at fair value through profit or loss, the fair value is adjusted by adding or subtracting transaction

costs directly attributable to their acquisition or issue. In the case of financial instruments at fair value through profit or loss, directly attributable transaction costs are recognized immediately in profit or loss.

Transaction costs are defined as costs directly attributable to the acquisition or disposal of a financial asset, or the issue or assumption of a financial liability, which would not have been incurred if the Bank had not made the transaction. These include, for example, commissions paid to intermediaries (such as promoters) and mortgage formalization expenses.

Financial assets and liabilities are recognized in the balance sheet on the transaction date - the date on which the Bank undertakes to acquire the assets, unless there is a contractual stipulation or applicable legal figure stating that the transfer of the rights occurs at a later date.

On initial recognition, when the fair value of financial assets and liabilities differs from the transaction price, the entity shall recognize this difference as follows:

- When the fair value is evidenced by the quotation in an active market of an equivalent asset or liability (i.e., level 1 inputs) or based on a valuation technique that uses only observable market data, the difference is recognized as a gain or loss, and
- In the remaining cases, the difference is deferred, and the moment of the initial recognition of the gain or loss is determined individually. This difference may then be: (i) amortized over the life of the instrument; (ii) deferred until the fair value of the instrument can be determined using observable market data or (iii) recognized through the liquidation of the asset or liability.

Banco Montepio recognizes in profit or loss the day one profit, generated primarily by the intermediation of derivative and foreign exchange financial products, since the fair value of these instruments, both on the date of initial recognition or subsequently, is determined based solely on observable market variables and reflects Banco Montepio's access to wholesale financial markets.

b.4) Subsequent valuation of financial instruments

Subsequent to initial recognition, the Bank values its financial assets: (i) at amortized cost; (ii) at fair value through other comprehensive income; or (iii) at fair value through profit or loss.

Amounts receivable from commercial operations that do not have a significant financing component and commercial loans and short-term debt instruments that are initially valued at transaction price or outstanding principal, respectively, are valued at said amount net of impairment losses.

Immediately after initial recognition, an impairment is also recognized for expected credit losses (ECL), of financial assets measured at amortized cost and investments in debt instruments measured at fair value through other comprehensive income, resulting in the recognition of an impairment loss when the asset is originated.

Financial liabilities are initially recorded at fair value less transaction costs incurred and subsequently at amortized cost, based on the effective interest rate method, except for financial liabilities designated at fair value through profit or loss, which are recorded at fair value.

Whenever there is a change in the estimate of future cash flows, the new estimate of future cash flows is discounted at the initially estimated effective interest rate. The difference between the sum of these new future cash flows discounted at the initially estimated effective interest rate and the amount currently on the balance sheet is recognized in the income statement. Subsequently, interest continues to be accrued based on the original effective interest rate considering the estimated new cash flows and the amortized cost of the recalculated liability.

b.5) Interest recognition

Interest income and expense from financial asset and liability instruments measured at amortized cost and from financial assets at fair value through other comprehensive income are recognized in interest and similar income or interest and similar expense (net interest income) using the effective interest rate method. Interest

from financial assets and liabilities at fair value through profit or loss are recognized in net gains/(losses) arising from financial operations.

The effective interest rate is the rate that discounts the estimated future payments or receipts over the expected life of the financial instrument (or, where appropriate, over a shorter period) to the net present book value of the financial asset or liability.

For the determination of the effective interest rate, Banco Montepio estimates future cash flows considering all contractual terms of the financial instrument (e.g., prepayment options) but not considering any impairment losses. The calculation includes commissions paid or received as an integral part of the effective interest rate, transaction costs and all premiums or discounts directly related to the transaction, except in respect of financial assets and liabilities at fair value through profit or loss.

Interest income related to financial instruments measured at amortized cost or a fair value through other comprehensive income and associated with contracts classified in Stage 1 or 2 is calculated by applying the effective interest rate of each contract to its gross book value, which corresponds to its amortized cost before deducting the respective impairment.

For financial assets included in Stage 3, interest is recognized in profit or loss based on their book value net of impairment. Interest is always recognized prospectively, i.e., for financial assets that enter Stage 3, interest is recognized on the amortized cost (net of impairment) in the subsequent periods.

For financial assets originated or acquired in credit impairment ("POCI"), the effective interest rate reflects the expected credit losses determined based on the expected future cash flows receivable from the financial asset.

For derivative financial instruments, except for those classified as interest rate risk hedging instruments, the interest component is not separated from the changes in their fair value, being classified in Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss. For interest rate risk hedging derivatives associated with financial assets or financial liabilities recognized in the Fair Value Option category, the interest component is recognized in interest and similar income or interest and similar expense (net interest income).

b.6) Reclassifications between financial instrument categories

Reclassifications of financial assets can only occur when Banco Montepio changes its financial asset management business model, which changes are expected to be very infrequent. In this case, all affected financial assets shall be reclassified. The reclassification shall be applied prospectively from the date of the reclassification and there shall be no restatement of any previously recognized gains, losses (including impairment gains or losses) or interest. IFRS 9 does not permit the reclassification of investments in equity instruments measured at fair value through other comprehensive income or when the fair value option has been exercised for financial assets or liabilities. Financial liabilities may not be reclassified between categories.

b.7) Modification of loans

Occasionally, the Bank renegotiates or modifies contractual cash flows from loans to customers. In this situation, the Bank assesses whether the new contract terms are substantially different from the original terms. The Bank makes this analysis considering, among others, the following factors:

- If the debtor is in financial difficulty, whether the modification only reduces the contractual cash flows to an amount that the debtor is expected to be able to pay;
- A significant new term such as profit sharing or an equity-based return that substantially affects credit risk has been introduced;
- A significant extension of the contract maturity when the debtor is not in financial difficulty;
- A significant change in interest rate;

- A change from the currency in which the credit was contracted; and
- The inclusion of a collateral, a guarantee or another credit enhancement instrument that significantly affects the credit risk associated with the loan.

If the terms of the contract differ significantly, the Bank derecognizes the original financial asset and recognizes the new asset at fair value, calculating its new effective interest rate. On the renegotiation date the initial recognition date is considered for the purpose of calculating impairment, including for the purpose of assessing whether a significant increase in credit risk has occurred. The Bank also assesses whether the newly recognized financial asset is impaired on initial recognition (designating it as a financial asset acquired or originated in impairment), especially when the renegotiation is related to the fact that the debtor did not make the originally agreed payments. Differences in book value are recognized in profit or loss as a de-recognition gain or loss. Financial assets acquired or originated in impairment, do not have impairment on initial recognition. Instead, expected credit losses over the lifetime are incorporated into the calculation of the effective interest rate. Consequently, on initial recognition, the gross book value of this asset is equal to the net book value.

If the terms of the contract are not significantly different, the renegotiation, or the modification, does not result in de-recognition and the Bank recalculates the gross book value based on the revised cash flows of the financial asset and recognizes a gain or loss from this modification in profit or loss. The new gross book value is recalculated by discounting the modified cash flows at the original effective interest rate.

Following the modification, the Bank may determine that credit risk has significantly improved, and assets have moved from Stage 3 to Stage 2 ("ECL lifetime") or from Stage 2 to Stage 1 ("ECL 12 months"), except for financial assets acquired or originated in impairment that are classified in Stage 3, it being that this situation can only occur when the performance of the modified asset is in accordance with the new contract terms for a period of twelve consecutive months. Additionally, the Bank shall continue to monitor whether there has been a significant increase in the credit risk of these assets, applying specific models for modified assets.

b.8) De-recognition that does not result from a modification

Financial assets granted are derecognized when the associated cash flows are extinguished, collected or disposed of to third parties and: (i) the Bank substantially transfers all risks and rewards associated with holding the asset or (ii) the Bank neither transfers nor substantially holds all risks and rewards associated with holding the asset and does not have control of the asset. Gains and losses from the disposal of loans and advances to customers on a definitive basis are recorded in Gains and losses from the disposal of other assets. These gains or losses correspond to the difference between the sale value set and the book value of these assets, net of impairment losses.

The Bank engages in transactions in which it has the contractual right to receive cash flows from assets but assumes a contractual obligation to channel those cash flows to other entities and substantially transfers all the risks and rewards. These transactions result in de-recognition of the asset if the Bank:

- Does not have any obligation to make payments unless it receives equivalent amounts from the assets;
- It is prohibited from selling or pledging the assets; and
- If it is obliged to remit any cash flow it receives from assets without material delays.

Guarantees granted by the Bank (shares and bonds) through repurchase agreements and securities' lending and borrowing operations are not derecognized because the Bank substantially holds all risks and rewards based on the pre-established repurchase price, thus not meeting the de-recognition criteria. Financial liabilities are derecognized when the underlying obligation is settled, expires or is cancelled.

b.9) Write-off policy

Banco Montepio recognizes a loan write-off from assets when it has no reasonable expectation of fully or partially recovering that asset. This recognition occurs after all recovery actions performed by Banco

Montepio turn out to be unsuccessful. Loans written off from assets are recorded in off-balance sheet accounts.

b.10) Impairment of financial assets

The Bank determines impairment losses of debt instruments that are measured at amortized cost and fair value through other comprehensive income, as well as for other exposures that have an associated credit risk such as bank guarantees and commitments.

The requirements of IFRS 9 have as their objective to recognize expected losses from operations, assessed on an individual or collective basis, considering all reasonable, reliable, and duly substantiated information that is available, including forward-looking information.

Impairment losses of debt instruments that are measured at amortized cost are recognized against a cumulative balance sheet caption, which reduces the book value of the asset, while impairment of assets measured at fair value through other comprehensive income is recognized against other comprehensive income.

Impairment losses of loans and advances to customers and of loans and advances to credit institutions in the financial year, measured at amortized cost, are recognized in the income statement in the caption Impairment of loans and advances, while those of the remaining financial assets are recognized in the caption Impairment of other financial assets.

Impairment losses of exposures that have an associated credit risk and that are not positions recorded in assets (e.g., bank guarantees and commitments assumed) are recorded as a provision in the caption Provisions under liabilities, in the balance sheet. The allocations and reversals are recorded in the caption Other provisions in the income statement.

For the purpose of accounting for impairment losses of debt instruments, the following definitions shall be considered:

- a) Credit losses: correspond to the difference between all cash flows owed to the Bank, according to the contractual conditions of the financial asset, and all cash flows that the Bank expects to receive (i.e., the total cash-flow shortfall), discounted at the original effective interest rate or, at the effective interest rate on the date to which the financial statements refer, when the rate is variable. For financial assets acquired or originated in impairment with credit losses, the cash flows are discounted at the effective interest rate adjusted for credit quality.

For commitments assumed, the contractual cash flows owed to the Bank that are expected to be received in the event of the use of the commitment are compared with the cash flows expected to be received on the recognition of the asset. In the case of bank guarantees, the payments that the Bank expects to make less the cash flows it expects to receive from the originator are considered.

The Bank estimates cash flows considering the contractual term defined for the operations or the behavioural maturity.

For the purpose of determining the cash flows, those arising from the sale of collateral received are also included, considering the flows that would be obtained from their sale, less the costs necessary to obtain, maintain and subsequently sell them, or other guarantees that may be part of the contractual conditions, such as financial collateral.

- b) Expected credit losses: correspond to the weighted average of credit losses, using as weighting factor the probability of the occurrence of default events, considering: (i) expected credit losses over the lifetime of the operation for operations classified in Stage 2 or 3: these are the expected credit losses that result from possible default events over the expected life of the operation and (ii) expected credit losses over a twelve-month period for operations classified in Stage 1: these are part of the expected credit losses over the life of the instrument representing the expected credit losses that result from default events of a financial instrument that may occur within the period of twelve months from the reference date.

b.11) Impairment model of loans and advances to customers

IFRS 9 considers the expected losses throughout the lifetime of the financial instruments. Thus, prospective macroeconomic scenarios are considered when determining ECL, which changes have an impact on expected losses.

The impairment model is applicable to the following financial instruments of Banco Montepio that are not measured at fair value through profit or loss:

- Financial assets at amortized cost (including Loans and advances to customers, Loans and advances to credit institutions and Other financial assets at amortized cost);
- Financial assets classified as debt instruments at fair value through other comprehensive income; and
- Commitments and financial guarantees issued.

No impairment is recognized on equity instruments since these are measured at fair value and the gains or losses resulting from their disposal are recognized in other comprehensive income.

Instruments that are subject to impairment calculations are divided into three Stages considering their credit risk level, as follows:

- Stage 1: no significant increase in credit risk since initial recognition. In this case, impairment losses reflect expected credit losses resulting from default events that may occur within twelve months after the reporting date;
- Stage 2: instruments for which there is a significant increase in credit risk since initial recognition, but for which there is still no objective evidence of impairment. In this case, impairment losses reflect expected credit losses resulting from default events that may occur over the expected residual life of the instrument; and
- Stage 3: instruments for which there is objective evidence of impairment as a result of events that originated losses. In this case, impairment losses reflect expected credit losses over the expected residual life of the instrument.

The calculation of impairment losses is complex and requires decisions from Management, estimates and assumptions, particularly in the following areas:

- Assessment of the existence of a significant increase in credit risk since initial recognition; and
- Incorporation of forward-looking information in the ECL calculation.

b.11.1) Calculation of ECLs

ECLs correspond to unbiased weighted estimates of credit losses that are determined as follows:

- Financial assets without signs of impairment at the reporting date: the present value of the difference between the contractual cash flows and the cash flows that Banco Montepio expects to receive;
- Financial assets with signs of impairment at the reporting date: difference between the gross book value and the present value of the estimated cash flows;
- Unused credit commitments: the present value of the difference between the contractual cash flows that would result if the commitment is used and the cash flows that Banco Montepio expects to receive; and
- Financial guarantees: the present value of the expected reimbursement payments less the amounts that Banco Montepio expects to recover.

b.11.2) Definition of default

Banco Montepio aligned the definition used in the regulatory perspective with the accounting perspective, with financial assets classified in Stage 3 corresponding to the internal definition of default.

The main criteria for classification in default considered by Banco Montepio are the following:

- Overdue loans above the materiality limits defined for more than 90 consecutive days. For this purpose, the following materiality limits are considered: (i) relative limit of 1% and (ii) absolute limit of Euro 100 for retail exposures and Euro 500 for non-retail exposures;
- Non-performing loans, that is, when interest relating to loan obligations is no longer recognized in the financial statements due to the degradation of credit quality;
- Individually significant customers with individual impairment;
- Sale of loan contract with losses in excess of 5%;
- Bankruptcy/insolvency/PER/PEAP/PEVE/EPR/RERE customers;
- Customers with loans written off from assets in Banco Montepio or the CRC (Central Credit Register), in the case of Corporate customers; and
- Transactions with restructuring due to financial difficulties, which meet the criteria defined for the identification of defaults (e.g., decrease in the fair value of the loan).

b.11.3) Significant increase in credit risk ("SICR")

To determine if a significant increase in credit risk has occurred since the financial instrument's initial recognition (i.e., risk of default), Banco Montepio considers as relevant information all the information available and without costs and/or excessive effort, including both quantitative and qualitative information, as well as an analysis based on Banco Montepio's history (expert judgment).

The identification of a significant increase in credit risk is performed by comparing:

- The exposure's risk rating at the reporting date and the exposure's risk rating attributed at the initial moment of the exposure's recognition; and
- The exposure's annualized lifetime PD at the reporting date and the lifetime PD identified at the initial moment of the exposure's recognition.

Banco Montepio identifies the occurrence of a significant increase in credit risk when at least one of the following criteria is verified: (i) through a comparison of the actual risk rating with the risk rating attributed at the contract's inception, with the change in the risk rating necessary to identify a significant increase in credit risk being lower the higher the original rating was and (ii) when there is a change in the annualized lifetime PD since the origination and until the reporting date with an increase of 200% or 5 percentage points.

When evaluating the significant increase in credit risk, Banco Montepio also considers the existence of arrears of more than 30 days, as well as other indicators of customer behaviour vis-à-vis Banco Montepio and/or the financial system (e.g., restructurings due to financial difficulties that do not meet the criteria for classification in Stage 3, overdue credit in the Bank of Portugal's Central Credit Register ("Central de Responsabilidades de Crédito").

b.11.4) Additional criteria for impairment rate deterioration

Considering the likelihood of greater difficulty in the energy transition, for Customers belonging to economic activity sectors with greater carbon intensity, the following criteria were considered to determine the impairment rate: Corporate Customers, in Stage 1, belonging to sectors A - Agriculture, Forestry and Fisheries, C - Manufacturing industries, E - Water supply, sanitation, waste management and depollution and H - Transport and storage, the impairment rate was determined considering the lifetime PD, maintaining the Customer in Stage 1.

b.11.5) Measurement of ECL – Collective analysis

The main inputs used for measuring ECLs on a collective basis include the following parameters:

- Probability of Default – PD;
- Loss Given Default – LGD; and

- Exposure at Default – EAD.

These parameters are obtained through internal statistic models, and other relevant historical data, based on the existing regulatory models adjusted to reflect the forward-looking information.

In a simplified way, the measurement of ECL through collective analysis results from the product of the PD of the financial asset, of the LGD and of the EAD, discounted at the original effective interest rate of the contract, or at the effective interest rate of the date to which the financial statements refer when the rate is variable.

For securities portfolios and other assets, given their nature, the collective impairment estimation approach includes parameters provided by external sources, which consider the characteristics of the exposures (e.g., rating, type of counterparty).

The PDs are estimated based on a certain historical period and are calculated supported on statistical models. These models are based on internal data, including qualitative and quantitative factors. If a change in the risk rating of the counterparty or the exposure occurs, the estimate of the associated PD is also changed.

The following types of PD are estimated:

- 12-month PD: the probability of a default occurring in the next 12 months, considering forward-looking information for one year (for contracts belonging to Stage 1);
- Lifetime PD: the probability of a default occurring during the remaining life of the credit (for contracts belonging to Stage 2). In this case, lifetime parameters are used, which consider forward-looking information for a horizon of up to 3 years and for the remaining years the historical PD is considered; and
- PD = 100% for all contracts belonging to Stage 3.

The risk levels, defined based on the internal master scale, are a very important input for the determination of the PDs associated with each exposure. Banco Montepio collects default and performance indicators regarding its credit risk exposures through analyses by type of customers and products.

The segmentation of the PDs considered by the Bank is in line with the segmentation used in risk management, namely regarding the type of customer and the product (e.g., Individuals vs. Companies, home loans, consumption).

Additionally, an additional segmentation level is considered for each segment supported by statistical analysis, based on risk variables, such as risk rating and delay indicators.

LGD is the magnitude of the loss that is expected to occur if the exposure enters in default. Banco Montepio estimates LGD parameters based on historical recovery rates after the counterparties' entry into default. The LGD models consider real associated collateral and time in default as well as recovery costs. In case of contracts collateralized by real estate, LTV (loan-to-value) ratios are an extremely important parameter in the determination of the LGD.

The segmentation of LGDs considered by the Bank is in line with the segmentation used in risk management, namely regarding the type of customer and the product (e.g., Individuals vs. Companies, home loans, consumption). Additionally, an additional segmentation level is considered for each segment supported by statistical analysis, based on risk variables, such as collateralization level, EAD or product type.

The EAD represents the expected loss if the exposure and/or customer enters default. Banco Montepio obtains the EAD values from the counterparty's current exposure and from potential changes to its current value, permitted by the contractual conditions, including amortizations and prepayments. For commitments and financial guarantees, the EAD value includes both the amount of credit used as well as the expectation of the potential future value that may come to be used in accordance with the contract. For this purpose,

credit conversion factors (CCF) are estimated based on internal historical data, which are adjusted to reflect forward-looking information.

As described above, except for the financial assets that consider a 12-month PD because they do not present a significant increase in credit risk, Banco Montepio calculates the ECL considering the risk of default during the maximum maturity period of the contract or, in certain specific situations, based on the behavioural maturity.

b.11.6) Measurement of ECL – Individual analysis

The exposure of Individually Significant Customers is subject to individual analysis which focuses on the credit quality of the debtor, as well as on the expectations of recovering the credit, considering, namely, the economic-financial viability of the debtor, the collateral and existing guarantees as well as the remaining factors relevant for said analysis.

Following the analysis carried out internally and considering the accounting framework described in IFRS 9 and also known market practices, Banco Montepio changed, during the second half of 2023, the criteria for selecting customers for the purposes of individual credit analysis, in compliance, namely, with criteria for perceiving implicit risk and the frequency of the analysis.

As at 30 June 2025 and 31 December 2024, all customers of Banco Montepio that meet the following criteria are subject to individual analysis:

- Customers classified in Stage 1 with exposure/EAD $\geq$ Euro 10.0 million and risk rating $\geq$ Risk Appetite Statement limit defined or without a valid risk rating;
- Customers classified in Stage 2 with exposure/EAD $\geq$ Euro 5.0 million and risk rating $\geq$ Risk Appetite Statement limit defined or without a valid risk rating;
- Customers classified in Stage 3 with exposure /EAD $\geq$ Euro 1.0 million; and
- Other customers when duly justified.

The selection of the Individually Significant Customer universe is made quarterly, considering, for the purpose of determining the exposure of customers, all active credit operations (on- and off-balance sheet) and excluding the operations classified as written off.

The individual analysis is the responsibility of the Individual Impairment Department and in the evaluation of impairment losses the following factors are considered:

- Exposure of each customer, internal rating of the customer, staging associated with each operation and existence of signs of impairment;
- Economic and financial viability of the customer and ability to generate future cash flows to service the debt;
- Existence of collaterals associated with the financial assets and their respective valuation;
- Customers' or guarantors' net assets;
- Situation of bankruptcy or insolvency of the customers and/or guarantors; and
- Expectation regarding the credit recovery period.

For the financial assets of Individually Significant Customers classified in Stages 1 and 2, the calculated loss is assigned in accordance with the collective analysis methodology, given that, for these Stages, impairment is not determined individually.

For the financial assets of Individually Significant Customers classified in Stage 3, the impairment value is determined using the discounted cash-flows method, corresponding to the difference between the loan value and the sum of the expected cash-flows relating to the various operations of the customer, discounted at the original interest rate of each financial asset. If the impairment value determined is zero, the average

impairment rate of financial assets classified in Stage 2 of the same segment is attributed, calculated on a collective basis, in accordance with the methodology in force. On the other hand, if the impairment rate determined through individual analysis is lower than that determined on a collective basis, the latter prevails.

For the determination of the expected cash flows different recovery strategies are used, which may include the going concern method or the gone concern method:

- In the case of the continuity of the activity (going concern), and provided the available information allows it, a critical analysis is done of the business plans presented or other elements available for analysis, which should include information on past events, current conditions and projected future economic conditions (forward-looking scenarios), with these being representative of the current and future economic-financial situation of the customer. For the calculation of the impairment of these customers, the annually projected cash flows, after adjustment of the initially estimated assumptions and the application of haircuts, if necessary, and considering deviations of the real figures from those initially projected, are discounted at the original effective interest rate of the financial assets;
- In the case of the cessation of the activity (gone concern), the settlement through collaterals, if these exist, is assumed, with an exhaustive analysis being made of same, namely regarding the value of the mortgage/pledge, the valuation amount, the valuation date and the need for the application of haircuts in function of the ageing of the valuation or other factors, the deadline for the foreclosure/execution, and the deadline for the sale, as well as the associated maintenance and selling expenses and/or procedural expenses, as applicable. For the calculation of the impairment of these customers, the annually projected cash flows, after the above-mentioned adjustments, are discounted at the original effective interest rate of the financial assets; and
- For each recovery strategy, the respective excepted credit loss is calculated, considering different forward-looking scenarios, weighted by the respective probability of occurrence;

b.12) Securitized loans and advances not derecognized

Banco Montepio does not derecognize from assets the credits sold in securitization operations when:

- it maintains control over the operations;
- it continues to receive a substantial portion of their remuneration; and
- it maintains a substantial portion of the risk of the transferred credits.

Loans sold and not derecognized are recorded in the caption Loans and advances to customers and are subject to accounting criteria identical to those of other loan operations.

The maintenance of the risk and/or benefit is represented by the higher-risk bonds issued by the securitization vehicle. The amount recorded in the assets and liabilities of Banco Montepio's separate financial statements represents the proportion of the risk/benefit held by Banco Montepio (continuing involvement). The bonds issued by the securitization vehicles and held by Banco Montepio are eliminated in the consolidation process.

c) Derivative financial instruments and hedge accounting

Banco Montepio designates derivatives and non-financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading derivatives.

Derivative financial instruments can be classified for accounting purposes as hedging instruments provided they meet, cumulatively, the following conditions:

- (i) Hedging instruments and hedged items are eligible for the hedging relationship;
- (ii) At the start date of the transaction, the hedging relationship is identified and formally documented, including the identification of the hedged item, the hedging instrument, the nature of the hedged risk and the assessment of the hedge's effectiveness;

- (iii) There is an economic relationship between the hedged item and the hedging instrument;
- (iv) The credit risk effect does not dominate the changes in value that result from this economic relationship; and
- (v) The effectiveness of the hedge can be reliably measured at the start date of the transaction and throughout the life of the operation.

Fair value hedging

In a fair value hedging operation of an asset or liability, the balance sheet value of that asset or liability, determined based on the respective accounting policy, is adjusted to reflect the change in its fair value attributable to the hedged risk. Changes in the fair value of hedging derivatives are recognized in the income statement, together with changes in the fair value of the hedged assets or liabilities, attributable to the hedged risk. In cases where the hedging instrument hedges an equity instrument designated at fair value through other comprehensive income, the changes in fair value are also recognized in other comprehensive income. If the hedge no longer meets the effectiveness requirement, but the risk management objective remains, Banco Montepio may adjust the hedge to comply with the eligibility criteria. If the hedge fails to meet the criteria required for hedge accounting (in the event that the hedge instrument expires, is sold, terminated or exercised, without having been replaced according to the entity's documented risk management objective), the derivative financial instrument is transferred to the trading book and hedge accounting is discontinued prospectively. If the hedged asset or liability corresponds to a fixed-income instrument, the revaluation adjustment is amortized via the income statement until its maturity using the effective interest rate method.

Cash flow hedging

In a highly probable future cash flow hedging operation, the effective part of the changes in the fair value of the hedging derivative is recognized in reserves, being transferred to results in the financial years in which the respective hedged item affects results. The ineffective part of the hedge is recorded in the income statement. When a hedging instrument expires or is sold, or when the hedge no longer meets the criteria required for hedge accounting, changes in the fair value of the derivative accumulated in reserves are recognized in the income statement when the hedged operation also affects results. If it is foreseeable that the hedged operation will not take place, the amounts still recorded in equity are immediately recognized in the income statement and the hedging instrument is transferred to the trading portfolio.

d) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or another financial asset to another entity, independently of its legal form, evidencing a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to an equity instrument issuance are recognized in equity as a deduction from the amount of the issue. Amounts paid or received related to sales or acquisitions of equity instruments are recognized in equity, net of transaction costs.

Distributions made on account of equity instruments are deducted from equity as dividends when declared.

e) Financial and performance guarantees

Financial guarantees

Financial guarantees are contracts that require the issuer to make payments to compensate the holder for losses incurred as a result of breaches of the contractual terms of debt instruments, namely the payment of capital and/or interest. Financial guarantees issued are initially recognized at their fair value. Subsequently, these guarantees are measured at the higher of: (i) the initially recognized fair value and (ii) the amount of any obligation arising from the guarantee contract, measured at the balance sheet date.

Any change in the amount of the obligation associated with financial guarantees issued is recognized in profit or loss. Financial guarantees issued by the Bank usually have a defined maturity and a periodic prepaid

commission, which varies according to counterparty risk, amount and period of the contract. On that basis, the fair value of the guarantees on the date of their initial recognition is approximately equivalent to the amount of the initial commission received, considering that the agreed conditions are market. Thus, the amount recognized on the contract date equals the amount of the initial commission received, which is recognized in profit or loss over the financial year to which it relates. Subsequent commissions are recognized in profit or loss in the financial year to which they relate.

Performance guarantees

Performance guarantees are contracts that result in the compensation of one of the parties if same does not fulfil a contractual obligation. Performance guarantees are initially recognized at fair value, which is usually evidenced by the amount of commissions received over the term of the contract. Upon breach of contract, the Bank has the right to revert the guarantee, and the amounts are recognized in Loans and advances to customers after the compensation of the losses has been transferred to the guarantee's beneficiary.

f) Securities' loan and repurchase agreement transactions

Securities' loans

Securities loaned under securities' loan agreements continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the category to which they belong. Cash collateral received in respect of securities loaned is recognized as a financial liability. Securities borrowed under securities' borrowing agreements are not recognized on-balance sheet. Cash collateral placements in respect of securities borrowed are recognized under loans and advances to either customers or credit institutions. Income and expenses arising from the securities' lending and borrowing business are recognized on an accrual basis over the period of the transactions and are included in interest and similar income or interest and similar expense (net interest income).

Repurchase agreements

Banco Montepio carries out acquisitions/sales of securities under reselling/repurchase agreements of substantially equivalent securities at a future date at a predetermined price.

The securities acquired subject to reselling agreements (reverse repos) at a future date are not recognized in the balance sheet. The amounts paid are recognized in Loans and advances to customers or Loans and advances to credit institutions. The receivables are collateralized by the related securities.

Securities sold through repurchase agreements (repos) continue to be recognized in the balance sheet and are measured in accordance with the accounting policy of the category to which they belong. The proceeds from the sale of these securities are considered as Deposits from customers or Deposits from other credit institutions.

The difference between the acquisition/sale and resale/repurchase conditions is recognized on an accrual basis over the period of the transaction and is included in interest and similar income or interest and similar expense (net interest income).

g) Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for in Banco Montepio's separate financial statements at historical cost less any impairment losses.

Subsidiaries are entities (including investment funds and securitization vehicles) controlled by Banco Montepio. Banco Montepio controls an entity when it is exposed to, or has rights to, the variability of returns from its involvement with that entity and can take possession of same through its power over the relevant activities of that entity (de facto control).

Associates are entities over which Banco Montepio has significant influence but does not control their financial and operating policy. Banco Montepio is presumed to have significant influence when it has the power to exercise more than 20% of the associate's voting rights. If Banco Montepio, directly or indirectly,

holds less than 20% of the voting rights, Banco Montepio is presumed not to have significant influence, except when such influence can be clearly demonstrated.

Dividends received from Subsidiaries and Associates are recorded as gains from equity interests, when attributed.

Significant influence on the part of Banco Montepio is usually demonstrated in one or more of the following ways:

- representation on the Board of Directors or equivalent management body of the investee;
- participation in policy-making processes, including participation in decisions involving dividends or other distributions;
- material transactions between Banco Montepio and the investee;
- interchange of management personnel; and
- provision of essential technical information.

In addition to recognizing impairment of investments in Subsidiaries and Associates, the Bank recognizes additional losses if it has assumed obligations or made payments for the benefit of these entities.

Impairment

The recoverable value of investments in subsidiaries and associates is assessed whenever there are signs of evidence of impairment. Impairment losses are calculated based on the difference between the recoverable value of investments in subsidiaries or associates and their book value. Impairment losses identified are recorded against profit or loss and subsequently reversed through profit or loss if the amount of the estimated loss is reduced in a subsequent period. The recoverable value is determined based on the higher of the value in use of the assets and the fair value less costs to sell, and is calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, time value and business risks.

h) Non-current assets held for sale

Non-current assets and groups of non-current assets held for sale (groups of assets together with their respective liabilities, which include at least one non-current asset) are classified as held for sale when there is an intention to sell the referred assets and liabilities and when the referred assets or groups of assets are available for immediate sale and their sale is highly probable.

Banco Montepio also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to their subsequent disposal, which are available for immediate sale and which sale is highly probable. Immediately before their classification as non-current assets held for sale, the measurement of all the non-current assets or of all assets and liabilities in a disposal group, is performed in accordance with the applicable IFRS. After their reclassification, these assets or disposal groups are measured at the lower of their cost and their fair value less costs to sell, with the unrealized losses being recorded in the profit or loss for the financial year. When the book value corresponds to the fair value less costs to sell, the fair value level of the IFRS 13 hierarchy corresponds to level 3.

Although the Bank intends to immediately sell all properties and other assets received in recovery of credit, the Bank classifies these in the caption Other assets, due to their length of stay in the portfolio exceeding 12 months. The accounting method is unchanged from that laid down above, with these being recorded at initial recognition at the lower of their fair value less costs to sell and the book value of the loan being recovered.

i) Leases (IFRS 16)

Definition of lease

The definition of lease entails a focus on the control of the identified asset, i.e., an agreement constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e., substantially obtaining all

the economic benefits of using same and the right to direct the use of this identified asset for a certain period of time in exchange for consideration.

Lessee perspective

Banco Montepio recognizes for all leases, except for leases with a period of less than 12 months or for leases relating to assets of a reduced unitary value:

- a right-of-use asset, initially measured at cost, taking into account the Net Present Value (NPV) of the lease liability, plus payments made (fixed and/or variable) minus lease incentives received, penalties for termination (if reasonably certain), as well as any estimated costs to be borne by the lessee with the dismantling and removal of the underlying asset and/or with the restoration of the location where it is located. It is subsequently measured according to the cost model (subject to amortization according to the lease term of each agreement and to impairment tests);
- a lease liability, initially recorded at the present value of the future lease cash flows (NPV), which includes:
 - fixed payments, less lease incentives receivable;
 - variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date of the agreement;
 - the amounts to be paid by the lessee as residual value guarantees;
 - the exercise price of a call option if the lessee is reasonably certain to exercise that option; and
 - payments of lease termination penalties, if the lease term reflects the exercise of a lease termination option by the lessee.

When it is not possible to easily determine the interest rate implicit in the lease, lease payments are discounted at the lessee's incremental financing interest rate, which incorporates the risk-free interest rate curve (swap curve), increased by a Banco Montepio risk spread, applied to the weighted average term of each lease agreement. For agreements with a termination date, such date is considered the lease termination date, and for other agreements without a termination date the period during which it will be enforceable is assessed. In the assessment of enforceability, the specific clauses of the agreements are considered as is the current legislation for Urban Leases.

It is subsequently measured as follows:

- by increasing its book value to reflect interest on same;
- by decreasing its book value to reflect lease payments; and
- the book value is remeasured to reflect any revaluations or changes in the lease, as well as to incorporate the revision of lease payments that are, in substance, fixed and the revision of the lease term.

Banco Montepio remeasures a lease liability and calculates the related adjustment to the right-of-use asset whenever there is:

- a modification in the lease term, or in the valuation of a call option on the underlying asset. In this situation, the lease liability is remeasured, discounting the revised lease payments and also using a revised discount rate;
- a modification in the amounts payable under a residual value guarantee, or in the future lease payments resulting from a change in an index or rate used to determine such payments. In this situation, the lease liability is remeasured, discounting the revised lease payments using an unchanged discount rate (unless the change in lease payments results from a change in variable interest rates, in which case a revised discount rate should be used); and

- a modification of the lease agreement but such modification in the lease is not accounted for as a separate lease. In this situation, the lease liability is remeasured, discounting the revised lease payments using a revised discount rate.

Right-of-use assets are amortized from the date of the agreement's entry into force to the end of the useful life of the underlying asset, or until the end of the lease term, if earlier. If the lease transfers ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that Banco Montepio will exercise a call option, the right-of-use asset shall be amortized from the date of the agreement's entry into force to the end of the useful life of the underlying asset. Amortization begins on the date of the lease agreement's entry into force.

The recording of the lease agreements in the income statement is made in the following captions:

- (i) recording in Net interest income of the interest expense related to lease liabilities;
- (ii) recording in General and administrative expenses of the amounts related to short-term lease agreements and low-value asset lease agreements; and
- (iii) recording in Depreciation and amortization of the amortization cost for the financial year of the right-of-use assets.

The recording of the lease agreements in the balance sheet is made in the following captions:

- (i) recording in Other tangible assets of the right-of-use assets recognized; and
- (ii) recording in Other liabilities of the amount of the lease liabilities recognized.

Regarding the classification of the cash flows originated by the lease agreements, these are recorded in the statement of cash flows:

- (i) in the caption Cash flows from operating activities – Costs with staff and suppliers, which includes the amounts related to short-term and to low-value lease agreements; and
- (ii) the caption Cash flows from financing activities - Finance lease agreements, which includes the amounts related to payments of the capital portion of the lease liabilities.

Lessor perspective

In accordance with IFRS 16, lessors will continue to classify leases as finance or operating.

Within the scope of its activity, the Bank classifies as finance leases, operations in which, substantially, all the risks and rewards associated with the leased asset are transferred to the lessee.

Finance leases are recorded as a loan granted in the Loans and advances to customers caption of the balance sheet by the sum of the present value of all instalment's receivable from the lessee during the lease term and any unsecured residual value that the lessee is responsible for. These include fixed instalments (less payments made by the lessee) as well as variable instalments determined with reference to an index or rate, as well as the exercise price of the purchase option, if there is reasonable certainty that it will be exercised by the lessee, and lessee termination penalties if the lease term reflects the exercise of the termination option.

Financial income obtained as a lessor is recorded in the income statement under the caption Interest and similar income.

j) Net gains/(losses) arising from financial operations (Net gains/(losses) arising from financial assets at fair value through other comprehensive income and Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss)

Net gains/(losses) arising from financial operations include gains and losses arising from financial assets and financial liabilities at fair value through profit or loss, that is, fair value changes and interest on trading derivatives and embedded derivatives, as well as dividends received associated with these portfolios. This caption also includes gains and losses arising from the sale of debt instruments, of financial assets at fair

value through other comprehensive income. The changes in fair value of hedging derivatives and hedged items, when applicable to fair value hedging, are also recognized in this caption.

k) Fee and commission income

Fee and commission income are recognized as revenue from contracts with customers to the extent the performance obligations are met:

1. When obtained and to the extent the services are provided, they are recognized in income in the financial year to which they relate (for example: income in the form of account maintenance fees);
2. When they result from the execution of a significant act they are recognized as income when the respective service is complete and are recorded in the income statement on being charged (for example: foreign currency exchange, consultancy or loan assemblage/syndication); and
3. When they are an integral part of the effective interest rate of a financial instrument, they are recognized in net interest income. Their characteristics are:
 - (i) Commissions received on credit operations realized that are not valued at fair value through profit or loss (for example: valuation of guarantees, preparation and processing of documentation) are received in advance and are deferred and recognized over the life of the operation;
 - (ii) Commissions agreed for the commitment to provide financing are received in advance and are deferred over the expected life of the financing. If the commitment expires without the operation having materialized, the commission is recognized in profit or loss; and
 - (iii) Commissions paid on the issuance of financial liabilities at amortized cost are included in the financial liabilities' amount, being recognized in profit or loss at the effective cost of the operation.

l) Fiduciary activities

Assets held in the scope of fiduciary activities are not recognized in Banco Montepio's financial statements. Fee and commission income arising from this activity are recognized in the income statement in the period to which they relate.

m) Other tangible assets

Other tangible assets are recorded at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognized as a separate asset only when it is probable that future economic benefits will result for Banco Montepio. All repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. Depreciation is calculated on a straight-line basis, over the following annual periods which correspond to their estimated useful lives:

	<u>Number of years</u>
Buildings held for own use	50
Other fixed assets	4 to 10

Whenever there is an indication that a tangible fixed asset might be impaired, its recoverable value is estimated, and an impairment loss is recognized if the net value of the asset exceeds its recoverable value.

The recoverable value is determined as the highest between the fair value less costs to sell and its value in use, this being calculated based on the present value of the future cash flows estimated to be obtained from the continued use of the asset and its sale at the end of the useful life.

The impairment losses of tangible fixed assets are recognized in profit or loss for the period.

Gains or losses on the disposal of assets are determined by the difference between the realizable value and the book value of the asset and are recognized in the income statement.

n) Intangible assets

Software

Banco Montepio accounts as intangible assets the costs associated with software acquired from external entities, including the possible contracting of additional services necessary for its implementation, and amortizes these on a straight-line basis over an estimated lifetime of between 3 and 6 years. Banco Montepio does not capitalize internal costs arising from software development.

o) Statement of cash flows

For the purpose of the statement of cash flows, cash and cash equivalents comprise balances with less than three months maturity from the trade date, with an insignificant risk of change in fair value, including cash, deposits at central banks and deposits and deposit equivalents at other credit institutions.

The concepts used in the presentation of the statements of cash flow are as follows:

- Cash Flows: Cash and cash equivalents include cash, deposits at central banks and deposits and deposit equivalents at other credit institutions;
- Operating Activities: the indirect method is used for the presentation of cash flows from operating activities, reflecting the flows of the typical activities of credit institutions, as well as other activities that do not qualify as investment or financing;
- Investing activities: the acquisition, sale or other disposals of long-term assets, such as financial shareholdings in subsidiaries and associates, the acquisition of tangible and intangible assets and other strategic investments not included in operating activities; and
- Financing activities: activities that produce changes in Banco Montepio's medium- and long-term financing operations that are not part of the operating activities, such as securitized and subordinated debt, capital increases and dividend distributions.

p) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency of the operation at the foreign exchange rate as at the reporting date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated into the respective functional currency at the foreign exchange rate on the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into the respective functional currency at the foreign exchange rate on the date that the fair value was determined and recognized against profit or loss, except for financial assets at fair value through other comprehensive income, for which the difference is recognized against equity.

q) Post-employment and long-term employee benefits

Defined benefit plans

Banco Montepio has the responsibility to pay its employees old-age, disability and survival pensions, health benefits and death subsidy, in accordance with the terms and conditions of the Collective Labour Agreement ("ACT") it signed. In 2016, amendments were made to this agreement, namely the change in the retirement age, in line with the General Social Security System and the attribution of an end-of-career award corresponding to 1.5 times the monthly remuneration received at the retirement date.

Arising from the signing of the ACT and subsequent amendments, Banco Montepio set up a Pension Fund to cover the liabilities assumed with pensions on retirement, disability and survival, healthcare benefits and death subsidy.

As from 1 January 2011, bank employees were integrated in the General Social Security System, which ensures their protection in maternity, paternity, adoption, and old age. Protection associated with sickness, disability, survival, and death remains under the banks' responsibility (Decree-Law no. 1-A/2011, of 3 January).

The contribution rate is 26.6%, of which 23.6% paid by Banco Montepio and 3.0% by the employees, replacing the Caixa de Abono de Família dos Empregados Bancários ("CAFEB") extinguished by the same Decree-Law. As a result, the pension rights of active employees came to be covered by the terms defined in the General Social Security System, considering the period of service rendered since 1 January 2011 and up to their retirement age. The differential vis-à-vis the minimum pension guaranteed, in accordance with the terms defined in the Collective Labour Agreement ("Acordo Colectivo de Trabalho") is supported by the banks.

Following the Government's approval of Decree-Law no. 127/2011, of 31 December, a three-party agreement between the Government, the Portuguese Bank Association and the Union of Bank Employees was established, regarding the transfer to the Social Security's domain of the liabilities with pensions under payment to retired employees and pensioners as at 31 December 2011.

This Decree-Law established that the liabilities to be transferred were the liabilities with pensions under payment, as at 31 December 2011, to retired employees and pensioners, at constant amounts (update rate of 0%) for the component foreseen in the Collective Labour Regulation Instrument ("IRCT"). The liabilities in respect of the updating of pensions, complementary benefits, contributions to the Social-Medical Assistance Services ("SAMS") on the retirement and survival pensions, death subsidy and the deferred survival pension are still under the responsibility of the Institutions.

In December 2016, Banco Montepio signed a new ACT, introducing several changes in the employment benefits, such as the change in the retirement age, in line with the General Social Security System, and the attribution of an end-of-career award which replaced the extinguished seniority bonus, as disclosed in note 44.

The actuarial calculation is made using the projected unit credit method and considering actuarial and financial assumptions, in accordance with the parameters required by IAS 19.

The liabilities are covered by the Pension Fund managed by Futuro – Sociedade Gestora de Fundos de Pensões, S.A.

Banco Montepio's net liability regarding the defined benefit pension plan and other benefits is calculated separately for each plan by estimating the amount of future benefits that each employee will receive in return for his/her service in the current and prior financial years. The benefit is discounted to determine its present value, using a discount rate determined by reference to interest rates associated with high-quality bonds and with a similar maturity to that of the date of the term of the plan's liabilities. The net liability is determined after deducting the fair value of the assets of the Pension Fund.

The interest income/(expense) with the pension plan is calculated by multiplying the net asset/(liability) with retirement pensions (liabilities less the fair value of the Fund's assets) by the discount rate used in the determination of the retirement pension liabilities, mentioned above. On this basis, the net interest income/(expense) includes the interest expense associated with retirement pension liabilities and the return expected from the Fund's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the remeasurement, namely: (i) gains and losses resulting from differences between the actuarial assumptions used and the amounts actually observed (experience gains and losses) and from changes in the actuarial assumptions and (ii) gains and losses arising from the difference between the return

expected from the Fund's assets and the amounts obtained, are recognized against equity under other comprehensive income.

Banco Montepio recognizes in its income statement a net total amount that includes: (i) the current service cost; (ii) the net interest income/(expense) from the pension plan; (iii) the effect of early retirement; (iv) past service costs and (v) the effects of any settlement or curtailment occurring during the financial period. The costs of early retirements correspond to an increase in liabilities due to the employee's retiring before reaching retirement age.

Other benefits not related to pensions, namely retired employees' health expenses and benefits attributed to spouses and descendants by death and expenses with house loans, are also considered in the calculation of the liabilities.

Payments to the Pension Fund are made by Banco Montepio to assure the solvency of the Fund. The liability related to pensions under payment must be funded at a minimum level of 100% and at 95% for past services of active employees.

The liabilities for defined benefit post-employment benefits are determined by the responsible actuary certified by the Insurance and Pension Funds Supervisory Authority, observing at least a half-yearly frequency with reference to the end of June and December of each year.

For the purposes of determining the liabilities for defined benefit post-employment benefits, a set of relevant actuarial assumptions are considered, namely the expected rate of return for the Pension Fund, the discount rate, the growth rate of salaries and pensions and the mortality tables.

In accordance with the provisions of IAS 19, the discount rate considered on each date of determination of the liabilities for post-employment benefits must correspond to the bond rates of high-quality entities for maturities identical to those of the bonds carried in the pension plan.

In line with the recommendations of IAS 19, the Bank recognizes in the income statement the impacts related to the cost of current services, the net interest income/cost of the pension plan, the cost of past services, the cost of early retirements and any settlement or curtailment of liabilities that have been identified.

The actuarial deviations calculated on each date of determination of liabilities are recorded in equity and include, namely, the value of non-financial actuarial deviations, corresponding to the difference between the assumptions used and those actually verified and also those resulting from the change in actuarial assumptions, and the amount of financial actuarial deviations, determined by the difference between the effective rate of return and the expected rate of return of the Pension Fund.

The Bank, in accordance with the provisions of Bank of Portugal Notice 12/2001, ensures, on each date of determination of liabilities, compliance with the required financing levels, which correspond to a minimum financing level of 95% of liabilities for past services of the active population and 100% of liabilities for pensions under payment.

Variable remuneration of employees and members of the Board of Directors (bonus)

In accordance with IAS 19 - Employee benefits, the variable remuneration (profit-sharing, bonuses and other) attributed to employees and to the members of the Board of Directors is recognized in profit or loss in the financial year to which it relates.

Employment termination benefits

The occurrence that gives rise to this obligation is: (i) the termination of the employment relationship between the Bank and the employee as a consequence of a Bank decision; (ii) the creation of a valid expectation for the employee or (iii) the decision of an employee to accept benefits for an irrevocable offer from the Bank in return for terminating the employment contract.

Employment termination benefits are recognized as a liability and a non-recurring cost from the moment when the Bank cannot withdraw the offer made to the employee or from the moment when the costs are recognized

for a restructuring that includes the payment of benefits for termination of the employment contract. These benefits are recorded as a liability in the caption Charges payable - Staff costs in the balance sheet up to the time of their settlement or until their transfer to the Pension liabilities.

End-of-career award

As a result of the signing of the new ACT on 5 July 2016, the seniority bonus was extinguished, and Banco Montepio paid its employees the proportional bonus that would be due up to the date of the entry into force of the new ACT. In lieu of the seniority bonus, the new ACT provides for Banco Montepio to pay an end-of-career award due immediately prior to the employee's retirement if he/she retires at Banco Montepio's service, corresponding to 1.5 times the monthly remuneration at the time of payment.

The end-of-career award is accounted for by Banco Montepio in accordance with IAS 19 as another long-term employment benefit. The effects of the remeasurements and past service costs of this benefit are recognized in profit or loss for the year, treatment identical to that of the accounting model for seniority bonuses.

The amount of Banco Montepio's liabilities with this end-of-career award is also periodically estimated using the projected unit credit method, using actuarial assumptions based on expectations of future salary increases and mortality tables. The discount rate used in this calculation is determined based on the same methodology described for the calculation of retirement pension liabilities.

Defined contribution plan

Banco Montepio, for employees admitted on or after 3 March 2009, contributes, under the Defined Contribution Plan, with a percentage of 1.5% of the effective monthly remuneration of each covered employee, with the employee being responsible for making an identical contribution.

r) Income taxes

The Bank is subject to the regime established in the Corporate Income Tax Code (Código do Imposto sobre o Rendimento das Pessoas Coletivas ("CIRC")), as well as the Special Regime applicable to Deferred Tax Assets (Regime Especial aplicável aos Ativos por Impostos Diferidos ("REAIID")), approved by Law no. 61/2014, of 26 August, to which it adhered, and to complementary legislation. Additionally, deferred taxes are recognized on tax losses and timing differences between the accounting results and those accepted for tax purposes, whenever there is a reasonable probability that such taxes will be paid or recovered in the future.

Income tax recognized in the income statement includes the current and deferred tax effects. Income tax is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case the corresponding income tax is recognized in equity. Deferred taxes recognized in equity arise from the revaluation of financial assets at fair value through other comprehensive income and from cash-flow hedging derivatives. Only deferred taxes related to fair value hedging derivatives are subsequently recognized in profit or loss at the same moment the gains and losses that originated the deferred taxes are recognized.

Current tax corresponds to the tax assessed on the taxable income for the financial year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to taxes assessed in respect of previous financial periods.

Deferred taxes are calculated for timing differences between the book values of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes, using the tax rates approved or substantially approved at the balance sheet date and that are expected to apply when the timing differences are reversed.

Deferred tax liabilities are recognized for all taxable timing differences except for intangible assets with an indefinite life, which are not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither the accounting nor the taxable income and differences relating to investments

in subsidiaries to the extent that it is not probable that they will reverse in the future, and to the extent that Banco Montepio does not exercise control over the period of the reversal of the differences.

Deferred tax assets are recognized when it is probable that future taxable income will be available to absorb the deductible timing differences for taxation purposes (including tax losses carried forward).

Banco Montepio offsets the deferred tax assets and liabilities if, and only if: (i) it has a legally enforceable right to set off current tax assets against current tax liabilities and (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In the year 2018, Banco Montepio became the dominant company of the Group subject to Corporate Income Tax under the Special Taxation Regime of Groups of Companies (“Regime Especial de Tributação dos Grupos de Sociedades” (“RETGS”)), constituted by the companies in which it holds a shareholding equal to or higher than 75% and which meet the conditions provided for in article 69 et seq of CIRC.

The Companies included in the RETGS calculate and record income tax as if they were taxed on a separate basis. The liabilities determined are, however, payable to the parent company of the tax group, Banco Montepio, which is responsible for the global calculation and self-assessment of the tax. Gains or losses arising from the application of this regime are recorded in each of the companies that originate them.

The recording of the tax impacts of transactions carried out by Banco Montepio corresponds to Management's understanding of the applicable tax treatment in light of the legislation issued. In situations where interpretation takes place and this is questioned by the Tax Administration, Management reanalyses same, assessing the probability of there being a liability to be recorded, depending on whether the probability of paying same is higher or lower than 50%.

Additionally, as a result of the publication of Law no. 41/2024, of 8 November, which transposed, into the Portuguese tax system, Directive (EU) No. 2022/2523, relating to the guarantee of a global minimum tax rate of 15% for groups of multinational companies and large national groups, Banco Montepio, as an entity forming part of the Banco Montepio Group, does not anticipate any relevant impact. Specifically, the Banco Montepio Group is excluded from the application of Pillar Two rules for a transitional period of five years, under article 44 of the Annex to Law no. 41/2024, of 8 November.

s) Segmental reporting

Banco Montepio adopted IFRS 8 – Operating Segments for the purpose of disclosing financial information by operating segments. An operating segment is a component of the Bank: (i) that engages in business activities from which it may earn revenues or incur costs; (ii) which operating results are regularly reviewed by the main responsible for the Bank's operating decisions regarding the allocation of resources to the segment and the assessment of its performance and (iii) for which distinct financial information is available.

Given that the separate financial statements are presented together with those of the Group, and considering paragraph 4 of IFRS 8, Banco Montepio is not required to present information on a separate basis on the segments.

t) Provisions, contingent assets and liabilities

Provisions

Provisions are recognized when: (i) Banco Montepio has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain liabilities), (ii) it is probable that its settlement will be required and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into consideration the principles defined in IAS 37 in respect of the best estimate of the expected cost, the most likely result for the ongoing processes considering the risks and uncertainties inherent to the process. In cases where the discount effect is material, provisions correspond

to the present value of the expected future payments, discounted at a rate that considers the risk associated with the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reversed through profit or loss in the proportion of the payments that cease to be probable.

This caption also includes the impairment losses related to exposures that have an associated credit risk such as bank guarantees and commitments assumed.

Contingent assets

A contingent asset is a possible asset that arises from past events and which existence will only be confirmed by the occurrence, or not, of one or more uncertain future events that are not entirely under the control of the entity.

Contingent liabilities

A contingent liability is an obligation that is:

- Possible, which arises from past events and which existence will only be confirmed by the occurrence, or not, of one or more uncertain future events, which are not entirely under the control of the entity; or
- Present, which arises from past events, but is not recognized because: (i) It is unlikely that an outflow of resources incorporating economic benefits will be required to settle that obligation and (ii) The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the financial statements, being, in accordance with IAS 37, disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote.

u) Insurance and reinsurance brokerage services

Banco Montepio is duly authorized by the Insurance and Pension Funds Supervisory Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões (“ASF”)) to provide insurance brokerage services, under the category of Tied Insurance Broker, in accordance with article 8, paragraph a), subparagraph i), of Decree-Law no. 144/2006, of 31 July, operating in the life and non-life insurance brokerage areas.

In the insurance brokerage services scope, Banco Montepio sells insurance contracts, receiving as remuneration for the services rendered brokerage commissions on insurance and investment contracts, which are defined in agreements/protocols established between Banco Montepio and the Insurance Companies.

The commissions received for the insurance brokerage services have the following typology:

- commissions that include a fixed and a variable component. The fixed component is calculated by applying a predetermined rate to the amount of the subscriptions made by Banco Montepio and the variable component is calculated based on predetermined criteria, with the total annual commission being the sum of the commissions calculated monthly; and
- commissions in the form of profit-sharing in the results of the insurance contracts, which are calculated annually and paid by the Insurance Companies in the beginning of the year following that to which they relate.

Commissions received for insurance brokerage services are recognized on an accrual basis. Fees paid in a different period from that to which they relate are recorded as a receivable in the caption Other assets with a corresponding entry in the caption Fee and commission income - Insurance brokerage services.

v) Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of Banco Montepio by the weighted average number of ordinary shares outstanding. For the calculation of diluted earnings per share, when applicable, the weighted average number of ordinary shares outstanding is adjusted to reflect the effect of all potential dilutive ordinary shares, such as those resulting from convertible

debt and share options granted to employees. The effect of the dilution translates into a reduction in earnings per share resulting from the assumption that convertible instruments are converted or that the options granted are exercised.

w) Significant judgements and estimates in the application of the accounting policies

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make the necessary estimates in deciding which treatment is most appropriate. These estimates were determined considering the best information available at the date of the preparation of the financial statements. The most significant of these accounting estimates and judgments used in the application of the accounting policies by Banco Montepio are discussed in the following paragraphs in order to improve understanding of how their application affects Banco Montepio's reported results and related disclosure.

Considering that in some cases there are several alternatives to the accounting treatment chosen by the Board of Directors, Banco Montepio's reported results would differ if a different treatment was chosen. The Board of Directors believes that the choices made are appropriate and that the financial statements present the Banco Montepio's financial position and results fairly in all material aspects.

The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Impairment losses of financial assets at amortized cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses of financial instruments involves judgments and estimates regarding the following aspects, among others:

a) *Significant increase in credit risk:*

Impairment losses correspond to the expected losses in the event of default within a twelve-month time horizon, for Stage 1 assets, and the expected losses considering the likelihood of a default event occurring at some point up to the maturity date of the financial instrument, for Stage 2 and 3 assets. An asset is classified as Stage 2 whenever there is a significant increase in its credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank considers reasonable and sustainable qualitative and quantitative information.

b) *Definition of asset groups with common credit risk characteristics:*

When the expected credit losses are measured on a collective basis, financial instruments are grouped based on common risk characteristics. The Bank monitors the appropriateness of credit risk characteristics on a regular basis to assess whether they maintain their similarity. This is necessary to ensure that in the event of a change in credit risk characteristics, the asset segmentation is revised. This revision may result in the creation of new portfolios or the transfer of assets to existing portfolios that better reflect their credit risk characteristics.

c) *Definition of the number of scenarios and respective relative weighting of prospective information for each segment and determination of relevant prospective information:*

In estimating the expected credit losses, the Bank uses reasonable and sustainable forward-looking information that is based on assumptions about the future evolution of different economic variables and how each one impacts the others.

d) *Probability of default:*

The probability of default represents a determining factor in measuring expected credit losses. The probability of default corresponds to an estimate of the probability of default in a given time period, which is calculated based on historical data, assumptions and expectations about future conditions.

e) *Loss given default:*

The loss given default corresponds to an estimate of the loss in a default scenario, being determined by the difference between the contractual and the expected cash flows that the Bank expects to receive, through cash flows generated by the customer's business or from the credit collateral. The calculation of the estimated loss given default is based, among other things, on the different recovery scenarios, historical information, the costs involved in the recovery process and the estimated valuation of the collateral associated with credit operations.

The use of alternative methodologies and of different assumptions and estimates could result in a different level of the impairment losses recognized and presented in notes 19, 20, 23, and 25, with a consequent impact in the income statement of Banco Montepio.

In accordance with the provisions of IFRS 9, Banco Montepio, in accordance with the provisions of IFRS 9 and for the purposes of measuring credit impairment losses, updated the prospective information related to the macroeconomic data available on risk parameters, determining impacts at the level of the expected credit loss (see notes 13 and 48).

Fair value of derivative financial instruments and other financial assets measured at fair value

Fair values are based on listed market prices, if available, being, in their absence, determined based either by recent transaction prices, similar and realized under market conditions or based on discounting techniques applied to future cash flows which consider market conditions, time value, yield curve and volatility factors. These methodologies may require assumptions or judgments in the estimation of fair value.

Consequently, the use of different methodologies or of different assumptions or judgments in applying a particular model could result in financial results different from those reported in notes 21, 22 and 23.

The detail of the fair value calculation of derivative financial instruments and other financial assets carried at fair value is presented in note 43.

Impairment of investments in subsidiaries and associates

Banco Montepio assesses the recoverable value when there are signs of evidence of impairment. Impairment losses are assessed based on the difference between the recoverable value of the investments in subsidiaries or associates and their book value. Impairment losses identified are recorded against profit or loss and subsequently reversed through profit or loss if the amount of the estimated loss is reduced in a subsequent period.

The recoverable value is determined based on the higher of the value in use of the assets and the fair value less costs to sell, and is calculated using valuation methodologies, supported by discounted cash flow techniques, considering market conditions, the time value and business risks, which require the use of certain assumptions or judgment in establishing the fair value estimates.

Different methodologies and the use of different assumptions and estimates could result in a different level of impairment losses being recognized and presented in note 26, with the consequent impact on the income statement of Banco Montepio.

Income taxes

Significant interpretations and estimates are required in determining the global amount of corporate income taxes. There are various transactions and calculations for which the assessment of the ultimate tax payable is uncertain during the ordinary course of business. The Bank complies with the guidelines of IFRIC 23 - Uncertainties related to the treatment of income tax related to the determination of taxable income, tax bases, tax losses to be carried forward, tax credits to be used and tax rates in scenarios of uncertainty regarding income tax treatment, with no material impact on its financial statements having resulted from the application of same.

Different interpretations and estimates could result in a different level of corporate income taxes, of both current and deferred taxes, to those recognized in the period and presented in note 29. This aspect has an increased relevance in the deferred tax recoverability analysis, in which the Bank considers projections of future taxable income based on a set of assumptions, including estimated pre-tax income, adjustments to the tax base, the tax legislation and its interpretation. Accordingly, the recoverability of deferred tax assets depends on the implementation of the strategy of the Bank's Board of Directors, namely the ability to generate the estimated taxable income, the tax legislation and its respective interpretation.

Law no. 98/2019, of 4 September, changed the rules applicable to impairment losses recognized from 1 January 2019, as well as to impairment losses recorded in tax periods beginning before 1 January 2019 and not yet tax accepted, contemplating a maximum adaptation period of 5 years, that is, until 31 December 2023.

Banco Montepio opted to apply the new tax regime for impairment as from the 2023 period onwards; therefore, as from that date, it started to calculate its current and deferred tax estimate based on the new tax regime for impairment, considering the clarifications of Circular Letter 20277, of 2 March 2025, issued by the Tax Authority.

The Portuguese Tax and Customs Authority is entitled to review the annual taxable income assessment made by Banco Montepio, for a period of four years, save where any deduction or tax credit has been made, in which case the period is that of the exercise of that right. Hence, corrections to the assessments may occur, mainly because of differences in interpretation of tax law. The Board of Directors considers it improbable that these will have a materially relevant effect on the financial statements.

Pensions and other post-employment and long-term employee benefits

The determination of the pension payment liabilities requires the use of assumptions and estimates, including the use of actuarial projections and others, such as the discount rate, pension and salary growth rates and mortality tables, estimated return on investments and other factors that may have an impact on the pension plan costs and liabilities.

Changes to these assumptions could have a significant impact on the amounts determined and presented in note 44.

Classification and valuation of non-current assets held for sale

The classification of the real estate received in recovery of credit is determined in accordance with IFRS 5.

Non-current assets held for sale are measured at the lower of their fair value less selling expenses and the book value of the loans on the date the assets are received in recovery. Fair value is determined based on periodic assessments made by external experts registered with the CMVM. Different methodologies and assumptions could have an impact on the classification and on the determination of the assets' fair value, which are presented in note 30.

Provisions and contingent liabilities

The measurement of provisions considers the principles set out in IAS 37 regarding the best estimate of the expected cost, the most likely outcome of ongoing litigation and considering the risks and uncertainties inherent in each process. Different assumptions and judgments could have an impact on the calculation of the amount of the provisions, which are presented in note 35.

Recoverable value of own properties

The measurement of impairment considers the principles defined in IAS 36, which requires that their recoverable value be determined as the lower of their fair value and their value in use, being calculated based on the present value of the estimated future cash flows expected to be obtained from the continued use of the assets and from their disposal. Alternative methodologies and the use of different assumptions and estimates could result in different conclusions about the recoverable value of the Bank's own properties.

2 Net interest income

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Interest and similar income		
Deposits from central banks and other loans and advances to credit institutions	18 546	20 471
Loans and advances to customers	251 731	314 717
Financial assets held for trading	-	341
Financial assets at fair value through profit or loss	7	8
Financial assets at fair value through other comprehensive income	3 641	2 536
Hedging derivatives	3 055	-
Other financial assets at amortized cost	17 443	20 489
Other interest and similar income	4	6
	<u>294 427</u>	<u>358 568</u>
Interest and similar expense		
Deposits from central banks and other credit institutions	4 929	23 338
Deposits from customers	99 027	104 357
Debt securities issued	16 876	11 389
Financial liabilities associated to transferred assets	1 282	12 120
Hedging derivatives	777	1 418
Other subordinated debt	10 713	11 247
Lease liabilities	744	194
Other interest and similar expense	2 825	3 620
	<u>137 173</u>	<u>167 683</u>
Net interest income	<u>157 254</u>	<u>190 885</u>

The caption Interest and similar income – Loans and advances to customers, includes, as at 30 June 2025, respectively, the amount of Euro 8,866 thousand and the amount of Euro 3,821 thousand (30 June 2024: Euro 7,975 thousand and Euro 3,767 thousand, respectively), related to income and to expenses, accounted for under the effective interest rate method, as referred to in the accounting policy described in note 1 b).

The caption Interest and similar income – Financial assets at fair value through profit or loss includes interest on loan contracts that do not meet the SPPI criteria, and which are recorded at fair value through profit or loss.

The caption Interest and similar expense – Other interest and similar charges includes, as at 30 June 2025, the amount of Euro 2,066 thousand (30 June 2024: Euro 3,242 thousand) related to costs incurred with the synthetic securitization operations.

3 Dividends from equity instruments

This caption refers to dividends and has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Financial assets at fair value through other comprehensive income		
SIBS	522	439
ABANCA	42	51
Others	5	4
	<u>569</u>	<u>494</u>

4 Net fee and commission income

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Fee and commission income		
From banking services	61 359	58 172
From transactions on behalf of third parties	8 822	7 715
From insurance brokerage services	4 652	4 894
Guarantees provided	2 013	2 429
Other fee and commission income	1 625	1 414
	<u>78 471</u>	<u>74 624</u>
Fee and commission expense		
From banking services rendered by third parties	12 847	10 986
From transactions with securities	155	176
Other fee and commission expense	979	703
	<u>13 981</u>	<u>11 865</u>
Net fee and commission income	<u>64 490</u>	<u>62 759</u>

As at 30 June 2025 and 2024, the caption Insurance brokerage services has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Life insurance	2 072	2 180
Non-life insurance	2 580	2 714
	<u>4 652</u>	<u>4 894</u>

The remuneration of insurance brokerage services was received in full, and all the commissions resulted from insurance intermediation for Lusitania, Companhia de Seguros, S.A. and for Lusitania Vida, Companhia de Seguros, S.A.

5 Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss

The amount of this caption has the following breakdown:

	(Euro thousand)					
	Jun 2025			Jun 2024		
	Gains	Losses	Total	Gains	Losses	Total
Assets and liabilities held for trading						
Securities						
Bonds and other fixed-income securities						
Issued by public entities	431	198	233	273	274	(1)
Issued by other entities	193	5	188	135	97	38
Shares	735	603	132	864	730	134
Investment units	348	171	177	36	-	36
	<u>1 707</u>	<u>977</u>	<u>730</u>	<u>1 308</u>	<u>1 101</u>	<u>207</u>
Derivative financial instruments						
Interest rate contracts	14 273	20 716	(6 443)	35 481	33 101	2 380
Exchange rate contracts	15 397	15 479	(82)	11 152	11 227	(75)
Futures contracts	1 681	1 875	(194)	1 676	1 777	(101)
Option contracts	7 934	7 818	116	6 607	6 279	328
	<u>39 285</u>	<u>45 888</u>	<u>(6 603)</u>	<u>54 916</u>	<u>52 384</u>	<u>2 532</u>
Financial assets at fair value through profit or loss						
Investment units	2 144	3 788	(1 644)	1 133	2 192	(1 059)
Loans and advances to customers	49	3	46	12	15	(3)
	<u>2 193</u>	<u>3 791</u>	<u>(1 598)</u>	<u>1 145</u>	<u>2 207</u>	<u>(1 062)</u>
Other financial assets at fair value through profit or loss						
Securities						
Shares	27	-	27	1	-	1
Securitization units	798	-	798	2 222	2 991	(769)
Loans and advances to customers	7	2	5	35	10	25
	<u>832</u>	<u>2</u>	<u>830</u>	<u>2 258</u>	<u>3 001</u>	<u>(743)</u>
Financial liabilities at fair value through profit or loss						
Deposits from customers	336	1 621	(1 285)	925	1 986	(1 061)
	<u>336</u>	<u>1 621</u>	<u>(1 285)</u>	<u>925</u>	<u>1 986</u>	<u>(1 061)</u>
Hedging derivatives						
Interest rate contracts	46 683	42 899	3 784	14 480	-	14 480
Assets and liabilities hedged financial						
Other financial assets at amortized cost	1 071	52	1 019	-	-	-
Debt securities issued	4 043	1 928	2 115	3 830	17 939	(14 109)
Other subordinated debt	3 336	3 898	(562)	-	-	-
	<u>8 450</u>	<u>5 878</u>	<u>2 572</u>	<u>3 830</u>	<u>17 939</u>	<u>(14 109)</u>
	<u>99 486</u>	<u>101 056</u>	<u>(1 570)</u>	<u>78 862</u>	<u>78 618</u>	<u>244</u>

Financial assets at fair value through profit or loss in terms of Participation Units include, as at 30 June 2025, a negative impact of Euro 1,644 thousand (30 June 2024: negative impact of Euro 1,059 thousand), determined by: (i) the negative effects of Fundo Vega (fund) of Euro 2,298 thousand, of Fundo Carteira Imobiliária (fund) of Euro 1,271 thousand and of Fundo C2 Growth I (fund) of Euro 273 thousand; and (ii) the positive effects of Discovery Portugal Real Estate Fund of Euro 749 thousand, of Fundo VIP (fund) of Euro 625 thousand, of Fundo Aquarius (fund) of Euro 397 thousand, of Fundo CR Revitalizar Centro e Norte – Categoria 2 (fund) of Euro 215 thousand and of Fundo Polaris (fund) of Euro 83 thousand.

The caption Other financial assets at fair value through profit or loss of securitization units reflects the change in the value of the securitized loan portfolio, which on 30 June 2025 recorded the amount of Euro 24,492 thousand (30 June 2024: Euro 169,053 thousand).

Hedge accounting gains and losses include changes in the fair value of hedging instruments (derivatives), recorded under the caption Hedging derivatives, and changes in the fair value of hedged items attributable to the hedged risk, recorded under the corresponding hedged Financial assets and liabilities captions. Hedging relationships are described in note 24.

6 Net gains/(losses) arising from financial assets at fair value through other comprehensive income

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Gains	
	Jun 2025	Jun 2024
Fixed-income securities		
Bonds		
Issued by public entities	731	-
	<u>731</u>	<u>-</u>

As at 30 June 2025, this caption includes positive net gains obtained from the sale of Spanish public debt amounting to Euro 561 thousand and of European public debt amounting to Euro 170 thousand.

7 Net gains/(losses) arising from exchange differences

The amount of this caption has the following breakdown:

	(Euro thousand)					
	Jun 2025			Jun 2024		
	Gains	Losses	Total	Gains	Losses	Total
Foreign exchange differences	15 901	13 616	2 285	7 394	6 613	781

This caption includes the results arising from the restatement of monetary assets and liabilities in foreign currency in accordance with the accounting policy described in note 1 p).

8 Net gains/(losses) arising from sale of other financial assets

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Disposal of loans and advances to customers	6 374	1 761
Disposal of other assets	3 177	3 391
Disposal of other financial assets at amortized cost	-	954
	9 551	6 106

As a 30 June 2025 and 2024, the caption Disposal of loans and advances to customers includes capital gains/(losses) on the sale of customer loan portfolios and, when applicable, the impact of repurchases related to these operations.

As at 30 June 2024, the caption Disposal of financial assets at amortized cost includes a sale related to a bond issue that was close to maturity, not affecting the business model, in accordance with that described in accounting policy b.1).

The caption Disposal of other assets considers the result obtained from the sale of properties.

9 Other operating income/(expense)

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Other operating income		
Services provided	2 871	2 584
Management fees on demand deposits	1 472	1 859
Reimbursement of expenses	1 012	1 264
Tax recovery	1 169	1 137
Revenue from the Additional solidarity contribution on the banking sector	7 836	-
Other	1 529	1 486
	<u>15 889</u>	<u>8 330</u>
Other operating expenses		
Contributions		
Banking sector	7 819	9 607
National Resolution Fund	2 780	1 843
Deposits Guarantee Fund	67	60
Expense from the valuation of financial liabilities	5 396	-
Servicing and expenses with recovery and disposal of loans	1 935	2 475
Services provided by Montepio Serviços, A.C.E.	1 772	1 559
Expenses with trading properties	1 246	753
Expenses with issuances	1 056	621
Costs with means of payment	859	999
Taxes	686	558
Donations and memberships	131	115
Other	6 462	6 044
	<u>30 209</u>	<u>24 634</u>
Other net operating income/(expense)	<u>(14 320)</u>	<u>(16 304)</u>

The caption Contribution of the Banking Sector is calculated in accordance with the terms of Law no. 55 A/2010, based on: (i) the average annual liability recorded in the balance sheet less the core capital (Tier 1) and the supplementary capital (Tier 2) and the deposits covered by the Deposits Guarantee Fund and (ii) the notional amount of the derivative financial instruments.

In 2020, this regime was supplemented by an Additional solidarity contribution on the banking sector, created as a budgetary policy instrument in the context of the post-pandemic crisis, the base of incidence of which followed the same criteria applicable to the calculation of the Contribution of the banking sector previously

described, as set out in Ordinance no. 191/2020. Due to Ruling no. 478/2025 of the Constitutional Court, issued on 3 June 2025, which declared the Regime for the Additional solidarity contribution on the banking sector, with general binding force, unconstitutional, the Bank did not recognize charges for this tax in the first half of 2025. The payments already made under this Regime were challenged in court by Banco Montepio, and a favourable court decision was issued in the case related to the Additional solidarity contribution on the banking sector paid in 2020 and 2021, which became final and binding. Consequently, the amount of Euro 7,836 thousand was recognized as a gain in the first half of 2025 under the caption “Gain related to the Additional solidarity contribution on the banking sector” relating to amounts from previous financial years whose refund is due according to the information obtained from the TA. The amounts of the Additional solidarity contribution on the banking sector for financial years 2022, 2023, 2024 and 2025 are being administratively challenged and amount to Euro 6,308 thousand.

The caption Contribution *ex-ante* to the Single Resolution Fund corresponds to the annual contribution, determined in accordance with number 1 of article 153-H of the Legal Framework of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras – “RGICSF”), which transposed articles 100(4)(a) and 103(1) of Directive 2015/59/EU of the European Parliament and of the Council, of 15 May 2014, and article 20 of Delegated Regulation (EU) no. 2015/63 of the Commission, of 21 October 2014 (“Delegated Regulation”) and with the conditions provided for in Implementing Regulation 2015/81 of the Council, of 19 December 2014 (“Implementing Regulation”).

This contribution is determined by the Bank of Portugal, in its quality as national resolution authority, based on the methodology defined in articles 4, 13 and 20 of the Delegated Regulation. Under the Single Resolution Mechanism this contribution must be transferred to the Single Resolution Fund by 30 June of each year, as stipulated in the Agreement for the Transfer and Mutualization of the contributions to the Single Resolution Fund, signed in Brussels on 21 May 2014 and approved by Portuguese National Assembly Resolution 129/2015, of 3 September, pursuant to article 67(4) of Regulation (EU) no. 806/2014 of the European Parliament and of the Council, of 15 July 2014 (“MUR Regulation”).

In addition, it is the responsibility of the Single Resolution Council (Conselho Único de Resolução (“CUR”)), in strict cooperation with the Bank of Portugal, in its quality as national resolution authority, to calculate these contributions on an annual basis, pursuant to and for the purposes of article 70(2) of the MUR Regulation. Banco Montepio opted, as at 30 June 2025 and 2024, to use irrevocable payment commitments, in the proportion of 15% of the contribution amount, as provided for in article 8(3) of the Implementing Regulation. On this basis, as at 30 June 2025, Banco Montepio settled Euro 11,320 thousand (30 June 2024: Euro 11,325 thousand) in the form of irrevocable payment commitments, recorded under the caption Loans and advances to credit institutions abroad - Term deposits, as disclosed in note 19. For irrevocable payment commitments only cash collateral is accepted.

As at 30 June 2025, Banco Montepio did not make any contribution to the Single Resolution Fund, since the information transmitted by the SRB - Single Resolution Board of 15 February 2024 continues valid and states that the means available in the Single Resolution Fund on 31 December 2023 reached the target level of at least 1% of the covered deposits held by the Member States participating in the Single Resolution Mechanism, as stipulated in Regulation (EU) no. 806/2014.

The caption Contribution to the National Resolution Fund corresponds to mandatory periodic contributions, in accordance with Decree-Law no. 24/2013. The periodic contributions are calculated annually using a base rate, determined based on an Instruction of the Bank of Portugal, which may be adjusted in function of the credit institution’s risk profile, that is to be applied in each year on the objective incidence base of said contributions. The periodic contributions have as incidence base the liabilities of the credit institutions participating in the Fund, defined in accordance with article 10 of said Decree-Law, less the liability elements integrating Tier 1 and Tier 2 and the deposits covered by the Deposits Guarantee Fund.

As part of the annual periodic contributions to the Deposits Guarantee Fund (“DGF”), Banco Montepio has assumed irrevocable payment commitments, pursuant to article 161(4) of the Legal Framework of Credit Institutions and Financial Companies (“Regime Geral das Instituições de Crédito e Sociedades Financeiras” – “RGICSF”), for a portion of these contributions, with the commitment to make the respective payment upon request by the DGF.

As at 30 June 2025, the caption “Expenses for early repurchase of debt issues” corresponds to the premium paid for the partial repayment before maturity of an EMTN bond issue, as described in note 33.

The caption Other operating expense - Servicing and expenses with the recovery and disposal of loans registers the servicing costs charged by third parties related to a portfolio of non-performing loans.

As at 30 June 2024, the caption Other operating expense – Expenses with properties held for trading includes the amount of Euro 131 thousand related to services provided by Montepio - Gestão de Activos Imobiliários, A.C.E.

10 Staff costs

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Remuneration	55 032	52 442
Mandatory social charges	16 035	15 516
Charges with Pension Funds	645	2 074
Other staff costs	2 064	1 979
	73 776	72 011

In the first half of 2025, variable remuneration was paid to Other key management personnel in the global amount of Euro 557 thousand for financial year 2024 (first half of 2024: Euro 438 thousand for financial year 2023). Other key management personnel are the first-line managers.

Remuneration and other benefits attributed to the General Meeting Board, the Board of Directors (including the members of the Audit Committee) and Other key management personnel, including the respective charges, are presented as follows:

	(Euro thousand)			
	Jun 2025			
	General Meeting Board	Board of Directors	Other key management staff	Total
Remuneration and other short-term benefits	4	1 488	2 438	3 930
Costs with healthcare benefits (SAMS)	-	8	35	43
Social Security charges	1	325	434	760
	5	1 821	2 907	4 733

	(Euro thousand)			
	Jun 2024			
	General Meeting Board	Board of Directors	Other key management staff	Total
Remuneration and other short-term benefits	4	1 495	2 161	3 660
Pension costs	-	310	52	362
Costs with healthcare benefits (SAMS)	-	8	32	40
Social Security charges	1	326	397	724
	5	2 139	2 642	4 786

As at 30 June 2025, loans granted by Banco Montepio to members of the Board of Directors (including the members of the Audit Committee) amounted to Euro 71 thousand (30 June 2024: Euro 79 thousand) and to Other key management personnel, Euro 3.060 thousand (30 June 2024: Euro 2,924 thousand), as described in note 46.

11 General and administrative expenses

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Rental costs	1 307	526
Specialized services		
IT services	9 652	9 484
Independent work	2 633	2 133
Other specialized services	9 968	8 602
Maintenance and repairs	2 446	2 618
Communication costs	2 261	2 038
Advertising costs	1 070	1 519
Transportation	1 374	1 477
Water, energy and fuel	1 614	1 255
Insurance	702	471
Travel, accommodation and entertainment expenses	601	591
Training	233	291
Consumables	266	264
Other general administrative costs	837	702
	34 964	31 971

The caption Rents and hires includes, as at 30 June 2025, the amount of Euro 463 thousand (30 June 2024: Euro 227 thousand) related to short-term lease contracts, of which Euro 56 thousand (30 June 2024: Euro 26 thousand) correspond to rents paid on real estate and Euro 407 thousand (30 June 2024: Euro 201 thousand) to rents paid on vehicles, in both cases used by Banco Montepio as a lessee.

12 Depreciation and amortization

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Intangible assets (note 28)		
Software	16 648	13 987
Other tangible assets (note 27)		
Real Estate		
For own use	1 180	1 218
Leasehold improvements in rented buildings	47	48
Equipment		
IT equipment	1 732	1 351
Fixtures	1 058	868
Furniture	43	58
Security equipment	131	51
Machinery and tools	2	13
Transportation	-	5
Right-of-use assets		
Real Estate	2 749	2 622
Motor vehicles	1 530	813
	8 472	7 047
	25 120	21 034

The caption Right-of-use assets corresponds, essentially, to properties (branches and central buildings) and the car fleet, being depreciated according to the period of each lease agreement, as indicated in accounting policy 1 i).

13 Impairment of loans and advances to customers and to credit institutions

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Other loans and advances to credit institutions (note 19)		
Charge for the period	14	7
Reversal for the period	(10)	(8)
	4	(1)
Loans and advances to customers (note 20)		
Charge for the period	140 759	162 448
Reversal for the period	(144 260)	(154 129)
Recovery of loans and interest	(4 211)	(1 751)
	(7 712)	6 568
	(7 708)	6 567

The caption Recovery of loans and interest refers to receipts from customers related to exposures that had already been written off.

This caption records the estimate of the expected losses determined according to the accounting policy described in note 1 b).

14 Impairment of other financial assets

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Financial assets at fair value through other comprehensive income (note 23)		
Charge for the period	115	208
Reversal for the period	-	(1)
	<u>115</u>	<u>207</u>
Other financial assets at amortized cost (note 25)		
Charge for the period	937	735
Reversal for the period	(919)	-
	<u>18</u>	<u>735</u>
	<u>133</u>	<u>942</u>

15 Impairment of other assets

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Investments in associated companies (note 26)		
Charge for the period	-	2 219
Reversal for the period	(5 671)	-
	<u>(5 671)</u>	<u>2 219</u>
Other tangible assets (note 27)		
Charge for the period	292	1 284
Other assets (note 30)		
Charge for the period	7 281	7 031
Reversal for the period	(1 455)	(1 245)
	<u>5 826</u>	<u>5 786</u>
	<u>447</u>	<u>9 289</u>

The caption Other tangible assets considers, in the periods ended 30 June 2025 and 2024, the reinforcement of impairment for some properties following the valuations carried out.

16 Other provisions

The amount of this caption has the following breakdown:

	(Euro thousand)	
	Jun 2025	Jun 2024
Guarantees and commitments (note 35)		
Charge for the period	6 108	8 033
Reversal for the period	(7 956)	(9 530)
	(1 848)	(1 497)
Other risks and charges (note 35)		
Charge for the period	377	635
Reversal for the period	(43)	(1 521)
	334	(886)
	(1 514)	(2 383)

17 Cash and deposits at central banks

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Cash	148 173	162 286
Deposits at central banks		
Bank of Portugal	1 542 991	1 312 250
	1 691 164	1 474 536

The caption Deposits at central banks – Bank of Portugal includes the amount to satisfy the legal requirements to maintain a minimum cash reserve, calculated based on the value of the deposits and other effective liabilities. The cash reserve constitution regime, in accordance with directives of the European Central Bank System for the Eurozone, establishes the maintenance of a deposit at the Central Bank equivalent to 1% of the average value of the deposits and other liabilities, over each reserve constitution period.

18 Loans and deposit to credit institutions repayable on demand

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Credit institutions in Portugal	409	907
Credit institutions abroad	18 994	20 324
Amounts to be collected	23 200	13 853
	42 603	35 084

The caption Amounts to be collected refers to cheques drawn by third parties on other credit institutions, and which are due for collection.

In the first half of 2025, Deposits and deposit equivalents at other credit institutions were remunerated at the implicit average rate of 0.09% (2024: 0.57%).

19 Other loans and advances to credit institutions

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Other loans and advances to credit institutions in Portugal		
Term deposits	9 321	3 290
	9 321	3 290
Other loans and advances to credit institutions abroad		
Term deposits	22 645	11 925
CSA's	31 030	27 050
Reverse repos	30 169	727
Other loans and advances	84 963	60 308
	168 807	100 010
	178 128	103 300
Impairment for credit risk of other loans and advances to credit institutions	(28)	(25)
	178 100	103 275

As at 30 June 2025 and 31 December 2024, the caption Loans and advances to credit institutions abroad – Term deposits includes the amount of Euro 11,320 thousand, related to a deposit made as collateral in the scope of the Contribution *ex-ante* to the Single Resolution Fund, as described in note 9.

Credit Support Annexes (“CSA’s”) are contracts that regulate the delivery, reception and monitoring of collateral delivered/received to cover the exposure of a counterparty of the contract to the other, as a result of open positions in over-the-counter derivatives. Despite the fact that collaterals under the CSA contracts can take the form of securities or cash, in Banco Montepio’s case, all collaterals are in the form of cash.

Collaterals in cash delivered (constitution of reinforcement) or received (collateral release) result from the changes in the fair value of the various derivative instruments that Banco Montepio negotiated with each one of the counterparties and are materialized through the effective transfers of cash, which are processed via TARGET2 to each one of the counterparties in question, as a guarantee/security of Banco Montepio’s exposure vis-à-vis the counterparty.

On this basis, and in the scope of the operations of derivative financial instruments with institutional counterparties, and as established in the respective contracts, as at 30 June 2025, Banco Montepio holds the amount of Euro 31,030 thousand (31 December 2024: Euro 27,050 thousand) related to loans and advances to credit institutions given as collateral for the above-mentioned operations.

The caption Purchase operations with resale agreement refer to two operations made with two banks of the Eurozone.

Impairment movements for credit risks of Loans and advances to credit institutions are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	25	29
Charge for the period	14	16
Reversal for the period	(10)	(21)
Exchange rate differences	(1)	1
Closing balance	28	25

In the first half of 2025, Loans and advances to credit institutions were remunerated at the implicit average rate of 3.43% (2024: 3.51%).

20 Loans and advances to customers

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Corporate		
Loans not represented by securities		
Loans	2 786 848	2 876 304
Current account loans	899 946	813 033
Finance leases	238 116	245 684
Discounted bills	18 067	23 044
Factoring	330 540	346 996
Overdrafts	1 329	1 588
Other loans	281 147	282 875
Loans represented by securities		
Commercial paper	371 611	288 004
Bonds	423 870	332 458
Retail		
Mortgage loans	5 900 656	5 679 830
Finance leases	22 736	23 494
Consumer credit and other loans	1 059 583	1 021 148
	12 334 449	11 934 458
Value correction of assets subject to hedging operations	(20)	(25)
Past due loans and advances and interest		
Less than 90 days	15 220	9 578
More than 90 days	71 365	74 978
	86 585	84 556
	12 421 014	12 018 989
Impairment for credit risks	(179 712)	(203 298)
	12 241 302	11 815 691

As at 30 June 2025, the caption Loans and advances to customers includes the amount of Euro 2,216,268 thousand (31 December 2024: Euro 3,201,863 thousand) related to the issue of covered bonds realized by Banco Montepio, as per note 33.

As at 30 June 2025, the loans and advances granted to shareholders and to related parties, including companies in the consolidation perimeter, amounted to Euro 517,341 thousand (31 December 2024: Euro 448,209 thousand), as described in note 46. The celebration of business between Banco Montepio and its shareholders or with individual or legal persons related to these, according to article 20 of the Portuguese Securities Code, regardless of the amount, is always, under a proposal by the commercial network, submitted to deliberation and assessment by the Board of Directors and the Audit Committee, supported by analyses and opinions as to the compliance with the limit established in article 109 of the Legal Framework of Credit Institutions and Financial Companies issued by the Risk Directorate. The impairment for credit risks related to these contracts amounts to Euro 643 thousand as at 30 June 2025 (31 December 2024: Euro 1,007 thousand).

As at 30 June 2025, the caption Loans and advances to customers includes the amount of Euro 24,493 thousand (31 December 2024: Euro 33,829 thousand) related to loans and advances that were the object of securitization and that, in accordance with the accounting policy outlined in note 1 b), were not the object of derecognition, as referred in note 47.

The caption Value correction of assets subject to hedge operations registers the fair value of the part of the portfolio that is hedged. This appreciation is accounted for through the income statement, in accordance with the accounting policy described in note 1 c). Banco Montepio periodically tests the effectiveness of the existing hedging relationships.

The fair value of the Loans and advances to customers' portfolio is presented in note 43.

The analysis of the caption Loans and advances to customers, by interest rate type, as at 30 June 2025 and 31 December 2024, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Variable-rate loans and advances	8 233 481	8 505 810
Fixed-rate loans and advances	4 187 533	3 513 179
	<u>12 421 014</u>	<u>12 018 989</u>

The analysis of Past due loans and advances and interest, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Asset-backed loans	35 363	44 583
Other guaranteed loans	36 435	31 661
Finance leases	2 831	2 242
Secured loans	-	314
Other loans and advances	11 956	5 756
	<u>86 585</u>	<u>84 556</u>

The analysis of Past due loans and advances and interest, by customer type and purpose, is as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Corporate			
Construction/Production		4 881	12 335
Investment		22 391	20 650
Treasury		34 394	28 355
Others		4 875	3 964
Retail			
Mortgage loans		10 725	11 806
Consumer credit		5 861	4 318
Others		3 458	3 128
		86 585	84 556

The analysis of the caption Loans and advances to customers, by maturity and by credit type, as at 30 June 2025, is as follows:

		(Euro thousand)			
		Jun 2025			
	Up to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assed-backed loans	161 536	385 459	8 357 876	35 363	8 940 234
Other guaranteed loans	426 242	263 029	161 169	36 435	886 875
Finance leases	14 512	92 641	153 699	2 831	263 683
Secured loans	371 951	200 886	222 644	-	795 481
Other loans and advances	773 407	144 593	604 785	11 956	1 534 741
	1 747 648	1 086 608	9 500 173	86 585	12 421 014

The analysis of the caption Loans and advances to customers, by maturity and by credit type, as at 31 December 2024, is as follows:

		(Euro thousand)			
		Dec 2024			
	Up to 1 year	1 to 5 years	More than 5 years	Undetermined	Total
Assed-backed loans	177 316	367 257	8 207 070	44 583	8 796 226
Other guaranteed loans	394 155	265 947	176 470	31 661	868 233
Finance leases	8 009	97 034	164 135	2 242	271 420
Secured loans	288 566	162 987	168 909	314	620 776
Other loans and advances	691 386	138 320	626 872	5 756	1 462 334
	1 559 432	1 031 545	9 343 456	84 556	12 018 989

As at 30 June 2025, the outstanding amount of Finance leases, by residual maturity of instalments, is as follows:

	(Euro thousand)			
	Jun 2025			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Outstanding rentals	62 885	131 812	90 223	284 920
Outstanding interest	(11 202)	(26 963)	(19 293)	(57 458)
Residual values	2 471	11 020	19 899	33 390
	<u>54 154</u>	<u>115 869</u>	<u>90 829</u>	<u>260 852</u>

As at 31 December 2024, the outstanding amount of Finance leases, by residual maturity of instalments, is as follows:

	(Euro thousand)			
	Dec 2024			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Outstanding rentals	57 046	150 154	106 473	313 673
Outstanding interest	(15 059)	(37 520)	(27 736)	(80 315)
Residual values	2 474	10 003	23 343	35 820
	<u>44 461</u>	<u>122 637</u>	<u>102 080</u>	<u>269 178</u>

As regards operating leases, Banco Montepio does not have significant agreements as lessor.

The movements in impairment for credit risk are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	203 298	266 913
Charge for the period	140 759	369 626
Reversal for the period	(144 260)	(341 315)
Utilization	(20 241)	(91 874)
Exchange rate differences	(48)	78
Financial liabilities associated with transferred assets and stage 3 interest	101	(130)
Transfers	103	-
Closing balance	<u>179 712</u>	<u>203 298</u>

The use of impairment corresponds, essentially, to loan and advance operations written off and to loan sale operations to third-party entities, made within the scope of the non-performing exposure reduction strategy.

The impairment for credit risk, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Asset-backed loans and finance leases	102 018	129 159
Other secured loans	52 085	47 053
Unsecured loans	25 609	27 086
	179 712	203 298

The analysis of impairment used, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Asset-backed loans and finance leases	12 360	20 548
Other secured loans	102	5 553
Unsecured loans	7 779	65 773
	20 241	91 874

Banco Montepio has adopted forbearance measures and practices, aligned in terms of risk, to adjust the disposable income or the financial capacity of customers to their debt service. On this basis, the recommendations legislated in the scope of the non-compliance regimes (Decree-Law no. 227/2012) and, for companies (SIREVE, PER), were adopted, with these being widely disclosed in the institutional website, in the internal rules and communications, to be disclosed and implemented vis-à-vis customers presenting evidence of financial difficulties.

Regarding the forbearance measures and in accordance with Implementing Regulation (EU) 2015/227, of 9 January 2015, contractual changes were considered (grace period of the principal, extension of the term, deferral of the principal, etc.) as were the consolidation of debts in another contract with conditions adjusted to the customer's current situation.

As at 30 June 2025, the loan and advances portfolio includes loans that, given the financial difficulties of the customer, were subject to amendments of the initial conditions of the contract and these amount to Euro 172,380 thousand (31 December 2024: Euro 187,597 thousand) and present an impairment of Euro 35,593 thousand (31 December 2024: Euro 46,760 thousand).

Additionally, the restructured loans and advances to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and the consequent celebration of a new loan to replace the previous loans. The restructuring may result from a reinforcement of guarantees and/or liquidation of part of the loan and involve an extension of maturities or a change in the interest rate. The analysis of restructured loans as at 30 June 2025 and 31 December 2024, by credit type, is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Corporate		
Loans not represented by securities		
Loans	15 414	8 475
Current account loans	23 325	551
Finance leases	1 752	182
Other loans	1 343	2 770
Retail		
Mortgage loans	1 573	11 530
Consumer credit and other loans	249	748
	43 656	24 256

As at 30 June 2025, for restructured loans not yet due, the impairment associated with these operations amounts to Euro 9,905 thousand, which corresponds to an impairment rate of 22.7% (31 December 2024: Euro 6,506 thousand, impairment rate of 26.8%).

Synthetic securitization

On 21 December 2022, Banco Montepio carried out an operation that configures a synthetic securitization structure, based on a portfolio of loans to individuals with mortgage guarantee. The legal maturity date of the operation is 29 December 2050, and the respective amount is Euro 535,022 thousand as at 30 June 2025 (31 December 2024: Euro 573,689 thousand).

On 31 May 2023, Banco Montepio carried out a synthetic securitization, with an underlying portfolio of loans to individuals with mortgage guarantee. The legal maturity date of the operation is 4 February 2066, and the amount is Euro 639,304 thousand as at 30 June 2025 (31 December 2024: Euro 671,444 thousand).

21 Financial assets and liabilities held for trading

The caption financial assets and liabilities held for trading is analysed as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Financial assets held for trading			
Securities			
Shares		2 652	2 624
Bonds		27 856	10 575
Investment units		822	886
		31 330	14 085
Derivative instruments			
Derivative financial instruments with positive fair value		6 631	12 366
		37 961	26 451
Financial liabilities held for trading			
Derivative instruments			
Derivative financial instruments with negative fair value		6 951	11 202
		6 951	11 202

As provided for in IFRS 13, as at 30 June 2025 and 31 December 2024, the financial instruments measured in accordance with the valuation levels described in note 43, are as follows:

		(Euro thousand)			
		Jun 2025			
		Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Securities					
Shares		2 652	-	-	2 652
Bonds		27 856	-	-	27 856
Investment units		822	-	-	822
		31 330	-	-	31 330
Derivative instruments					
Derivative instruments with positive fair value		-	6 631	-	6 631
		31 330	6 631	-	37 961
Financial liabilities held for trading					
Derivative instruments					
Derivative instruments with negative fair value		-	6 951	-	6 951
		-	6 951	-	6 951

		(Euro thousand)			
		Dec 2024			
		Level 1	Level 2	Level 3	Total
Financial assets held for trading					
Securities					
Shares		2 624	-	-	2 624
Bonds		10 575	-	-	10 575
Investment units		886	-	-	886
		14 085	-	-	14 085
Derivative instruments					
Derivative instruments with positive fair value		-	12 366	-	12 366
		14 085	12 366	-	26 451
Financial liabilities held for trading					
Derivative instruments					
Derivative instruments with negative fair value		-	11 202	-	11 202
		-	11 202	-	11 202

As at 30 June 2025, for possible liquidity-providing operations, the nominal value of the assets given as collateral to the European Central Bank shown under this caption amounts to Euro 4,400 thousand (31 December 2024: Euro 925 thousand) after the application of a haircut.

As at 30 June 2025, the collateral for the loan obtained from the EIB includes a set of bonds from non-resident financial institutions with a nominal value of Euro 1,652 thousand (31 December 2024: Euro 7,500 thousand), given as collateral and recorded under the caption Financial assets held for trading, as described in note 31.

These financial assets given as collateral may be executed in the event of non-compliance with the contractual obligations assumed by Banco Montepio under the terms and conditions of the contracts entered.

The book value of the derivative financial instruments as at 30 June 2025 and the comparison with the respective assets and liabilities recorded at fair value, in the specific case of derivatives held for risk management, can be analysed as follows:

		(Euro thousand)								
		Jun 2025								
Derivative	Related financial asset/liability	Derivative				Related Asset/Liability				
		Notional	Positive fair value	Negative fair value	Total fair value	Changes in fair value in the period ⁽¹⁾	Fair value	Changes in fair value in the period	Book value	Reimbursement amount at maturity date
Intereste rate swaps	Deposits for customers	99 402	926	(584)	342	(1 664)	-	1 285	-	-
Intereste rate swaps	Loans and advances to customers	18 324	217	(700)	(483)	(3)	(20)	5	658	643
Intereste rate swaps	-	118 864	2 560	(2 537)	23	13	-	-	-	-
Currency swap (short)	-	61 293	94	(27)	67	176	-	-	-	-
Currency swap (long)	-	61 909	-	-	-	-	-	-	-	-
Futures (short)	-	1 809	-	-	-	-	-	-	-	-
Futures (long)	-	2 885	-	-	-	-	-	-	-	-
Forwards (Short)	-	4 244	-	-	-	-	-	-	-	-
Forwards (Long)	-	4 246	-	-	-	-	-	-	-	-
Options (Short)	-	178 051	2 834	(3 103)	(269)	(6)	-	-	-	-
Options (Long)	-	179 114	-	-	-	-	-	-	-	-
		<u>730 141</u>	<u>6 631</u>	<u>(6 951)</u>	<u>(320)</u>	<u>(1 484)</u>	<u>(20)</u>	<u>1 290</u>	<u>658</u>	<u>643</u>

⁽¹⁾ Includes the result of derivatives disclosed in note 5.

Derivatives held for risk management include derivatives contracted for the purpose of hedging certain financial assets and liabilities, but that were not designated as hedging derivatives.

The book value of the derivative financial instruments as at 31 December 2024 and the comparison with the respective assets and liabilities recorded at fair value, in the specific case of derivatives held for risk management, can be analysed as follows:

		(Euro thousand)								
		Dec 2024								
		Derivative					Related Asset/Liability			
Derivative	Related financial asset/liability	Notional	Positive fair value	Negative fair value	Total fair value	Changes in fair value in the period ⁽¹⁾	Fair value	Changes in fair value in the period	Book value	Reimbursement amount at maturity date
Interest rate swaps	Deposits from customers	100 183	2 541	(535)	2 006	2 744	(1 285)	2 044	99 533	100 122
Interest rate swaps	Loans and advances	18 384	44	(524)	(480)	(486)	(25)	45	723	702
Interest rate swaps	-	91 613	2 822	(2 812)	10	2 854	-	-	-	-
Currency swap (short)	-	59 442	104	(213)	(109)	(74)	-	-	-	-
Currency swap (long)	-	62 816								
Future options (short)	-	-	-	-	-	-	-	-	-	-
Future options (long)	-	-								
Forwards (Short)	-	823	-	-	-	-	-	-	-	-
Forwards (Long)	-	823								
Options (Short)	-	179 146	6 855	(7 118)	(263)	(162)	-	-	-	-
Options (Long)	-	179 066								
		692 296	12 366	(11 202)	1 164	4 876	(1 310)	2 089	100 256	100 824

⁽¹⁾ Includes the result of derivatives disclosed in note 5.

The fair value of options corresponds to derivatives traded on organized markets, whose market value is settled daily against the margin account and the fair value of Forwards - Foreign exchange derivatives with short residual maturities, to be settled.

22 Financial assets at fair value through profit or loss

This caption is presented as follows:

(Euro thousand)

	Jun 2025	Dec 2024
Variable income securities		
Investment units	136 664	145 133
Securitization units	649	585
Loans and advances to customers at fair value		
Loans not represented by securities	<u>392</u>	<u>425</u>
	<u>137 705</u>	<u>146 143</u>

As at 30 June 2025, the level 3 assets in the caption Variable-income securities – Investment units include investments made in Real Estate Investment Funds, Specialized Credit Recovery Funds and Venture Capital Funds that are valued according to the amount of the Net Asset Value of the Fund (“NAVF”) disclosed, determined by the management company, in the amount of Euro 136,664 thousand (31 December 2024: Euro 145,133 thousand), of which Euro 76,967 thousand (31 December 2024: Euro 82,123 thousand) are related to Real Estate Investment Funds. The caption Variable-income securities – Investment units includes,

as at 30 June 2025, the amount of Euro 40,628 thousand (31 December 2024: Euro 43,288 thousand) related to investment units in specialized credit funds acquired in the scope of the sale of loans and advances to customers, as referred in note 50. The securitization units correspond to the residual notes acquired by Banco Montepio.

The net assets of Specialized Credit Recovery Funds represent a diversified set of assets and liabilities, which are valued in the respective Funds' accounts at fair value determined using internal methodologies adopted by the management entity.

The net assets of the Real Estate Investment Funds are valued by the management company based on valuation reports prepared by experts registered with the Portuguese Securities Commission (Comissão do Mercado de Valores Mobiliários ("CMVM")).

As at 30 June 2025, for Variable-income securities recorded under level 3, considering a 10% change in the value of the financial assets, an impact of Euro 13,731 thousand (31 December 2024: Euro 14,572 thousand) was determined.

The movements occurring in the Financial assets at fair value through profit or loss – Variable-income securities, recorded under level 3, are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	145 718	209 113
Acquisitions	630	592
Remeasurements	(7 608)	(8 043)
Disposals	(1 427)	(55 944)
Closing balance	137 313	145 718

The movements occurring in level 3 of the Loans and advances to customers at fair value relate, in their entirety, to revaluations observed in the first half of 2025 and financial year 2024.

23 Financial assets at fair value through other comprehensive income

This caption, as at 30 June 2025, is presented as follows:

	(Euro thousand)				
	Jun 2025				Book value
	Cost ⁽¹⁾	Fair value reserve		Impairment losses	
		Positive	Negative		
Fixed income securities					
Bonds issued by public entities					
Domestic	39 806	147	(883)	(61)	39 009
Foreign	272 164	751	(171)	(201)	272 543
Bonds issued by other entities					
Domestic	6 793	3	(208)	(348)	6 240
Foreign	507	-	(11)	-	496
Variable income securities					
Shares					
Domestic	5 135	15 385	-	-	20 520
Foreign	6 218	364	(1 244)	-	5 338
	330 623	16 650	(2 517)	(610)	344 146

⁽¹⁾ Acquisition cost related to variable income securities and amortized cost by debt securities.

This caption, as at 31 December 2024, is presented as follows:

	(Euro thousand)				
	Dec 2024				
	Cost ⁽¹⁾	Fair value reserve		Impairment losses	Book value
		Positive	Negative		
Fixed income securities					
Bonds issued by public entities					
Domestic	20 024	-	(1 173)	(37)	18 814
Foreign	249 765	3 901	(114)	(280)	253 272
Bonds issued by other entities					
Domestic	6 769	52	(662)	(276)	5 883
Foreign	570	-	(12)	(1)	557
Variable income securities					
Shares					
Domestic	5 182	15 385	-	-	20 567
Foreign	6 218	364	(1 201)	-	5 381
	288 528	19 702	(3 162)	(594)	304 474

⁽¹⁾ Acquisition cost related to variable income securities and amortized cost by debt securities.

As at 30 June 2025 and 31 December 2024, the analysis of financial assets at fair value through other comprehensive income, net of impairment, by valuation levels, is analysed as follows:

	(Euro thousand)				
	Jun 2025				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Fixed income securities					
Bonds issued by public entities					
Domestic	39 009	-	-	-	39 009
Foreign	272 543	-	-	-	272 543
Bonds issued by other entities					
Domestic	4 195	-	2 045	-	6 240
Foreign	-	496	-	-	496
	315 747	496	2 045	-	318 288
Variable income securities					
Shares					
Domestic	-	-	19 700	820	20 520
Foreign	-	-	4 940	398	5 338
	-	-	24 640	1 218	25 858
	315 747	496	26 685	1 218	344 146

	(Euro thousand)				
	Dec 2024				
	Level 1	Level 2	Level 3	Financial instruments at cost	Total
Fixed income securities					
Bonds issued by public entities					
Domestic	18 814	-	-	-	18 814
Foreign	253 272	-	-	-	253 272
Bonds issued by other entities					
Domestic	4 295	-	1 588	-	5 883
Foreign	-	557	-	-	557
	276 381	557	1 588	-	278 526
Variable income securities					
Shares					
Domestic	-	-	19 700	867	20 567
Foreign	-	-	4 966	415	5 381
	-	-	24 666	1 282	25 948
	276 381	557	26 254	1 282	304 474

As provided for in IFRS 13, financial instruments are measured according to the valuation levels described in note 43.

As at 30 June 2025, for securities recorded under level 3, a 10% change in the value of the financial asset was considered, with an impact of Euro 2,669 thousand (31 December 2024: Euro 2,625 thousand) having been determined.

Instruments classified under level 3 have associated unrealized gains and losses in the net positive amount of Euro 14,355 thousand (31 December 2024: positive amount of Euro 13,927 thousand) recognized in fair value reserves.

In this caption, Banco Montepio has some securities measured at acquisition cost and it is Banco Montepio's understanding that the book value presented for financial instruments at acquisition cost does not differ materially from the fair value, with the respective fair value not having been determined given the reduced value of the positions.

As at 30 June 2025, the impairment recorded for these level 3 securities amounted to Euro 323 thousand (31 December 2024: Euro 251 thousand).

The movements occurring in financial assets at fair value through other comprehensive income recorded in level 3 are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	26 254	23 556
Revaluations	431	2 698
Closing balance	26 685	26 254

The movements occurring in impairment of financial assets at fair value through other comprehensive income are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	594	304
Charge for the period	115	567
Reversal for the period	-	(49)
Utilization	(99)	(228)
Closing balance	610	594

For possible liquidity-providing operations, the nominal value of the assets pledged as collateral to the European Central Bank included in this caption, as at 30 June 2025, amounts to Euro 269,957 thousand after haircut (31 December 2024: Euro 141,682 thousand).

As at 30 June 2025, the collateral for the loan obtained from the EIB includes a set of Spanish sovereign bonds with a nominal value of Euro 50,969 thousand (31 December 2024: Euro 35,000 thousand), given in guarantee and recorded under the caption Financial assets at fair value through other comprehensive income, as described in note 31.

These financial assets pledged as collateral can be executed in the event of non-compliance with contractual obligations assumed by Banco Montepio under the terms and conditions of the contracts celebrated.

24 Hedging derivatives

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Assets		
Interest rate swaps	10 699	30 257
Liabilities		
Interest rate swaps	30 472	27 037
	(19 773)	3 220

Banco Montepio contracted interest rate swaps to hedge its interest rate risk arising from bond issues at fixed rate. The accounting method depends on the nature of the hedged risk, namely whether Banco Montepio is exposed to fair value changes, or whether it is hedging future transactions. Banco Montepio performs periodic effectiveness tests of the hedging relationships.

In financial year 2024, Banco Montepio contracted hedging operations for interest rate risk on bonds issued and debt instruments recognized in the Other financial assets at amortized cost portfolio. As at 30 June 2025, the fair value hedging operations can be analysed as follows:

(Euro thousand)

Jun 2025							
Derivative	Hedged item	Hedged risk	Notional	Fair value derivative ⁽¹⁾	Changes in fair value of derivative in the financial period	Fair value of hedge element ⁽²⁾	Changes in fair value of the hedged item in the financial period ⁽²⁾
Interest rate swap	Debt securities issued	Interest rate	250 000	5 517	(9 500)	5 283	(2 152)
Interest rate swap	Other subordinated liabilities	Interest rate	250 000	5 134	(10 106)	5 054	472
Interest rate swap	Other financial assets at amortized cost	Interest rate	300 000	(30 424)	(3 387)	(29 392)	(2 273)
			<u>800 000</u>	<u>(19 773)</u>	<u>(22 993)</u>	<u>(19 055)</u>	<u>(3 953)</u>

⁽¹⁾ Includes accrued interest.

⁽²⁾ Attributable to the hedge risk.

As at 31 December 2024, the fair value hedging operations can be analysed as follows:

(Euro thousand)

Dec 2024							
Derivative	Hedged item	Hedged risk	Notional	Fair value derivative ⁽¹⁾	Changes in fair value of derivative in the financial period	Fair value of hedge element ⁽²⁾	Changes in fair value of the hedged item in the financial period ⁽²⁾
Interest rate swap	Debt securities issued	Interest rate	450 000	15 017	12 368	7 435	4 650
Interest rate swap	Other subordinated liabilities	Interest rate	250 000	15 240	15 240	4 582	4 582
Interest rate swap	Other financial assets at amortized cost	Interest rate	250 000	(27 037)	(27 037)	(27 119)	(27 119)
			<u>950 000</u>	<u>3 220</u>	<u>571</u>	<u>(15 102)</u>	<u>(17 887)</u>

⁽¹⁾ Includes accrued interest.

⁽²⁾ Attributable to the hedge risk.

25 Other financial assets at amortized cost

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Fixed income securities		
Bond issued by public entities		
Domestic	1 021 710	1 029 218
Foreign	2 192 024	2 260 275
Bonds issued by other entities		
Domestic	35 672	24 094
Foreign	233 349	144 877
Commercial Paper		
Domestic	17 933	-
Foreign	91 852	19 980
	<u>3 592 540</u>	<u>3 478 444</u>
Impairment for other financial assets at amortized cost	<u>(4 758)</u>	<u>(4 740)</u>
	<u>3 587 782</u>	<u>3 473 704</u>

Other financial assets at amortized cost are recognized in accordance with the accounting policy described in note 1 b) and their fair value is disclosed in note 43.

As at 30 June 2025, the loan obtained from the EIB is collateralized by Italian and Greek sovereign bonds with a nominal value of Euro 257,144 thousand (31 December 2024: Euro 296,713 thousand by Italian, Greek and Spanish sovereign bonds), provided as collateral and recorded in the caption Other financial assets at amortized cost, as disclosed in note 31.

The nominal value of the assets pledged as collateral to the European Central Bank, for possible liquidity-providing operations, recorded under this caption, amounts as at 30 June 2025 to Euro 2,507,646 thousand (31 December 2024: Euro 2,488,388 thousand) after the application of a haircut.

These financial assets pledged as collateral may be forfeited in the event of non-compliance with the contractual obligations assumed by the Group under the terms and conditions of the contracts signed.

As at 30 June 2025 and 31 December 2024, the nominal value of the securities given as collateral to the Deposit Guarantee Fund was Euro 15,000 thousand, as per note 42.

As at 30 June 2025 and 31 December 2024, Securities given in guarantee to the Portuguese Securities Market Commission ("CMVM") within the scope of the Investors' Compensation System, recorded under Other financial assets at amortized cost, have a nominal value of Euro 1,000 thousand.

The movements in Impairment of other financial assets at amortized cost are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	4 740	6 157
Charge for the period	937	1 551
Reversal for the period	(919)	(855)
Utilizations	-	(2 113)
Closing balance	<u>4 758</u>	<u>4 740</u>

26 Investments in associates companies

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Montepio Holding, S.G.P.S., S.A.	413 750	413 750
HTA – Hotéis, Turismo e Animação dos Açores, S.A.	3 200	3 200
Montepio Gestão de Activos Imobiliários, A.C.E.	-	-
CESource, A.C.E.	-	-
	<u>416 950</u>	<u>416 950</u>
Impairment of investments in associated companies	<u>(133 692)</u>	<u>(139 363)</u>
	<u>283 258</u>	<u>277 587</u>

Investments in subsidiaries and associates

Banco Montepio analyses the adequacy of the amount of the impairment of investments made in its subsidiaries, considering the recoverable value of the businesses developed by each one. The recoverable value, in accordance with the accounting policy described in this report, was determined by the higher of fair value less costs to sell and value in use, in the case of continuing subsidiaries, and fair value less costs to sell, in the case of discontinued subsidiaries.

The value in use was determined based on the business plan approved by management and, depending on the specificity of the businesses and the markets in which Banco Montepio's subsidiaries operate, differentiated levels for the discount rate, for the solvency levels required for the banking activity and for the growth of net income in perpetuity, were also considered.

The verification of the assumptions used and the evolution of the macroeconomic and market conditions may result in the change of these same assumptions and, consequently, in the recoverable value determined for the subsidiaries object of this analysis.

The financial statements have been prepared on the assumption of the continuity of the respective operations, which depend on the future evolution of the assumptions underlying the recoverable value of its financial shareholdings as well as on the success of the initiatives to be taken by the Board of Directors to reinforce the net equity.

Montepio Holding, S.G.P.S., S.A.

As a result of the analyses carried out, we concluded on the need to recognize, in the financial statements as at 30 June 2025, an impairment in Banco Montepio in the amount of Euro 133,692 thousand (31 December 2024: Euro 139,363 thousand) related to the financial shareholding held in Montepio Holding, S.G.P.S., S.A. (Montepio Holding). As at 30 June 2025, Montepio Holding holds financial shareholdings of 100% of the share capital and voting rights of Montepio Investimento, S.A., of Montepio Crédito – Instituição Financeira de Crédito, S.A. and of Ssag incentive, Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A.. The valuation of Montepio Holding was made considering that the best estimate for determining its fair value corresponded to the amount of its equity adjusted for the fair value effect of assets and liabilities recorded at amortized cost or historical cost.

Montepio Serviços, A.C.E.

In June 2023, Agrupamento Montepio Serviços, A.C.E. was constituted with Banco Montepio holding, as at this date, 80% of the voting rights. The purpose of the Grouping is to improve the conditions for the exercise and the results of the economic activities of the grouped members, essentially aiming to optimize resources,

achieve greater operational efficiency and obtain economies of scale through the elimination of replicated cost structures. Montepio Serviços, A.C.E. was incorporated without share capital.

The movements in impairment of investments in subsidiaries and associates are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	139 363	138 698
Charge for the period	-	2 218
Reversal for the period	(5 671)	(1 554)
Other movements	-	1
Closing balance	<u>133 692</u>	<u>139 363</u>

The information related to subsidiaries and associates is presented in the following table:

	(Euro thousand)			
	Number of shares	% Stake	Unit value	Acquisition cost
30 june 2025				
Montepio Holding, S.P.G.S., S.A.	175 000 000	100.00%	1,00	413 750
HTA – Hotéis, Turismo e Animação dos Açores, S.A.	400 001	20.00%	5,00	3 200
CESource, A.C.E.	-	18.00%	-	-
Montepio Serviços, A.C.E.	-	80.00%	-	-
				<u>416 950</u>
31 december 2024				
Montepio Holding, S.P.G.S., S.A.	175 000 000	100.00%	1,00	413 750
HTA – Hotéis, Turismo e Animação dos Açores, S.A.	400 001	20.00%	5,00	3 200
CESource, A.C.E.	-	18.00%	-	-
Montepio Serviços, A.C.E.	-	85.00%	-	-
				<u>416 950</u>

The subsidiaries and associates of Banco Montepio are listed in note 52.

27 Other tangible assets

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Investments		
Real estate		
For own use	157 658	159 266
Leasehold improvements in rented building	28 596	28 596
Equipment		
IT equipment	81 996	95 107
Fixtures	37 922	36 977
Furniture	16 764	16 842
Security equipment	3 905	5 079
Machinery and tools	2 620	2 680
Transportation equipment	219	300
Other equipment	1	1
Works of art	2 870	2 870
Assets in operating leases	39	58
Right-of-use assets		
Real estate	38 518	36 101
Motor vehicles	12 264	12 354
Other tangible assets	525	541
Work in progress	1 371	991
	<u>385 268</u>	<u>397 763</u>
Accumulated depreciation		
Charge for the period	(8 472)	(14 920)
Accumulated charge in previous periods	(192 374)	(197 528)
	<u>(200 846)</u>	<u>(212 448)</u>
Impairment of Other Tangible Assets		
	<u>(329)</u>	<u>(1 101)</u>
	<u>184 093</u>	<u>184 214</u>

The caption Right-of-use assets corresponds, essentially, to real estate (branches and central buildings) and to the car fleet, being depreciated according to the lease term of each agreement, as indicated in note 1 i).

The movements in impairment of Other tangible assets are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	1 101	325
Charge for the period	292	4 012
Utilizations	(292)	-
Transfers	(772)	(3 236)
Closing balance	<u>329</u>	<u>1 101</u>

The caption Allocation for the period considers, as at 30 June 2025 and 31 December 2024 the impairment for some properties following the valuations carried out, as mentioned in note 15, and that, when they cease to be used in the operations, are transferred to Other assets - Non-current assets held for sale, as described in note 30.

28 Intangible assets

This caption is presented as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Investments			
Software		281 189	263 939
Other Intangible Assets		3 012	3 012
Work in progress		10 457	9 254
		<u>294 658</u>	<u>276 205</u>
Accumulated depreciation			
For the current financial period		(16 648)	(29 488)
Relating to previous financial periods		(211 742)	(182 254)
		<u>(228 390)</u>	<u>(211 742)</u>
		<u>66 268</u>	<u>64 463</u>

29 Corporate income taxes

Deferred tax assets and liabilities recognized on the balance sheet, as at 30 June 2025 and 31 December 2024, can be analysed as follows:

		(Euro thousand)			
		Assets		Liabilities	
		Jun 2025	Dec 2024	Jun 2025	Dec 2024
Deferred taxes not dependent on future profitability:					
Impairment on loans granted		4	7 790	-	-
Post-employment and long-term benefits		9 541	14 399	-	-
		<u>9 545</u>	<u>22 189</u>	<u>-</u>	<u>-</u>
Deferred taxes dependent on future profitability:					
Financial instruments		13 351	13 742	(9 143)	(10 093)
Provisions/Impairment					
Impairment on loans granted		6 106	11 847	-	-
Other risks and charges		6 062	8 339	-	-
Impairment in securities and non-financial assets		6 910	4 374	-	-
Impairment in financial assets		1 035	1 574	-	-
Post-employment and long-term benefits		35 558	37 184	-	-
Tax benefits		6 008	2 046	-	-
Taxes losses carried forward		230 256	231 343	-	-
Other		5 760	6 109	-	-
		<u>311 046</u>	<u>316 558</u>	<u>(9 143)</u>	<u>(10 093)</u>
Net deferred tax assets/(liabilities)		<u>320 591</u>	<u>338 747</u>	<u>(9 143)</u>	<u>(10 093)</u>

Special regime applicable to deferred tax assets

On 6 July 2016, the Extraordinary General Meeting of Banco Montepio was held, approving the adherence to the Special Regime Applicable to Deferred Tax Assets ("Regime" or "REAI"), approved by Law no. 61/2014, of 26 August, which is applicable to costs and negative equity changes recorded in tax periods beginning on or after 1 January 2015, as well as to deferred tax assets recorded in the annual accounts for the last tax period prior to that date and to the part of the costs and negative equity changes associated with same.

In accordance with Law no. 23/2016, of 19 August, the REAID is not applicable to costs and negative equity changes recorded in tax periods beginning on or after 1 January 2016 nor to their associated deferred tax assets.

Law no. 61/2014, of 26 August, determines an optional framework with a subsequent waiving option, in accordance with which, in some cases (i.e. net loss in separate annual accounts or in settlement accounts on the voluntary winding-up, insolvency decided by law or withdrawal of the respective authorization), there will be a conversion into tax credits of deferred tax assets that resulted from the non-deduction of costs and of deductions of asset values resulting from credit impairment losses and post-employment and long-term employee benefits. In such case, a special reserve corresponding to 110% of their amount shall be constituted, requiring the simultaneous constitution of conversion rights attributable to the State in the same amount. These rights can be acquired by the shareholders upon payment to the State of the same amount. Tax credits may be offset against tax debts of the beneficiaries (or of an entity based in Portugal of the same prudential consolidation perimeter) or reimbursable by the State. The recovery of deferred tax assets covered by the regime approved by Law no. 61/2014, of 26 August, is not dependent upon future profits.

The aforementioned legal framework was regulated by Ordinance no. 259/2016, of 4 October, on the control and use of tax credits, and by Ordinance no. 293-A/2016, of 18 November, the latter altered by Ordinance no. 272/2017, of 13 September, determining the conditions and procedures for the acquisition of the referred State rights by the shareholders. According to this legislation, those rights are, among other factors, subject to a right of acquisition by the shareholders on their inception date, exercisable in periods to be established by the Board of Directors up to 10 years after the respective constitution, with the issuing bank depositing in the State's name the full amount corresponding to the rights issued, within 3 months from the confirmation date of the deferred tax asset conversion into tax credit. This deposit shall be redeemed when and to the extent that the State rights are acquired by the shareholders or exercised by the State.

Bearing in mind that Banco Montepio recorded a net accounting loss in 2020 and 2021, and following the approval of the annual accounts by the corporate bodies and, consequently, the application of said Regime, in financial years 2021 and 2022, respectively, there was a conversion into tax credits of deferred tax assets that resulted from the non-deduction of expenses and of deductions in respect of the value of assets resulting from impairment losses on credits and of post-employment and long-term employee benefits; and a special reserve corresponding to 110% of its amount was constituted for this purpose (as described in note 40).

As at 30 June 2025, under the terms of article 8 of the annex to Law no. 61/2014, of 26 August, Banco Montepio has a special reserve in the amount of Euro 4,809 thousand. As mentioned in note 53, on 31 July 2025, the General Meeting of Banco Montepio decided to carry out a capital increase by incorporating this special reserve, with the aforementioned increase currently being processed and expected to be completed during the second half of 2025.

Deferred taxes are calculated based on the tax rates expected to be in force on the date of reversal of the timing differences, which correspond to the rates approved or substantially approved at the balance sheet date.

The caption Post-employment and long-term employee benefits includes the amount of Euro 1,441 thousand (31 December 2024: Euro 1,555 thousand) related to deferred taxes associated with the cost generated by the transfer of liabilities with pensioners to the General Social Security System.

The cost generated by the transfer of liabilities with pensioners to the General Social Security System is deductible for tax purposes, in equal parts, starting on 1 January 2012, according to the number of years of life expectancy of the pensioners whose liabilities were transferred (20 years in the case of Banco Montepio).

In the first half of 2025, deferred taxes recorded in the caption Post-employment and long-term employee benefits include the amount of Euro 24,305 thousand (31 December 2024: Euro 21,455 thousand) related to the referred benefits in excess of the existing limits, of which Euro 5,409 thousand (2024: Euro 2,565 thousand) do not depend on future profitability.

In the first half of 2025 and financial year 2024, and in function of: (i) the IRC tax rate decrease for the year 2025 et. sec. foreseen in the State Budget for 2025 (Law no. 45-A/2024, of 31 December); (ii) the expectation of the conversion into tax-accepted costs and profits and (iii) the prospects of tax profits or tax losses in each one of the subsequent periods, the rate (considering the base rate and the surcharges) used by Banco Montepio to calculate deferred taxes, depending on the specific cases associated with timing differences or tax loss carry-forwards, corresponds, respectively, to 29.5% and 20.0%.

Analysis of the recoverability of deferred tax assets

Deferred tax assets related to losses carried forward are recognized only if the existence of future taxable income is probable, for which reason the uncertainty associated with the recoverability of the tax losses carried forward is considered in the calculation of deferred tax assets.

As referred in the accounting policy described in note 1 r), and in accordance with the requirements defined in IAS 12, the deferred tax assets recognized in Banco Montepio's financial statements have an underlying high expectation of recoverability.

The assessment of the recoverability of deferred tax assets is based on Banco Montepio's medium-/long-term business plan, which constitutes an extension of the strategic planning exercise drawn up by the Group for the triennium. The financial projections reflect management's perspectives as to the evolution of the activity and the business model's sustainability, considering the macroeconomic context and financial variables, evolution of economic activity and of credit risk, among others.

Following the completion of the normalization cycle, Banco Montepio began a new cycle, based on 5 guiding principles approved at the General Meeting, through the execution of a Strategic Program, under the designation Triple A, to deliver an Ambitious, Agile, and Authentic bank. To achieve the Program, 27 operational initiatives, grouped into 8 pillars, were defined.

In this context, the prospects of sustainable improvements in the profitability levels derive from the aforementioned 5 guiding principles, namely:

- Grow the business and market share: (i) increase the active customer base and the equipment level in core growth segments; (ii) strengthen distribution capacity and generate additional margins by leveraging internal and external partnerships; (iii) promote an integrated ESG vision, leveraging the mutualistic nature of the Bank and fostering growth;
- Accentuate the digitalization of the new business model: (i) evolve service capabilities and deliver omnichannel experiences; (ii) automate customer journeys for key processes;

- Converge to average market profitability: (i) boost productivity and efficiency, combining simplicity and digitalization; (ii) implement a dynamic of detecting and tactically exploiting pockets of efficiency, with an always-on approach;
- Simplify the Bank and the customer interactions: (i) accelerate the front-to-back simplification and digitalization process; (ii) promote focus and pragmatism at all levels of the organization, aligned with business priorities; (iii) create an agile IT organizational culture with greater delivery capacity and a greater degree of integration with the business units; and
- Valorize the brand, reputation, and talent: (i) strengthen its presence in the lives and key moments of families and be a leading partner for the Portuguese business community and the Social Economy; (ii) improve external recognition by independent stakeholders; (iii) enhance the talent value proposition and foster rejuvenation and attraction/retention for specific roles.

The Strategic Program is focused on a sustainable growth cycle:

- Ambitious: Ambition for sustainable growth and optimization of business productivity, ensuring greater relevance in strategic/key segments;
- Authentic: A brand rooted in a historical and social legacy with Portuguese DNA, leveraged to attract customers, mobilize people, and reinforce ongoing support for communities; and
- Agile: Ability to respond efficiently and quickly to market changes, defining the path to evolve into a more streamlined bank.

Following this assessment, and with reference to 30 June 2025, Banco Montepio recognized all deferred tax assets; hence, there are no deferred tax assets to be recognized.

In addition, a sensitivity analysis was carried out considering a scenario in which profit or loss before tax evolved at a rate 10% lower than that considered in the aforementioned projections, with no impact at the level of deferred taxes being determined.

The deferred tax assets associated with tax losses carried forward, by expiry year, are presented as follows:

Expiry date	(Euro thousand)	
	Jun 2025	Dec 2024
2032	14 636	15 723
2033	26 289	26 289
Undetermined	189 331	189 331
	230 256	231 343

The expiry years indicated above reflect that stipulated in the State Budget Law for 2023 (Law no. 24-D/2022, of 30 December), which came into force on 1 January 2023, establishes that tax losses calculated in fiscal years beginning on or after 1 January 2023, as well as those calculated previously that have not expired, are carried forward to future years without any time limitation, no longer being subject to a maximum period of deduction. Additionally, it also establishes that the deduction limit against taxable income is reduced to 65%, maintaining the increase of 10 percentage points for tax losses calculated in the 2020 and 2021 tax periods (i.e., the deduction can be made up to 75% of taxable income).

However, regarding the time limitation referred to in the previous paragraph, this does not apply to tax losses calculated in tax periods prior to 1 January 2023 in which one of the situations provided for in paragraph 1 of article 6 of the REAID is verified, with the deduction period in force on 31 December 2022 being applied to tax losses calculated in those tax periods (12 years).

Tax recognized in profit or loss and in reserves in the first half of 2025 and financial year 2024 originated as follows:

	Jun 2025		Dec 2024	
	Charged to net income/(loss)	Recognized in reserves and retained earnings	Charged to net income/(loss)	Recognized in reserves and retained earnings
Financial instruments	(501)	710	(2 562)	(1 999)
Impairment/Provision	(13 805)	-	(48 422)	-
Post-employment and long-term benefits ⁽¹⁾	(2 032)	(4 452)	(5 703)	-
Tax losses carried forward	(1 087)	-	415	-
Other	3 962	-	(2 153)	-
Deferred taxes/recognized as profit/(losses)	(13 463)	(3 742)	(58 425)	(1 999)
Current taxes	(952)	-	227	-
	(14 415)	(3 742)	(58 198)	(1 999)

⁽¹⁾ The amount of Euro 4,452 thousand relates to the utilization of the unrecognized loss associated with post-employment benefits, which had been recorded in equity.

The reconciliation of the effective tax rate, as regards the amount recognized in the income statement, can be analysed as follows:

	Jun 2025		Jun 2024	
	%	Value	%	Value
Profit/ (loss) before income tax		93 772		105 534
Income tax based on the current nominal tax rate	(20.0)	(18 755)	(21.0)	(22 162)
Fiscal Profit/ (loss) ⁽¹⁾	2.2	2 091	3.0	3 194
Municipal and state surtax	(0.4)	(329)	-	-
Banking sector extraordinary contribution	(1.7)	(1 564)	(1.6)	(1 707)
Post-employment benefits and pension fund	(0.4)	(371)	6.6	7 011
Recognition/reversal of taxed provisions/impairments ⁽²⁾	(3.1)	(2 931)	(10.6)	(11 136)
Tax benefits	4.2	3 962	-	-
Autonomous taxation	(0.2)	(220)	(0.4)	(387)
Effect of differences in income tax for the period	1.5	1 383	(11.0)	(11 556)
Deductions/(add-backs) for taxable income purposes ⁽³⁾	2.5	2 319	(2.7)	(2 823)
Income tax for the period	(15.4)	(14 415)	(37.5)	(39 566)

⁽¹⁾ Includes tax gains arising from investment units and equity interests.

⁽²⁾ Includes the unutilized loss offset under the REAID regime.

⁽³⁾ Includes, namely, the adjustment of the Tax Asset Value, the fair value of investment units, and non-deductible fines.

The Tax Authority can review Banco Montepio's taxable income during a period of four years, except in the event of the carry-forward of tax losses, as well as any other deduction or tax credit, in which case the relevant period is the period of the exercise of that right.

Banco Montepio was subject to inspections by the Tax Authority under the Regime Especial de Tributação dos Grupos de Sociedades ("RETGS") up to and including the 2021 tax period.

In 2018, Banco Montepio became the dominant company of the Tax Group taxed under the RETGS, which former dominant company was Montepio Holding, S.G.P.S., S.A.

In this context, the Group considers that the effects of the calculation of the taxable income according to RETGS are reflected in the amount of the current tax of the period of each entity, including the effect on the

calculation of the current tax of the period arising from the use of tax losses generated by another entity of the Group.

As at 30 June 2025, Current tax assets, in the amount of Euro 524 thousand (31 December 2024: Euro 911 thousand) includes corporate tax recoverable.

As at 30 June 2025, Current tax liabilities include the amount of Euro 952 thousand (31 December 2024: Euro 599 thousand) relating to the IRC payable estimate.

30 Other assets

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Non-current assets held for sale	191 970	223 647
Post-employment benefits	69 675	40 091
Supplies - Montepio Holding	107 145	107 145
Other debtors	46 399	37 302
Sundry debtors	8 062	14 154
Price deposits	5 467	6 212
Bonifications to be received from the Portuguese Government	6 351	5 790
Deferred costs	9 295	6 376
Other amounts receivable	4 311	2 018
	448 675	442 735
Impairment for assets received in recovery of credit	(76 310)	(85 551)
Impairment for other assets	(33 430)	(28 598)
	338 935	328 586

The caption Non-current assets held for sale is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Assets received in recovery of credit	191 970	223 647
Impairment for assets received in recovery of credit	(76 310)	(85 551)
	115 660	138 096

The assets included in the caption Non-current assets held for sale are accounted for in accordance with the accounting policy described in note 1 h).

The resolution of loans and advances to customers' contracts results from: (i) the simple foreclosure, delivery with a repurchase option or delivery with a leasing option, being accounted for upon the celebration of the contract or the promissory contract to deliver the asset and the respective irrevocable power of attorney issued by the customer in Banco Montepio's name or (ii) the adjudication of the assets as a result of a judicial guarantee execution process, being accounted for based on the title of adjudication or the adjudication request after having registered the first pledge.

Banco Montepio has implemented a plan aimed at the immediate sale of the non-current assets held for sale. According to Banco Montepio's expectation, it is intended that these assets be sold in under one year and that there is a strategy to this end. Nevertheless, given current market conditions, in some situations it is not possible to materialize these sales within the expected time period. The referred caption includes, as at 30 June 2025, properties for which promissory contracts to buy and sell, in the amount of Euro 12,350 thousand (31 December 2024: Euro 18,287 thousand), have already been celebrated.

The movements in the first half of 2025 and financial year 2024 in Non-current assets held for sale are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	223 647	299 806
Acquisitions	897	5 846
Disposals	(33 329)	(87 368)
Other movements	(208)	(191)
Transfers	963	5 554
Closing balance	<u>191 970</u>	<u>223 647</u>

The movements in impairment of Non-current assets held for sale are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	85 551	104 893
Charge for the period	1 406	10 307
Reversals for the period	(426)	(1 851)
Utilization	(10 993)	(31 034)
Transfers	772	3 236
Closing balance	<u>76 310</u>	<u>85 551</u>

The caption Transfers considers the impairment associated with branches closed that were transferred to Other tangible assets as described in note 27.

Despite the impairment losses observed, Banco Montepio recognized in profit or loss, in the first half of 2025, gains in the amount of Euro 3,237 thousand (31 December 2024: Euro 8,180 thousand) on the sale of non-current assets held for sale, included in the caption Disposal of other assets, as described in note 8.

The captions Shareholder loans – Montepio Holding, Other debtors, Miscellaneous accounts, Grants recoverable from the Portuguese State and Other income receivable, include, in aggregate, the net amount of Euro 135,315 thousand (31 December 2024: Euro 140,020 thousand) related to the exposure of Banco Montepio to credit risk, as presented in note 48.

The caption Post-employment and long-term employee benefits corresponds to the net value of the assets and of the liabilities of the Pension Fund, as presented in note 44.

The caption Shareholder loans – Montepio Holding, considers the amount of the shareholder loans made by Banco Montepio to Montepio Holding, with no defined maturity and interest free.

As at 30 June 2025 and 31 December 2024, the caption Other debtors is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Supplementary capital contributions	14 910	14 910
Other	31 489	22 392
	46 399	37 302

The caption Supplementary capital contributions considers the amounts subscribed in the scope of a loans and advances sales operation in the amount of Euro 14,910 thousand, loans which are fully provided against as at 30 June 2025 and 31 December 2024.

The caption Other debtors includes the amounts outstanding related to factoring and confirming operations, advances to suppliers and other debtors. As at 30 June 2025, this caption also includes the amount of Euro 9,258 thousand referring to the amount receivable from the State, resulting from the refund of amounts paid as Additional solidarity contribution on the banking sector corresponding to financial years 2020 through 2025, as described in note 9.

As at 30 June 2025 and 31 December 2024, the caption Grants recoverable from the Portuguese State are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Bonifications overdue and not yet claimed	2 488	2 264
Bonifications claimed from state not yet settled	3 726	3 385
Bonifications processed and not yet claimed	137	141
	6 351	5 790

The caption Grants recoverable from the Portuguese State corresponds to recoverable grants in respect of mortgage and SME loans, which amounts were determined in accordance with the legal provisions applicable to low-interest loans, and which do not bear interest and are regularly claimed.

The movements in the impairment of Other assets are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	28 598	25 613
Charge of the period	5 875	7 249
Reversal for the period	(1 029)	(3 195)
Utilization	(14)	(1 069)
Closing balance	33 430	28 598

As at 30 June 2025, the impairment of Other assets includes the impairment constituted for the exposures of Supplementary capital contributions of Euro 14,910 thousand (31 December 2024: Euro 14,910 thousand), for Price deposits of Euro 5,467 thousand (31 December 2024: Euro 6,212 thousand), for Guarantee commissions of Euro 439 thousand (31 December 2024: Euro 601 thousand), for Factoring operations of Euro 498 thousand (31 December 2024: Euro 498 thousand) and for Other debtors of Euro 10,613 thousand (31 December 2024: Euro 6,377 thousand).

31 Deposits from other credit institutions

This caption is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from credit institutions in Portugal						
Deposits repayable on demand	46 349	-	46 349	44 559	-	44 559
Term deposits	-	2 984	2 984	-	4 132	4 132
	46 349	2 984	49 333	44 559	4 132	48 691
Deposits from credit institutions abroad						
EIB loan	-	300 007	300 007	-	300 007	300 007
Deposits repayable on demand	15 057	-	15 057	19 329	-	19 329
Sales operations with repurchase agreement	-	250 386	250 386	-	248 476	248 476
Other deposits	11 312	-	11 312	29 552	-	29 552
	26 369	550 393	576 762	48 881	548 483	597 364
	72 718	553 377	626 095	93 440	552 615	646 055

The EIB loan amount, presented in the previous table, has as its main objective the financing of SMEs and considers the loan obtained in November 2020, in the amount of Euro 300,000 thousand, which has a term of twelve years, a grace period of four years, constant amortizations and a rate of 0.019%.

As at 30 June 2025, the Bank had entered Sales operations with repurchase agreement totalling Euro 250,386 thousand (31 December 2024: Euro 248,476 thousand).

The amount of the EIB loan is collateralized by Italian, Spanish and Greek sovereign bonds in the nominal amount of Euro 309,765 thousand (31 December 2024: Euro 339,213 thousand, by Italian, Spanish and Greek sovereign bonds), recorded in the captions Financial assets held for sale (note 21), Financial assets at fair value through other comprehensive income (note 23) and Other financial assets at amortized cost (note 25).

32 Deposits from customers

This caption is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits repayable on demand	6 104 291	422 693	6 526 984	5 775 624	258 785	6 034 409
Term deposits	-	9 153 758	9 153 758	-	9 018 340	9 018 340
Saving accounts	-	128 112	128 112	-	120 100	120 100
Other deposits	26 034	-	26 034	23 960	-	23 960
Adjustments arising from fair value option operations	-	-	-	(1 285)	-	(1 285)
	6 130 325	9 704 563	15 834 888	5 798 299	9 397 225	15 195 524

Ordinance no. 180/94, of 15 December, gave rise to the incorporation of the Deposits Guarantee Fund to guarantee the reimbursement of funds deposited at credit institutions authorized to receive deposits, pursuant to that stipulated in said Ordinance. The criteria to calculate the annual contributions to the Deposits Guarantee Fund are defined in Bank of Portugal Notice no. 11/94, of 29 December.

In the first half of 2025, Deposits from customers were remunerated at the implicit average rate of 1.27% (in 2024: 1.53%).

33 Debt securities issued

The analysis of Debt securities issued has the following breakdown:

	(Euro thousand)	
	Jun 2025	Dec 2024
EMTN bonds	618 076	467 647
	<u>618 076</u>	<u>467 647</u>

The caption EMTN Bonds includes issues which contribute to meeting the minimum requirement for eligible own funds ('MREL' or Minimum Requirement for own funds and eligible liabilities). In June 2025, a new Euro 350 million issue was placed.

Under the Issuance of covered bonds program, with a maximum amount of Euro 5,000,000 thousand, Banco Montepio has issues in a total of Euro 1,250,000 thousand, at nominal value, as at 30 June 2025 and 31 December 2024.

As at 30 June 2025, the main characteristics of the covered bonds issues in circulation are as follows:

Description	Nominal value	Value at amortized cost	Issue date	Maturity date	Interest payment	Interest rate	Rating (Moody's/Fitch/Dbrs)
Covered bonds - 8S	1 250 000	1 251 398	December 2016	December 2026	Quarterly	Euribor 3M + 0.90%	Aaa/AAA
	<u>1 250 000</u>	<u>1 251 398</u>					

As at 30 June 2025, all covered bonds issues are held in the own portfolio.

As at 31 December 2024, the main characteristics of the covered bonds issues in circulation are as follows:

Description	Nominal value	Value at amortized cost	Issue date	Maturity date	Interest payment	Interest rate	Rating (Moody's/Fitch/Dbrs)
Covered bonds - 8S	1 250 000	1 251 972	December 2016	December 2026	Quarterly	Euribor 3M + 0.90%	Aaa/AAA
	<u>1 250 000</u>	<u>1 251 972</u>					

The covered bonds are guaranteed by a pool of mortgage loans which are segregated as an autonomous asset in Banco Montepio's accounts, thus providing a statutory special creditor privilege to the holders of these securities over any other creditor.

The legal and regulatory framework of these bonds is set out in Decree-Law no. 59/2006, in Bank of Portugal Notices no. 5/2006, of 20 March, no. 6/2006, of 11 October, no. 7/2006, of 11 October, and no. 8/2006, of 11 October and Instruction no. 13/2006, of 15 November, of the Bank of Portugal.

As at 30 June 2025, the value of the loans collateralizing these issues amounted to Euro 2,216,268 thousand (31 December 2024: Euro 3,201,863 thousand), according to note 20.

The movements in Debt securities issued are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	467 647	533 783
Issues	350 000	250 000
Reimbursements	(187 700)	(328 600)
Other movements ⁽¹⁾	(11 871)	12 464
Closing balance	<u>618 076</u>	<u>467 647</u>

⁽¹⁾ Includes the movement of interest on the balance sheet.

In accordance with the accounting policy described in note 1 b), the purchase of debt securities issued by Banco Montepio is written off from liabilities and the difference between the acquisition cost and the respective book value is recognized in the income statement.

As at 30 June 2025, the caption Debt securities issued is composed of the following issues:

(Euro thousand)				
Security	Issue date	Maturity date	Interest rate	Book value
EMTN BONDS 30/10/2026	30/10/2023	30/10/2026	Annual fixed rate of 10.0%	12 300
EMTN BONDS 29/05/2028	29/05/2024	29/05/2028	Annual fixed rate of 5.625% ⁽¹⁾	250 000
EMTN BONDS 25/06/2029	25/06/2025	25/06/2029	Annual fixed rate of 3.5% ⁽²⁾	350 000
				<u>612 300</u>
			Accrual based accounting, deferred income, costs and others	5 776
				<u>618 076</u>

⁽¹⁾ If the early redemption option is not exercised at the end of the third year, the interest rate for the remaining period will be indexed to the 3-month Euribor plus a spread of 2.6%.

⁽²⁾ If the early redemption option is not exercised at the end of the third year, the interest rate for the remaining period will be indexed to the 3-month Euribor plus a spread of 1.48%.

In the first half of 2025, Banco Montepio made a partial early redemption of Euro 187,700 thousand of the EMTN bonds issued in October 2023, with the impacts arising from this redemption reflected in Other operating income/(expense), as described in note 9.

As at 31 December 2024, the caption Debt securities issued is composed of the following issues:

(Euro thousand)				
Security	Issue date	Maturity date	Interest rate	Book value
EMTN BONDS 30/10/2026	30/10/2023	30/10/2026	Annual fixed rate of 10.0%	200 000
EMTN BONDS 29/05/2028	29/05/2024	29/05/2028	Annual fixed rate of 5.625% ⁽¹⁾	250 000
				<u>450 000</u>
			Accrual based accounting, deferred income, costs and others	17 647
				<u>467 647</u>

⁽¹⁾ If the early redemption option is not exercised at the end of the third year, the interest rate for the remaining period will be indexed to the 3-month Euribor plus a spread of 2.6%.

34 Financial liabilities associated to transferred assets

In the scope of the securitization operations described in note 47, in respect of which Banco Montepio retained the majority of the risks and rewards associated with the securitized loans, the Bank recorded the financial liabilities associated with the assets transferred, which are detailed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Pelican Finance No 2	24 167	33 334
	24 167	33 334

In financial year 2024, Banco Montepio proceeded with the early redemption of the Pelican Mortgages no. 4, no. 3 and Aqua Mortgages no. 1 securitization operations.

35 Provisions

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Provisions for guarantees and commitments	9 011	10 859
Provisions for other risks and charges	18 080	18 458
	27 091	29 317

The Provisions for other risks and charges were set up based on the probability of the occurrence of certain contingencies related to risks inherent to Banco Montepio's activity, being revised at each reporting date to reflect the best estimate of the amount and probability of payment and includes provisions for legal cases, tax contingencies and fraud.

The movements in provisions for guarantees and commitments assumed, are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	10 859	10 362
Charge of the period	6 108	17 947
Reversal for the period	(7 956)	(17 437)
Utilization	-	(13)
Closing balance	9 011	10 859

The movements in provisions for other risk and charges are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	18 458	9 816
Charge of the period	377	13 687
Reversal for the period	(43)	(3 259)
Utilization	(712)	(1 786)
Closing balance	18 080	18 458

In financial year 2024, the caption Provisions for other risks and charges was reinforced in the amount of Euro 11,384 thousand, related to the remaining value of irrevocable payment commitments associated with the Deposit Guarantee Fund not yet settled, as per note 42.

36 Other subordinated debt

The characteristics of subordinated debt are analysed as follows:

(Euro thousand)						
Descrição da emissão	Issue date	Maturity date	Issue amount	Interest date	Jun 2025	Dec 2024
CX ECONOMICA MONTEPIO GERAL 8.50 12/06/2034	Mar 2024	Jun 2034	250 000	8.5% for the first 5 years and at EurSwap for 5y + 5.815% for the remaining	255 318	265 333
FINIBANCO VALOR INVEST 2010	Feb 2010	-	15 000	7% for the first 4 coupon dates and Max[Euribor 6M + 2.75%; 5%] for the remaining years	6 461	6 491
					261 779	271 824

In financial year 2024, under the EMTN (Euro Medium Term Note) Programme, Banco Montepio issued subordinated debt securities in the amount of Euro 250,000 thousand, with a fixed interest rate of 8.5% in the first 5 years and with a term of ten years. If the early repayment option is not exercised at the end of the fifth year, the interest rate for the remaining period will be indexed to the five-year swap rate plus a spread of 5.815%. Furthermore, the Bank decided to exercise the early repayment option of subordinated debt issues "EMTN SUB 2018/2028", "EMTN SUB 2019/2029" and "EMTN SUB 2020/2030", in the aggregate amount of Euro 200,000 thousand.

The movements in Other subordinated debt during the first half of 2025 and financial year 2024, were as follows:

	Jun 2025			Dec 2024			
	Balance at 1 January	Other movements ⁽¹⁾	Balance on 30 June	Balance at 1 January	Issues	Reimbursements	Other movements ⁽¹⁾
MONTEPIO EMTN SUB 2018/2028	-	-	-	50 056	-	(50 000)	(56)
MONTEPIO EMTN SUB 2019/2029	-	-	-	107 803	-	(100 000)	(7 803)
MONTEPIO EMTN SUB 2020/2030	-	-	-	52 661	-	(50 000)	(2 661)
CX ECONOMICA MONTEPIO GERAL 8.50 12/06/2034	265 333	(10 015)	255 318	-	250 000	-	15 333
FINIBANCO VALOR INVEST 2010	6 491	(30)	6 461	6 499	-	-	(8)
	271 824	(10 045)	261 779	217 019	250 000	(200 000)	4 805

⁽¹⁾ Include accrued interest.

Regarding the Finibanco Valor Invest 2010 issue, the redemption is at nominal value and, as a result of applicable Laws or Regulations, including any European Union Directives or Regulations, which establish a

legal regime for the recovery and liquidation of credit institutions (Directive 2015/59/EU of the European Parliament and of the Council, of 15 May 2014 and Law no. 23-A/2015, of 26 March), or any implementation of those in Portugal, the amounts may be used to cover the issuer's losses, and may be called upon to absorb losses.

37 Other liabilities

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Domestic and foreign operations pending settlement	167 451	110 849
Sundry creditors	17 902	38 148
Staff costs payable	30 955	34 627
Other expenses	18 222	14 160
Administrative public sector	17 620	17 511
Lease liabilities	15 597	13 304
Suppliers	2 660	3 179
Deferred income	353	337
	<u>270 760</u>	<u>232 115</u>

As at 30 June 2025, the caption Staff charges payable includes the amount of Euro 18,728 thousand (31 December 2024: Euro 18,225 thousand), related to holiday pay and subsidy, Euro 9,074 thousand related to accrued termination charges and variable remuneration (31 December 2024: Euro 13,372 thousand) and Euro 3,153 thousand (31 December 2024: Euro 3,030 thousand) related to end-of-career awards.

The caption Amounts payable corresponds, essentially, to the application of the accruals' principle to General administrative expenses.

As at 30 June 2025 and 31 December 2024, the caption Lease liabilities corresponds to the amount of lease liabilities recognized in the scope of IFRS 16, as described in accounting policy 1 i), and relates to operating leases of real estate and motor vehicles.

The residual maturity of the lease liabilities is as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Up to 1 year	2 746	3 950
1 to 5 years	10 116	9 354
More than 5 years	2 735	-
	<u>15 597</u>	<u>13 304</u>

38 Share capital

As at 30 June 2025 and 31 December 2024, Banco Montepio's share capital, which is fully realized, amounts to Euro 1,210,000 thousand.

The shareholder structure of Banco Montepio's share capital as at 30 June 2025 and 31 December 2024 is as follows:

	Jun 2025		Dec 2024	
	Number of shares	Percentage	Number of shares	Percentage
Montepio Geral Associação Mutualista	2 419 830 580	99.993%	2 419 830 580	99.993%
Other shareholders	169 420	0.007%	169 420	0.007%
	<u>2 420 000 000</u>	<u>100.0%</u>	<u>2 420 000 000</u>	<u>100.0%</u>

39 Legal reserve

In accordance with article 97 of the Legal Framework of Credit Institutions and Financial Companies (Regime Geral das Instituições de Crédito e Sociedades Financeiras – “RGICSF”), approved by the Decree-Law no. 298/92, of 31 December and amended by the Decree-Law no. 201/2002, Banco Montepio shall reinforce the legal reserve annually with, at least, 10% of the annual net income, up to the limit equal to the amount of the share capital or to the sum of the free reserves and retained earnings, if higher. This reserve cannot, normally, be distributed.

As at 30 June 2025, the legal reserve amounts to Euro 217,697 thousand (31 December 2024: 207,487 thousand).

40 Fair value reserves, Other reserves and Retained earnings

This caption is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Fair value reserve		
Financial assets at fair value through other comprehensive income	14 133	16 540
	<u>14 133</u>	<u>16 540</u>
Taxes		
Financial assets at fair value through other comprehensive income	(4 169)	(4 879)
	<u>(4 169)</u>	<u>(4 879)</u>
Fair value reserve net of taxes	<u>9 964</u>	<u>11 661</u>
Other reserves and retained earnings		
Special regime applicable to deferred tax assets	4 809	4 809
Post-employment benefits (note 44)	31 263	(1 523)
Other reserves and retained earnings	200 351	143 531
Realized gains on equity instruments	1 316	1 316
	<u>237 739</u>	<u>148 133</u>

Fair value reserves related to financial assets at fair value through other comprehensive income represent the potential gains and losses in the portfolio of financial assets at fair value through other comprehensive income.

The movements in the fair value reserve related to financial assets at fair value through other comprehensive income are analysed as follows:

(Euro thousand)						
Jun 2025						
	Balance on 1 January	Revaluation	Acquisitions	Disposals	Impairment variation	Balance on 30 June
Fixed income securities						
Bonds issued by Portuguese public entities	(1 173)	291	170	-	(24)	(736)
Bonds issued by foreign public entities	3 787	(1 014)	120	(2 392)	79	580
Bonds issued by other entities						
Domestic	(610)	477	-	-	(72)	(205)
Foreign	(12)	-	-	-	1	(11)
	1 992	(246)	290	(2 392)	(16)	(372)
Variable income securities						
Shares						
Domestic	15 385	-	-	-	-	15 385
Foreign	(837)	(43)	-	-	-	(880)
	14 548	(43)	-	-	-	14 505
	16 540	(289)	290	(2 392)	(16)	14 133

(Euro thousand)						
Dec 2024						
	Balance on 1 January	Revaluation	Acquisitions	Disposals	Impairment variation	Balance on 31 December
Fixed income securities						
Bonds issued by Portuguese public entities	(1 688)	512	-	-	3	(1 173)
Bonds issued by foreign public entities	-	-	4 067	-	(280)	3 787
Bonds issued by other entities						
Domestic	(705)	105	2	-	(12)	(610)
Foreign	(19)	7	-	1	(1)	(12)
	(2 412)	624	4 069	1	(290)	1 992
Variable income securities						
Shares						
Domestic	11 785	3 600	-	-	-	15 385
Foreign	70	(907)	-	-	-	(837)
	11 855	2 693	-	-	-	14 548
	9 443	3 317	4 069	1	(290)	16 540

Fair value reserves related to financial assets at fair value through other comprehensive income, are detailed as follows:

(Euro thousand)		
	Jun 2025	Dec 2024
Amortized cost of financial assets at fair value through other comprehensive income		
Amortized cost	330 623	288 528
Recognized accumulated impairment	(610)	(594)
Amortized cost net of impairment	330 013	287 934
Market value	344 146	304 474
Potential realized gains/(losses) recognized in the fair value reserve	14 133	16 540

The movements in deferred taxes related to Financial assets at fair value through other comprehensive income are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	(4 879)	(2 880)
Taxes related to changes in fair value	710	(1 999)
Closing balance	<u>(4 169)</u>	<u>(4 879)</u>

As described in note 29, following the adhesion of Banco Montepio to the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014, of 26 August, a Special reserve was constituted that reflects the conversion of eligible deferred tax assets into tax credits.

Considering that Banco Montepio recorded net losses in 2020 and 2021, and considering the eligible deferred tax assets at the reference date of the aforementioned periods, as a result of the special regime applicable to deferred tax assets, Banco Montepio recorded a Special reserve corresponding to 110% of the amount of the tax credits calculated, which has the following breakdown:

	(Euro thousand)	
	Jun 2025	Dec 2024
Special reserve		
2021 (Negative net income of 2020)	4 509	4 509
2022 (Negative net income of 2021)	300	300
	<u>4 809</u>	<u>4 809</u>

Additionally, as mentioned in note 53, on 31 July 2025, the General Meeting of Banco Montepio deliberated to carry out a capital increase through the incorporation of the special reserve, with said increase currently being processed and expected to be completed during the second half of 2025.

The movements of Other reserves related to post-employment benefits are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	(1 523)	(76 059)
Loss Coverage	-	76 649
Remeasurements in the period (note 45)	32 786	(2 113)
Closing balance	<u>31 263</u>	<u>(1 523)</u>

The movements of Other reserves and Retained earnings are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Opening balance	144 847	130 298
Application of net income	61 272	89 891
Loss coverage	-	(76 649)
Taxes on remeasurmnt of benefits plans	(4 452)	-
Gains on capital instruments	-	1 307
Closing balance	201 667	144 847

41 Distribution of dividends

The Annual General Meeting held on 22 April 2025 approved the proposal to apply the Net income for financial year 2024, in the positive amount of Euro 102,094,991.99, to reinforce the Legal reserve in Euro 10,209,499.20, to Retained earnings in Euro 61,272,492.79 and to distribute dividends in Euro 30,613,000.00.

42 Guarantees and other commitments

The balances of these accounts are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Guarantees granted	520 110	512 342
Commitments to third parties	1 846 994	1 608 219
Deposit and custody of securities	7 746 441	7 277 231
	10 113 545	9 397 792

The amounts of Guarantees granted, and Commitments assumed vis-à-vis third parties are analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Guarantees granted		
Guarantees	497 787	473 495
Letters of credit	22 323	38 847
	520 110	512 342
Commitments to third parties		
Irrevocable commitments		
Irrevocable credit facilities	873 339	760 763
Potential liability with the Investors Indemnity System	590	590
Securities subscription	1 948	2 378
Revocable commitments		
Revocable credit facilities	971 117	844 488
	1 846 994	1 608 219

Guarantees and standby letters granted are banking transactions essentially related to credit transactions in which the Bank provides a guarantee in relation to credit granted to a customer by a third party. In accordance with the specific nature of these transactions, some of these guarantees are expected to expire without having been required and, therefore, these transactions do not necessarily represent a cash outflow. Estimated liabilities are recorded under Provisions, as described in note 35.

Documentary credits correspond to irrevocable commitments, by Banco Montepio, on behalf of its customers, to pay/order to pay a certain amount to the supplier for a certain good or service, within a defined period, against the presentation of the documentation confirming the shipment of goods or the rendering of services. The irrevocable condition arises from the fact that the commitment is not cancellable or alterable without the express agreement of all parties involved.

Revocable and irrevocable commitments represent contractual agreements to extend credit to Banco Montepio's customers (for example unused credit facilities). These agreements are generally contracted for fixed periods of time or with other expiring requirements and, usually, impose the payment of a commission. Credit concession commitments require, substantially, that customers maintain compliance with certain conditions defined at the time of their contracting.

Notwithstanding the particular characteristics of these commitments, the analysis of these operations follows the same principles of any commercial operation, namely the solvency of the underlying customer and business, with Banco Montepio requiring, when necessary, that these operations be adequately covered by collaterals. Considering that it is expected that the majority of the commitments expire without having been used, the indicated amounts do not necessarily represent future cash-flow needs.

As at 30 June 2025 and 31 December 2024, in the scope of the Deposits Guarantee Fund, Banco Montepio pledged treasury bonds (TB October 2030), recorded as Other financial assets at amortized cost, with a nominal value of Euro 15,000 thousand, as described in note 25.

As at 30 June 2025 and 31 December 2024, the caption Potential liability - Investors' Compensation System refers to the irrevocable obligation that Banco Montepio assumed, as required by law, to deliver to that System, if actioned by same, the amounts necessary to pay its share of the indemnities due to investors.

The financial instruments accounted for as Guarantees and other commitments are subject to the same approval and control procedures applied to the loans and advances to customers' portfolio, namely regarding the assessment of the adequacy of the impairment constituted, as referred in the accounting policy described in note 1 b). The maximum credit exposure is represented by the nominal amount that could be lost related to contingent liabilities and other commitments assumed by Banco Montepio in the event of default by the respective counterparties, without considering potential loan or collateral recoveries.

43 Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as is the case with many products sold to customers, fair value is estimated through internal models based on cash-flow discounting techniques. Cash flows for the different instruments sold are calculated according to their financial characteristics and the discount rates used include both the market interest rate curve and the current conditions of the pricing policy of Banco Montepio.

Therefore, the fair value obtained is influenced by the parameters used in the valuation model that, necessarily, have some degree of judgement and reflect, exclusively, the value attributed to the different financial instruments. However, it does not consider prospective factors, like the future business evolution. Consequently, the values presented cannot be understood as an estimate of the economic value of Banco Montepio.

Financial instruments recorded in the balance sheet at fair value

Financial instruments accounted for in the balance sheet at fair value were classified by levels in accordance with IFRS 13.

Debt and equity instruments

- Level 1: In addition to financial instruments admitted to trading on a regulated market, bonds and investment units in harmonized funds, valued based on active market prices/quotations, disclosed through trading platforms, are included in this category. The aforementioned financial instruments are traded on an active market whenever the financial instruments in question are quoted through multi-contributed sources for bonds and the primary exchange for shares.
- Level 2: Financial instruments that are not traded on an active market or valued using valuation techniques supported by observable data in active markets, whether direct data (prices, rates, spreads, etc.) or indirect (derivatives), and valuation assumptions similar to those that an unrelated party would use in estimating the fair value of the same financial instrument, are considered Level 2. The classification of fair value in Level 2 is made according to the following rules:
 - a) Financial instruments shall be classified in level 2 if they are:
 - i. valued based on models using observable market data (such as interest rate curves or exchange rates). Market interest rates are calculated based on information disseminated by financial content providers, such as, for example Bloomberg, namely those resulting from interest rate swap quotations. The values for very short-term rates are obtained from a similar source, but with reference to the interbank money market. The interest rate curve obtained is further calibrated against the values of short-term interest rate futures. Interest rates for specific cash-flow periods are determined by appropriate interpolation methods. The same interest rate curves are also used to project non-deterministic cash flows, such as indexers; or
 - ii. valued using indicative third-party purchase prices, based on observable market data.
 - b) For financial instruments that do not have a 30-day history available in the system, the fair value level is assigned based on the available history.
- Level 3: Financial instruments are classified in level 3 whenever they do not meet the criteria to be classified in level 1 or level 2, or fair value is determined based on unobservable data in active markets, using techniques and assumptions that market participants would use to assess the same instruments, namely:
 - a) financial instruments not admitted to trading on a regulated market that are valued using valuation models and for which there is no generally accepted consensus on the criteria to be used, namely:
 - i. valuation prepared in accordance with the Net Asset Value of non-harmonized funds, updated and disclosed by the respective management companies;
 - ii. valuation prepared in accordance with indicative prices disclosed by the entities that participated in the issuance of certain financial instruments, without an active market; or
 - iii. valuation prepared in accordance with the realization of impairment tests, using the performance indicators of the underlying operations (e.g., degree of protection by subordination of the tranches held, delinquency rates of underlying assets, evolution of ratings, etc.).
 - b) financial instruments valued through indicative purchase prices based on theoretical valuation models disclosed by specialized third parties.

The main methods and assumptions used in estimating the fair value of financial assets and liabilities are presented next.

Derivative financial instruments

Operations involving financial derivatives, in the form contracts in respect of exchange rate, interest rate, share or share indices, inflation or a combination of these are traded over the counter (OTC) and in organized markets (especially stock markets). For OTC derivative operations (swaps and options), their valuation is based on generally accepted methods, always favouring market values.

- Level 1: This classification includes futures, options and other derivative financial instruments traded on a regulated market; and
- Level 2: This level includes derivative financial instruments traded on unregulated (OTC) markets that do not have an optional component.

The valuation of these derivatives is made by discounting the cash flows from operations, using as a discounting base the market interest rate curves deemed appropriate for the currency in force at the time of the calculation. Interest rates are obtained from Bloomberg or Reuters.

Market interest rates are calculated based on information disseminated by financial content providers - Bloomberg or Reuters - specifically those resulting from interest rate swap quotations. The values for very short-term rates are obtained from a similar source, but with reference to the interbank money market. The interest rate curve obtained is further calibrated against the values of short-term interest rate futures. Interest rates for specific cash-flow periods are determined by appropriate interpolation methods. Interest rate curves are also used to project non-deterministic cash flows such as indexers.

- Level 3: This level includes options and derivatives traded on an unregulated (OTC) market, incorporating optional elements.

Options are valued based on statistical models that consider the market values of the underlying assets and their volatilities (assuming that they are not directly observable in the market). The theoretical models used in the valuation of derivatives classified in level 3 are presented as follows:

- i. For simple options, the Black-Scholes, Black, Ho and other models are used, considering the applicable volatility surfaces for their derivatives (models commonly used by the market in valuing this type of operations). Unobservable market inputs used in the valuation (implied volatilities of the subjacent) are taken from Bloomberg; and
- ii. For exotic options or for complex derivatives with embedded optional elements for which no valuation models are available, Banco Montepio hires specialized entities that value such assets using specific models that they develop according to generally accepted criteria and methodologies.

The valuations thus obtained are, in the case of interbank operations, compared with those used by the counterparties and, whenever it is understood that there are insufficient quality market references or that the available models do not fully apply to the characteristics of the financial instrument, specific quotations provided by an external entity, typically the counterparty of the business, are used.

The valuation of non-optional components, not adjusted for credit risk, (cash flows from the operations), is made based on their respective discounting, using a methodology similar to that used for derivatives without an optional component; even so, the derivative in question is still considered in level 3.

Financial instruments recorded in the balance sheet at amortized cost

For financial instruments recorded in the balance sheet at amortized cost, Banco Montepio calculates their fair value using valuation techniques that seek to be based on the market conditions applicable to similar operations at the reference date of the financial statements, namely the value of the respective cash flows discounted based on the interest rates considered most appropriate, that is:

- *Loans and advances to credit institutions, Deposits from central banks, Deposits from other credit institutions and Assets with repurchase agreements*

The fair value of these financial instruments is calculated discounting the expected cash flows of principal and interest of these instruments, considering that the payments of the instalments occur on the contractually defined dates.

As 30 June 2025, no funds had been taken from the European Central Bank. The interest rate of the main refinancing operations from the European Central Bank was 2.15% in the first half of 2025.

For the remaining funds from credit institutions, the discount rate used reflects the current conditions applied by Banco Montepio to identical instruments for each of the different residual maturities. The discount rate includes the market rates for the residual maturity dates (money market or interest rate swap market rates, at the end of the financial period). As at 30 June 2025, the average discount rate for the remaining deposits was 2.55% (31 December 2024: 2.56%).

For Loans and advances to credit institutions a discount rate reflecting the conditions in use by Banco Montepio for the most significant residual term operations was applied. Considering the short-term maturity of these financial instruments, the book value is a reasonable estimate of their fair value.

- *Other financial assets at amortized cost*

These financial instruments are accounted for at amortized cost net of impairment. Fair value is based on market prices, whenever these are available. If market prices are not available, fair value is estimated through numerical models based on cash-flow discounting techniques, using the market interest rate curve adjusted for associated factors, predominantly the credit and liquidity risks, determined in accordance with the respective market conditions and periods.

- *Loans and advances to customers without a defined maturity date and Deposits from customers repayable on demand*

Considering the short-term maturity of this type of financial instruments, the conditions of this portfolio are similar to those in force at the reporting date. Therefore, the book value is a reasonable estimate of their fair value.

- *Loans and advances to customers with a defined maturity date*

The fair value of these financial instruments is calculated by discounting the expected future cash flows of principal and interest of these instruments, considering that the payments of the instalments occur on the contractually defined dates. For loans in default, the value, net of impairment, of these operations is a reasonable estimate of their fair value, given the economic valuation performed for the calculation of this impairment for individually significant customers. The discount rate used reflects the current conditions applied by Banco Montepio to similar instruments for each of the homogeneous classes of this type of instrument and with a similar residual maturity.

The discount rate includes the market rates for the residual maturity periods (money market or interest rate swap market rates, at the end of the financial period) and the spread used at the reporting date, calculated based on the average production of the last half year. As at 30 June 2025, the average discount rate was 3.38% for mortgage loans (31 December 2024: 3.05%), 8.06% for private individual loans (31 December 2024: 6.99%) and 4.05% for the remaining loans (31 December 2024: 4.36%), assuming a projection of the variable rates that is based on macroeconomic fundamentals and on market forward rates. The calculations also include the credit risk spread.

- Deposits from customers

The fair value of these financial instruments is calculated discounting the expected future cash flows of principal and interest of these instruments, considering that the payments of the instalments occur on the contractually defined dates. The discount rate used reflects the current conditions applied by Banco Montepio to identical instruments with a similar residual maturity. The discount rate includes the market rates for the residual maturity periods (money market or interest rate swap market rates, at the end of the financial period) and the spread of Banco Montepio at the reporting date, calculated based on the average production of the last quarter. The average discount rate as at 30 June 2025 was 1.56% (31 December 2024: 2.10%).

- Debt securities issued and Other subordinated debt

For these financial instruments, the fair value was calculated for the components which fair value is not yet reflected in the balance sheet. For the fixed interest rate instruments in respect of which Banco Montepio applies hedge accounting, the fair value related to the interest rate risk is already accounted for.

In the fair value calculation, the other risk components were also considered, besides the interest rate risk already accounted for. Fair value is based on market quotations, whenever these are available. If these are not available, fair value is estimated using internal models, based on cash-flow discounting techniques, using the market interest rate curve adjusted by the associated factors, predominantly the credit risk and the trading margin, the latter only in the case of issues sold to non-institutional customers of Banco Montepio.

As original reference, the interest rate swaps market curves for each specific currency are used. The credit risk (credit spread) is represented by an excess over the interest rate swaps' curve, calculated specifically for each term and class of instruments based on the market prices of equivalent instruments.

In case of covered bond issues, the fair value is determined based on quotations disseminated by the financial content provider Bloomberg.

As regards subordinated issues, the fair value was determined to reflect the spreads observed on the market for comparable issues increased by a liquidity premium, considering the lower depth of the market for the subordinated debt issued by Banco Montepio.

- Cash, Deposits at central banks and Deposits and deposit equivalents to other credit institutions repayable on demand

Considering the extremely short-term maturity of these financial instruments, the book value is a reasonable estimate of their fair value.

It should be noted that the fair value presented may not correspond to the realization value of these financial instruments in a sale or liquidation scenario, since it has not been calculated for this purpose.

The main valuation methods, assumptions and inputs used to calculate the fair value estimate for levels 2 and 3, depending on the type of financial instrument, are presented as follows:

	Type of instruments	Valuation methods	Main assumptions
Financial assets and liabilities held for trading	Swaps	Discounted Cash flow method ⁽²⁾	Interest rate curves
	Derivatives ⁽¹⁾ Exchange rate options	Black-Scholes Model	Implied volatilities
	Interest rate options	Normal model	Probability of default for CVA and DVA calculation
	Debt representative financial instruments	Discounted Cash Flow Method ⁽²⁾	Interest rate curves Risk premium Comparable assets ⁽³⁾ Market observable prices
Financial assets at fair value through profit or loss	Own equity representative financial instruments		Interest rate curves
	Debt representative financial instruments	Discounted Cash Flow Method ⁽²⁾	Risk premium Comparable assets ⁽³⁾ Market observable prices
Financial assets at fair value through other comprehensive income	Own equity representative financial instruments	Discounted Cash Flow Method ⁽²⁾	Interest rate curves Risk premium
	Debt representative financial instruments		Comparable assets ⁽³⁾
Financial Assets at amortized cost	Debt securities		Interest rate curves
		Discounted Cash Flow Method ⁽²⁾	Comparable assets ⁽³⁾
	Loans and advances outstanding		Spreads
Derivatives - Hedge accounting	Swaps ⁽¹⁾	Discounted Cash Flow Method ⁽²⁾	Interest rate curves Implied volatilities Probability of default for CVA and DVA calculation
Financial liabilities at amortized cost	Term deposits		Interest rate curves
	Debt securities issued	Discounted Cash Flow Method ⁽²⁾	Spreads

⁽¹⁾ The Bank incorporates specific adjustments (add-ons) into the valuation of derivative instruments held for trading and hedging to reflect its own credit risk based on a market discount curve that reflects its associated risk profile. At the same time, the Bank adopts an analogous methodology to reflect the credit risk of counterparties in derivatives with positive fair value. Therefore, the fair value obtained is composed of the unaffected risk-free valuation of this additional amount. The Credit Value Adjustment and Debt Value Adjustment – CVA/DVA are determined based on the estimated exposure at the time of default (Exposure at default, EAD) for each transaction and on the application of risk parameters to the estimated EAD in order to determine the expected loss for the Bank (CVA) and for the counterparty (DVA).

⁽²⁾ Cash-flow discounting method (net present value): this model uses the cash flows of each instrument, established in the different contracts, and discounts them to calculate their present value.

⁽³⁾ Comparable assets (prices of similar assets): comparable financial instrument prices or market benchmarks are used to calculate yield from the purchase price to its current valuation, making subsequent adjustments to take into account possible differences between the revalued instrument and the reference instrument. It can also be assumed that the price of one instrument equals that of another.

Valuation adjustments for Credit Risk

Counterparty Credit Risk Valuation Adjustments (“CVA”) and the Bank’s Credit Risk Valuation Adjustments (“DVA”) are incorporated in the valuation of OTC derivatives as a result of the risk associated with the credit exposure of the counterparty and its own, respectively.

The CVA value is calculated considering the expected exposure for each counterparty in each future term, with the CVA by counterparty being calculated by summing the various CVA values of the various future terms. The adjustments are then determined by estimating the counterparty’s exposure at default (EAD), the respective probability of default (PD) and the loss given default (LGD) for all derivative financial instruments traded under the same contract negotiated with Banco Montepio with a netting clause (of the same netting set). Similarly, the DVA corresponds to the product of the negative expected exposure at default by the probability of default and by Banco Montepio’s LGD.

The PD and LGD values are calibrated using market data, for the effect using the counterparty’s rating and sector or historical information on the probability of default.

Changes in CVA/FVA and DVA/FVA adjustments are accounted for as gains or losses on assets and liabilities held for trading in the profit or loss. The detail of the movements of these adjustments is presented in the table.

Movements in CVA and DVA

	(Euro thousand)			
	Jun 2025		Dec 2024	
	CVA	DVA	CVA	DVA
Adjustment	329	69	373	108
Of which: Derivatives expiry	-	1	(11)	6

Fair value of Non-current assets held for sale

The fair value and the impairment constituted for non-current assets held for sale are a function of the valuation amount and the book value of the properties. The valuation amount is equal to the lower of the following values:

- Value of an *in-situ* valuation; and
- Sale value (if a sale and purchase contract is celebrated).

Real estate valuations and revaluations are carried out by expert appraisers, regulated by Law no. 153/2015, of 14 September.

Pursuant to Decree-Law no. 74-A/2017, of 23 June, and for the purpose of article 18 thereof, in mortgage loan agreements for residential real estate, the borrower may request of the Bank a second valuation of the property.

Since the same appraisers are required to carry out surveys of works in progress subject to funding to determine the amount of the works realized to be financed, given the nature of this type of valuation, the training and professional qualifications of these experts shall, cumulatively, respect the professional qualifications defined by Law no. 31/2009, of 3 July, as amended by Law no. 40/2015, of 1 June.

External Appraiser Companies

The selection of appraiser companies is based on the universe of entities registered as “expert appraisers” with the CMVM and seeks to ensure an adequate diversification and rotation in the performance of the valuations.

Independent external appraisers follow the principles defined by:

- Notice no. 5/2006 of the Bank of Portugal (Valuation of Mortgaged Properties as a Guarantee of Loans with Mortgage requirements); and
- Regulation no. 575/2013 of the European Parliament and of the Council (Prudential Requirements).

Fair value determination is made by independent appraisers duly certified for this purpose, duly registered with the CMVM, and using at least two of the following methods.

Comparative market method

This method provides an estimate of the amount by which it is understood that a particular property may be traded, after an appropriate period of trading, between an interested seller and buyer, in which both parties act in an informed, prudent and unconditional or non-coerced manner.

The value of the property is determined after analysis of comparable transaction and property offer values, obtained through knowledge of the local market and the exhaustive collection of real estate market data that provides knowledge of the supply and demand situation for similar properties, and which constitute a decisive factor in determining the Market Value of the property under valuation.

Income method

In this method, the market value of a property corresponds to the present value of all the rights to future benefits arising from its ownership.

This method assumes that property management and operation is based on the principles of legality, rationality and competence. The purpose of the analysis is to determine its respective ability to generate revenue flows, as well as the frequency of their occurrence, as well as to infer all the inherent expenses.

Cost method

In this method, the estimated value of a property corresponds to the cost of constructing a property that fulfils the same functions and with the same material and technology characteristics, at current market prices. The value assessed includes the value of the land, construction costs and the investment promotion profit margin, as well as a deduction corresponding to the depreciation, or loss of property value, resulting from physical, functional, economic or environmental obsolescence or a combination of these.

For all valuations not based on all 3 valuation methods, the expert appraiser should consider the local market characteristics and the specific characteristics of the property under valuation. The valuation adopted shall be the lower of the values determined because it is the most prudent in terms of guarantee.

Interest rate curve of the main currencies

As at 30 June 2025, the following table presents the interest rates adopted in the calculation of the interest rate curve of the major currencies, namely Euro, United States Dollar, Pound Sterling, Swiss Franc and Yen, used to determine the fair value of financial assets and liabilities of Banco Montepio:

	Currencies				
	Euro	United States Dollar	Sterling Pound	Swiss Franc	Yen
1 day	1.9800	4.3400	4.2500	-0.0200	0.2200
7 days	1.9238	4.3409	4.2500	-0.0500	0.3500
1 month	1.9248	4.3450	4.2900	-0.0500	0.3500
2 months	1.9225	4.3650	4.2300	-0.0300	0.2500
3 months	1.8997	4.3750	4.3450	-0.0350	0.2600
6 months	1.8475	4.3350	4.2400	0.0600	0.3500
9 months	1.7975	4.2750	4.2700	0.1200	0.5200
1 year	1.7695	4.2250	4.2750	0.1500	0.5700
2 years	1.7725	4.2079	4.2303	-0.0680	0.5689
3 years	1.8700	4.1908	4.2303	0.0085	0.5689
5 years	2.0560	4.1566	4.2303	0.2220	0.5689
7 years	2.2270	4.1224	4.2303	0.3905	0.5689
10 years	2.4340	4.0712	4.2303	0.6115	0.5689
15 years	2.6370	4.0884	4.2303	0.8280	0.5689
20 years	2.6860	4.1740	4.2303	0.8280	0.5689
30 years	2.6470	4.1755	4.2303	0.8280	0.5689

As at 31 December 2024, the following table presents the interest rates adopted in the calculation of the interest rate curve of the major currencies, namely Euro, United States Dollar, Pound Sterling, Swiss Franc and Yen, used to determine the fair value of financial assets and liabilities of Banco Montepio:

	Currencies				
	Euro	United States Dollar	Sterling Pound	Swiss Franc	Yen
1 day	2.9800	4.4500	4.8700	0.4200	0.0500
7 days	2.9106	4.4436	4.8600	0.3900	0.1700
1 month	2.9124	4.4050	5.0300	0.3800	0.1700
2 months	2.7962	4.4150	4.9550	0.4100	-0.1200
3 months	2.6655	4.4350	4.9050	0.3650	0.1000
6 months	2.3838	4.4550	4.8500	0.2850	0.1900
9 months	2.2217	4.4750	4.7950	0.2850	0.3400
1 year	2.1230	4.5150	4.6950	0.3600	0.3800
2 years	1.9850	4.5049	4.6411	0.0810	0.3795
3 years	1.9940	4.4948	4.6411	0.1485	0.3795
5 years	2.0615	4.4745	4.6411	0.2475	0.3795
7 years	2.1305	4.4542	4.6411	0.3415	0.3795
10 years	2.2265	4.4238	4.6411	0.4580	0.3795
15 years	2.3365	4.4029	4.6411	0.5775	0.3795
20 years	2.3165	4.4020	4.6411	0.5775	0.3795
30 years	2.1625	4.2130	4.6411	0.5775	0.3795

Exchange rates and volatility

We present below the exchange rates (European Central Bank) as at the balance sheet date and the implied volatilities (at the Money) for the main currency pairs used in the valuation of derivatives:

Exchange rates	Jun 2025	Dec 2024	Volatility (%)				
			1 month	3 months	6 months	9 months	1 year
EUR/USD	1.1720	1.0389	8.6750	8.2880	8.0900	7.9950	7.9630
EUR/GBP	0.8555	0.8292	4.7350	5.0080	5.3020	5.4400	5.6150
EUR/CHF	0.9347	0.9412	5.9430	6.0280	6.1700	6.2000	6.2500
EUR/JPY	169.17	163.06	8.3920	8.7170	9.1820	9.4500	9.6800

Regarding exchange rates, Banco Montepio uses in its valuation models the spot rate observed in the market at the time of the valuation.

The fair value of Financial assets and liabilities of Banco Montepio, as at 30 June 2025 and 31 December 2024, is presented as follows:

	(Euro thousand)				
	Jun 2025				
	At fair value through profit or loss	At fair value through reserves	Amortized cost	Book value	Fair value
Financial assets					
Cash and deposits at central banks	-	-	1 691 164	1 691 164	1 691 164
Loans and deposits to credit institutions payable on demand	-	-	42 603	42 603	42 603
Loans and advances to credit institutions	-	-	178 100	178 100	178 100
Loans and advances to customers	658	-	12 240 644	12 241 302	12 600 064
Financial assets held for trading	37 961	-	-	37 961	37 961
Financial assets at fair value through profit or loss	137 705	-	-	137 705	137 705
Financial assets at fair value through other comprehensive income	-	344 146	-	344 146	344 146
Hedging derivatives	10 699	-	-	10 699	10 699
Other financial assets at amortized cost	-	-	3 587 782	3 587 782	3 160 629
	<u>187 023</u>	<u>344 146</u>	<u>17 740 293</u>	<u>18 271 462</u>	<u>18 203 071</u>
Financial liabilities					
Deposits from other credit institutions	-	-	626 095	626 095	598 813
Deposits from customers	-	-	15 834 888	15 834 888	15 838 992
Debt securities issued	-	-	618 076	618 076	624 141
Financial liabilities related to transferred assets	-	-	24 167	24 167	24 002
Financial liabilities held for trading	6 951	-	-	6 951	6 951
Hedging derivatives	30 472	-	-	30 472	30 472
Other subordinated debt	-	-	261 779	261 779	284 607
	<u>37 423</u>	<u>-</u>	<u>17 365 005</u>	<u>17 402 428</u>	<u>17 407 978</u>

(Euro thousand)

	Dec 2024				
	At fair value through profit or loss	At fair value through reserves	Amortized cost	Book value	Fair value
Financial assets					
Cash and deposits at central banks	-	-	1 474 536	1 474 536	1 474 536
Loans and deposits to credit institutions payable on demand	-	-	35 084	35 084	35 084
Loans and advances to credit institutions	-	-	103 275	103 275	103 275
Loans and advances to customers	723	-	11 814 968	11 815 691	12 309 711
Financial assets held for trading	26 451	-	-	26 451	26 451
Financial assets at fair value through profit or loss	146 143	-	-	146 143	146 143
Financial assets at fair value through other comprehensive income	-	304 474	-	304 474	304 474
Hedging derivatives	30 257	-	-	30 257	30 257
Other financial assets at amortized cost	-	-	3 473 704	3 473 704	3 221 417
	<u>203 574</u>	<u>304 474</u>	<u>16 901 567</u>	<u>17 409 615</u>	<u>17 651 348</u>
Financial liabilities					
Deposits from other credit institutions	-	-	646 055	646 055	615 365
Deposits from customers	99 533	-	15 095 991	15 195 524	15 189 171
Debt securities issued	-	-	467 647	467 647	469 788
Financial liabilities related to transferred assets	-	-	33 334	33 334	33 897
Financial liabilities held for trading	11 202	-	-	11 202	11 202
Hedging derivatives	27 037	-	-	27 037	27 037
Other subordinated debt	-	-	271 824	271 824	282 967
	<u>137 772</u>	<u>-</u>	<u>16 514 851</u>	<u>16 652 623</u>	<u>16 629 427</u>

The following table summarizes, by valuation levels, the fair value of Banco Montepio's financial assets and liabilities, as at 30 June 2025:

(Euro thousand)

	Jun 2025				
	Level 1	Level 2	Level 3	Financial instruments at cost	Fair value
Financial assets					
Cash and deposits at central banks	1 691 164	-	-	-	1 691 164
Loans and deposits to credit institutions payable on demand	42 603	-	-	-	42 603
Other loans and advances to credit institutions	-	-	178 100	-	178 100
Loans and advances to customers	-	658	12 599 406	-	12 600 064
Financial assets held for trading	31 330	6 631	-	-	37 961
Financial assets at fair value through profit or loss	-	-	137 705	-	137 705
Financial assets at fair value through other comprehensive income	315 747	496	26 685	1 218	344 146
Hedging derivatives	10 699	-	-	-	10 699
Other financial assets at amortized cost	3 160 629	-	-	-	3 160 629
	<u>5 252 172</u>	<u>7 785</u>	<u>12 941 896</u>	<u>1 218</u>	<u>18 203 071</u>
Financial liabilities					
Deposits from other credit institutions	-	-	598 813	-	598 813
Deposits from customers	-	-	15 838 992	-	15 838 992
Debt securities issued	-	-	624 141	-	624 141
Financial liabilities related to transferred assets	-	-	24 002	-	24 002
Financial liabilities held for trading	-	6 951	-	-	6 951
Hedging derivatives	-	30 472	-	-	30 472
Other subordinated debt	-	-	284 607	-	284 607
	<u>-</u>	<u>37 423</u>	<u>17 370 555</u>	<u>-</u>	<u>17 407 978</u>

The following table summarizes, by valuation levels, the fair value of Banco Montepio's financial assets and liabilities, as at 31 December 2024:

	(Euro thousand)			
	Dec 2024			
	Level 1	Level 2	Level 3	Financial instruments at cost
Financial assets				
Cash and deposits at central banks	1 474 536	-	-	-
Loans and deposits to credit institutions payable on demand	35 084	-	-	-
Other loans and advances to credit institutions	-	-	103 275	-
Loans and advances to customers	-	723	12 308 988	-
Financial assets held for trading	14 085	12 366	-	-
Financial assets at fair value through profit or loss	-	-	146 143	-
Financial assets at fair value through other comprehensive income	276 381	557	26 254	1 282
Hedging derivatives	30 257	-	-	-
Other financial assets at amortized cost	3 221 417	-	-	-
	5 051 760	13 646	12 584 660	1 282
Financial liabilities				
Deposits from central banks	-	-	615 365	-
Deposits from other credit institutions	-	99 533	15 089 638	-
Deposits from customers	-	-	469 788	-
Debt securities issued	-	-	33 897	-
Financial liabilities related to transferred assets	-	11 202	-	-
Financial liabilities held for trading	-	27 037	-	-
Hedging derivatives	-	-	282 967	-
	-	137 772	16 491 655	-

As a 30 June 2025 and 31 December 2024, there were no transfers between levels of the fair value hierarchy.

As at 30 June 2025, for purposes of valuing the SIBS, Unicre and ABANCA shares, the Bank maintained the assumptions disclosed in the financial statements as at 31 December 2024.

44 Post-employment and long-term benefits

Banco Montepio, in accordance with the accounting policy described in note 1 q), assumed the responsibility to pay its employees and members of the Management Body old-age and disability pensions and other benefits.

In accordance with the same policy, Banco Montepio calculates at least once a year, with reference to 31 December of each year, the liabilities with retirement pensions and other benefits. This also occurs whenever the changes substantiated on the main actuarial assumptions so determine.

Banco Montepio's pension plan for employees covers liabilities for the retirement benefits provided for in the Collective Labour Agreement for the Banking Sector and is a complementary plan to the General Social Security System.

Under the Collective Labour Agreement ("ACT") for the Banking Sector, employees admitted after 1 January 1995 contribute with 5% of their monthly remuneration to the Pension Fund.

The existing pension plan corresponds to a defined benefit plan, since it defines the criteria determining the amount of pension that an employee will receive during retirement, usually dependent on one or more factors such as age, years of service and remuneration.

The benefits provided by this pension plan are as follows:

- Retirement due to presumable disability (old age);
- Retirement due to disability; and
- Survival pension.

The respective beneficiaries are guaranteed all benefits, on the terms, conditions and values included in the pension plan in the quality of employees who at their retirement date are in the service of Banco Montepio, or as employees who had been its permanent employees and at their retirement date meet all the enforceability requirements defined in the pension plan.

The pension provided by the Pension Fund is that corresponding to the employee's level at retirement and respective seniority payments, according to the salary scale applicable. In the case of employees entitled to a pension under the General Pension Fund (Caixa Geral de Aposentações ("CGA")) or the National Pensions Centre (Centro Nacional de Pensões ("CNP")), same shall be deducted from the pension guaranteed by the present pension plan.

In case of death of an active employee or a pensioner, the pension plan guarantees a survival pension calculated under the terms foreseen in the ACT applicable to Banco Montepio.

Banco Montepio's former employees, when attaining the situation of retirement due to old-age or disability, are entitled to a pension, to be paid by the Pension Fund, calculated as per the preceding paragraph and proportional to the time of service rendered to Banco Montepio.

Additionally, pursuant to the ACT, the pension plan guarantees the Social-Medical Assistance Services ("SAMS") costs and the death subsidy.

Banco Montepio has no other mechanisms that ensure the coverage of liabilities assumed with old-age, disability and survival pensions, health benefits and death subsidy of its employees.

In December 2016, Banco Montepio signed a new Collective Labour Agreement (ACT), introducing a number of changes in the employment benefits, such as the change in the retirement age, in line with the General Social Security System, and the attribution of an end-of-career award which replaced the extinguished seniority bonus.

As a result of the amendment to the ACT, the contributions to SAMS came to be made based on a fixed amount per employee and were, thus, no longer indexed to the remuneration.

The main actuarial assumptions used in calculating the present value of the liabilities are as follows:

Assumptions		
	Jun 2025	Dec 2024
Financial assumptions		
Salary growth rate	2.5% in the first year, 2.0% in the second year and 1.0% in the following years	2.5% in the first year, 2.0% in the second year and 1.0% in the following years
Pension growth rate	2.0% in the first year, 1.5% in the second year and 0.75% in the following years	2.0% in the first year, 1.5% in the second year and 0.75% in the following years
Rate of return of Fund	4.00%	3.55%
Discount rate	4.00%	3.55%
Revaluation rate		
Salary growth rate - Social Security	1.5%	1.5%
Monetary correction rate	1.25%	1.25%
Demographic assumptions and valuation methods		
Mortality table		
Men	TV 88/90 -1 year	TV 88/90 -1 year
Women	TV 99/01 -2 years	TV 99/01 -2 years
Actuarial valuation method	UCP	UCP

UCP - Unit Credit Projected

The assumptions used in calculating the present value of the liabilities are in accordance with the requirements defined by IAS 19. The determination of the discount rate considered: (i) the evolution of the main indices, for high-quality corporate bonds and (ii) duration of the liabilities. As at 30 June 2025, the average duration of the pension liabilities of the employees is 13.8 years (31 December 2024: 14.6 years), including both active employees and pensioners.

The participants in the pension plan have the following breakdown:

	Jun 2025	Dec 2024
Active	2 445	2 461
Retirees and survivors	1 735	1 731
	<u>4 180</u>	<u>4 192</u>

The liabilities for pensions and other benefits and respective coverage levels are presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Net assets/(liabilities) recognized in the balance sheet		
Liabilities with pension benefits		
Pensioners	(408 095)	(419 357)
Active	(270 138)	(293 581)
	<u>(678 233)</u>	<u>(712 938)</u>
Liabilities with healthcare benefits		
Pensioners	(26 620)	(28 199)
Active	(24 728)	(28 081)
	<u>(51 348)</u>	<u>(56 280)</u>
Liabilities with death benefits		
Pensioners	(1 997)	(2 070)
Active	(1 100)	(1 239)
	<u>(3 097)</u>	<u>(3 309)</u>
Total liabilities	<u>(732 678)</u>	<u>(772 527)</u>
Coverages		
Pension Fund value	802 353	812 618
Net assets/(liabilities) in the balance sheet	<u>69 675</u>	<u>40 091</u>
Accumulated actuarial remeasurements recognized in other comprehensive income	<u>181 053</u>	<u>213 840</u>

The amounts of Euro 69,675 thousand and Euro 40,091 thousand related to net assets and liabilities in the balance sheet, as at 30 June 2025 and 31 December 2024, respectively, are reported under the caption Other assets, as presented in note 30.

The evolution of liabilities for retirement pensions, health benefits and death subsidy can be analysed as follows:

	(Euro thousand)							
	Jun 2025				Dec 2024			
	Pension benefits	Healthcare benefits	Death benefits	Total	Pension benefits	Healthcare benefits	Death benefits	Total
Liabilities at the beginning of the financial period	712 938	56 280	3 309	772 527	696 909	54 103	3 152	754 164
Recognized in net income/(loss) (note 10)								
Current service cost	1 583	476	23	2 082	2 909	961	45	3 915
Interest cost	12 655	999	59	13 713	25 089	1 948	113	27 150
Early retirement, mutually agreed termination and others	2 134	-	-	2 134	4 511	-	-	4 511
Recognized in equities (note 41)								
Actuarial gains/(losses)								
Changes in assumptions	(41 223)	(3 687)	(287)	(45 197)	5 925	1 068	84	7 077
Not related to changes in assumptions	6 031	(2 720)	(7)	3 304	8 112	(1 800)	(85)	6 227
Other								
Pensions paid by the Fund	(16 703)	-	-	(16 703)	(32 258)	-	-	(32 258)
Pensions paid by Banco Montepio	(302)	-	-	(302)	(614)	-	-	(614)
Participant contributions	1 202	-	-	1 202	2 355	-	-	2 355
Outros	(82)	-	-	(82)	-	-	-	-
Liabilities at the end of the financial period	678 233	51 348	3 097	732 678	712 938	56 280	3 309	772 527

The evolution of the Pension Fund's net asset value as at 30 June 2025 and 31 December 2024 can be analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Value of the Fund at the beginning of the financial period	812 618	802 443
Recognized in net income/(loss) (note 10)		
Share of net interest	14 424	28 888
Recognized in equity (note 40)		
Financial deviations	(9 106)	11 190
Others		
Participant Contributions	1 202	2 355
Pensions paid by the Fund	(16 703)	(32 258)
Transfers	(82)	-
Fund's value at the end of the period	802 353	812 618

No additional contributions to the defined benefit plans are foreseen for the following financial year since it is expected that the Pension Fund's return will be sufficient to cover for the changes in the liabilities.

As at 30 June 2025, Banco Montepio participates in 98.5% in the Pension Fund managed by Futuro – Sociedade Gestora de Fundos de Pensões, S.A..

As at 30 June 2025 and 31 December 2024, the assets of the Pension Fund, split between quoted and unquoted, can be analysed as follows:

(Euro thousand)								
	Jun 2025				Dec 2024			
	Assets of the fund	%	Quoted	Unquoted	Assets of the fund	%	Quoted	Unquoted
Variable-income securities								
Shares	15 810	2.0	15 810	-	26 726	3.3	26 726	-
Shares investment funds	136 134	17.0	55 285	80 849	125 758	15.5	42 281	83 477
Bonds	559 817	69.8	515 381	44 436	578 462	71.2	534 937	43 525
Real Estate	4 548	0.6	-	4 548	4 857	0.6	-	4 857
Real Estate investment funds	54 350	6.8	4 251	50 099	55 053	6.8	4 154	50 899
Venture capital funds	3 499	0.4	-	3 499	3 375	0.4	-	3 375
Loans and advances to banks and other	28 195	3.5	-	28 195	18 387	2.3	-	18 387
	<u>802 353</u>	<u>100.0</u>	<u>590 727</u>	<u>211 626</u>	<u>812 618</u>	<u>100.0</u>	<u>608 098</u>	<u>204 520</u>

The assets of the Pension Fund related to securities, real estate and loans and advances to banks that are entities of Banco Montepio, are analysed as follows:

(Euro thousand)		
	Jun 2025	Dec 2024
Loans and advances to banks and other	17 002	6 602
Real Estate	4 548	4 857
	<u>21 550</u>	<u>11 459</u>

The evolution of the remeasurements in the balance sheet are analysed as follows:

(Euro thousand)		
	Jun 2025	Dec 2024
Actuarial gains/(losses) at the beginning of the financial period	213 840	211 726
Actuarial (gains)/losses in the financial period		
Changes in discount rate	(45 197)	4 746
Payroll update	-	2 219
Pensions growth rate update	-	4 501
Deviation of the Pension Fund return	9 106	(11 190)
Resulting from changes in plan conditions	-	(4 389)
Other changes	3 304	6 227
Actuarial gains/(losses) recognized in other comprehensive income	<u>181 053</u>	<u>213 840</u>

The costs for the period with retirement pensions, health benefits and death subsidy are analysed as follows:

(Euro thousand)		
	Jun 2025	Jun 2024
Current service cost	2 082	1 980
Net interest expense/(income) on the liabilities coverage balance	(711)	(869)
Costs with early retirement, mutually agreed termination and other	2 134	(38)
Costs for the financial period	<u>3 505</u>	<u>1 073</u>

The evolution of net assets/(liabilities) in the balance sheet, as at 30 June 2025 and 31 December 2024, is analysed as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
At the beginning of the financial period	40 091	48 279
Current service cost	(2 082)	(3 915)
Net interest expense/(income) on the liabilities coverage balance	711	1 738
Actuarial gains/(losses)	41 893	(13 304)
Financial gains/(losses)	(9 106)	11 190
Pensions paid by Banco Montepio	302	614
Early retirement, mutually agreed termination and other	(2 134)	(4 511)
At the end of the financial period	69 675	40 091

The actuarial assumptions have a significant impact on the liabilities for pensions and other benefits. Thus, a sensitivity analysis was performed to positive and negative changes in some of the actuarial assumptions with the purpose of calculating the effect on the value of pension liabilities.

As at 30 June 2025 and 31 December 2024, the impact of these changes is analysed as follows:

	(Euro thousand)			
	Jun 2025			
	Liabilities			
	Increase 0.50 p.p.	Decrease 0.50 p.p.	Increase 1.00 p.p.	Decrease 1.00 p.p.
Discount rate	(44 066)	45 035	(85 840)	89 366
Salary growth rate	27 056	(24 638)	52 705	(50 316)
Pension growth rate	40 774	(37 775)	79 427	(77 143)

	(Euro thousand)			
	Dec 2024			
	Liabilities			
	Increase 0.50 p.p.	Decrease 0.50 p.p.	Increase 1.00 p.p.	Decrease 1.00 p.p.
Discount rate	(46 463)	47 485	(90 509)	94 226
Salary growth rate	28 528	(25 978)	55 572	(53 052)
Pension growth rate	42 991	(39 830)	83 747	(81 339)

	(Euro thousand)			
	Jun 2025		Dec 2024	
	Liabilities			
	Reduction in life expectancy by 1 year	Increase in life expectancy by 1 year	Reduction in life expectancy by 1 year	Increase in life expectancy by 1 year
Future mortality	(18 210)	18 001	(19 200)	18 980

	(Euro thousand)			
	Jun 2025		Dec 2024	
	Liabilities			
	Decrease 5€	Increase 5€	Decrease 5€	Increase 5€
SAMS contribution	(2 205)	2 205	(2 325)	2 325

In accordance with the accounting policy described in note 1 q) and as per note 37, as at 30 June 2025, the cost associated with end-of-career awards amounted to Euro 3,153 thousand (31 December 2024: Euro 3,030 thousand).

45 Assets under management

In accordance with the legislation in force, the fund management companies, and the depositary bank are jointly liable before the participants of the funds for the non-fulfilment of the obligations assumed under law and the regulations of the funds managed.

As at 30 June 2025 and 31 December 2024, the amount of the funds for which Banco Montepio acts as depositary bank is analysed as follows:

	(Euro thousands)	
	Jun 2025	Dec 2024
Securities investment funds	493 431	397 238
Real Estate investment funds	851 471	806 068
Pension funds	359 316	335 435
Bank and insurance	20 211	20 771
	<u>1 724 429</u>	<u>1 559 512</u>

The amounts recognized in these captions are measured at fair value determined as at the balance sheet date.

46 Related parties

As defined in IAS 24, the companies detailed in note 52, the Pension Fund, the members of the Corporate, Management and Supervisory Bodies and the key management personnel are considered related parties of Banco Montepio. In addition to the members of the Corporate, Management and Supervisory Bodies and the key management personnel, their family and entities controlled by them or in which management they have significant influence are also considered related parties.

According to Portuguese law, namely under article 85 of the Legal Framework of Credit Institutions and Financial Companies ("RGICSF"), the shareholders of Banco Montepio, as well as individuals related to them and entities controlled by them or in which management they have significant influence are also considered related parties.

First-line managers are considered Other key management personnel.

In operations carried out between Banco Montepio entities that are in a situation of special relationships, terms and conditions are contracted, accepted and practiced substantially identical to those that would normally be contracted, accepted and practiced between independent entities in comparable operations, that is, at market prices.

On this basis, with reference to 30 June 2025, the list of related parties considered by Banco Montepio is presented as follows:

Majority shareholder

Montepio Geral Associação Mutualista

Board of Directors

Chairman of the Board of directors

Manuel Ferreira Teixeira

Non-executive members

Clementina Barroso

Eugénio Luís Baptista

Florbelá Lima

Maria Cândida Peixoto

Maria Lúcia Bica

Executive Committee

Chief Executive Officer

Pedro Leitão

Executive members

Ângela Barros

Helena Soares de Moura

Isabel Silva

Jorge Baião

José Carlos Mateus

Audit Committee

Chair of the Audit Committee

Clementina Barroso

Members

Florbelá Lima

Maria Cândida Peixoto

Maria Lúcia Bica

Board of Directors of Other
Related Parties

Alípio Dias

Ana Sá Couto

Edite Cheira

Fernando Amaro

Idália Serrão

Jaqueline Rodrigues

João Carvalho das Neves

Licínio Santos

Luís Pinheiro

Manuel Baptista

Paulo Jorge Rodrigues

Pedro Araújo

Pedro Ribeiro

Rui Gama

Rui Heitor

Virgílio Lima

Other Key Management
Personnel

Alexandra Ponciano

Alexandra Quirino Silva

Alexandra Rolo

António Carlos Machado

António Costa

António Figueiredo Lopes

António Longo

Armando Cardoso

Bráulio Silva

Bruno Magalhães

Cláudia Monteiro

Daniel Caçador

Fabienne Lehuédé

Fernanda Correia

Fernando Teixeira

Filipe Guimarães Cizeron

Frederico Tomás

Joana Correia

Jorge Barros Luís

Jorge Dourado

Luís Montanha Rebelo

Manuel Castanho

Maria Antónia Saldanha

Miguel Esteves

Miguel Gomes da Silva

Miguel Oliveira

Mónica Araújo

Nuno Cavilhas

Nuno Soares

Patrícia Fernandes

Patrícia Medeiros

Paula Pinheiro

Paula Viegas

Paulo Amorim

Paulo Soares

Paulo Trindade

Pedro Miguel Mendes

Pedro Oliveira

Pedro Pessoa Fragoso

Pedro Pires

Ricardo Domingos Chorão

Ricardo Sarmento

Ricardo Silva Ribeiro

Rita Santos

Rui Jorge Santos

Sanguini Shirish

Sara Candeias

Tânia Madeira

Other Related parties

Bem Comum, Sociedade de Capital de Risco, S.A.
Bolsimo - Gestão de Activos, S.A.
Carteira Imobiliária - Fundo Especial Investimento Imobiliário Aberto
CESource, A.C.E.
Empresa Gestora de Imóveis da Rua do Prior, S.A.
Fundação Carlos Larroudé
Fundação Montepio Geral
Fundo de Pensões - Montepio Geral
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.
HTA – Hotéis, Turismo e Animação dos Açores, S.A.
Lusitania Vida, Companhia de Seguros, S.A.
Lusitania, Companhia de Seguros, S.A.
Moçambique, Companhia de Seguros, S.A.
Montepio Crédito - Instituição Financeira de Crédito, S.A.
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.
Montepio Holding, S.G.P.S., S.A.
Montepio Investimento, S.A.
Montepio Residências para Estudantes, S.A.
Montepio Serviços, A.C.E.
Polaris - Fundo de Investimento Imobiliário Fechado
Residências Montepio, Serviços de Saúde, S.A.
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.
Ssaginentive - Sociedade de Serviços Auxiliares e Gestão de Imóveis S.A.
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado

As at 30 June 2025, the assets held by Banco Montepio in respect of related parties, represented or not by securities, included in the captions Loans and advances to customers, Impairment of loans and advances to customers, Financial assets at fair value through other comprehensive income, Impairment of financial assets at fair value through other comprehensive income, Other assets, Guarantees and commitments assumed and Provisions for guarantees and commitments assumed, are presented as follows:

(Euro thousand)

Company	Jun 2025							Total
	Loans and advances to customers	Impairment of loans and advances to customers	Financial assets at fair value through other comprehensive income	Impairment of financial assets at fair value through other comprehensive income	Other assets	Guarantees and commitments assumed	Provisions for guarantees and commitments assumed	
Board of Directors	71	-	-	-	-	-	-	71
Board of Directors of Other Related Parties	591	1	-	-	-	-	-	590
Other key management personnel	3 060	1	-	-	-	-	-	3 059
Carteira Imobiliária - Fundo Especial de Investimento Imobiliário Aberto	-	-	-	-	10	-	-	10
CESource, A.C.E.	-	-	-	-	67	-	-	67
Futuro - Sociedade Gestora de Fundo de Pensões, S.A.	-	-	-	-	709	-	-	709
Lusitania Vida, Companhia de Seguros, S.A.	-	-	-	-	5	-	-	5
Lusitania, Companhia de Seguros, S.A.	1	-	2 369	323	436	-	-	2 483
Moçambique Companhia de Seguros, S.A.R.L.	-	-	358	-	-	-	-	358
Montepio Crédito - Instituição Financeira de Crédito, S.A.	512 673	638	-	-	174	127 908	-	640 117
Montepio Geral Associação Mutualista	2	-	-	-	4 482	49	-	4 533
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	-	1	-	88	-	-	89
Montepio Holding, S.G.P.S., S.A.	-	-	-	-	107 176	-	-	107 176
Montepio Investimento, S.A.	-	-	-	-	25	181	-	206
Montepio Serviços, A.C.E.	-	-	-	-	1 590	-	-	1 590
Polaris-Fundo de Investimento Imobiliário Fechado	-	-	-	-	-	150	2	148
Residências Montepio, Serviços de Saúde, S.A.	943	3	-	-	21	230	-	1 191
Ssagincitive - Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A.	-	-	-	-	11	-	-	11
	517 341	643	2 728	323	114 794	128 518	2	762 413

As at 31 December 2024, the assets held by Banco Montepio in respect of related parties, represented or not by securities, included in the captions Loans and advances to customers, Impairment of loans and advances to customers, Financial assets at fair value through other comprehensive income, Impairment of financial assets at fair value through other comprehensive income, Other assets, Guarantees and commitments assumed and Provisions for guarantees and commitments assumed, are presented as follows:

(Euro thousand)

Company	Dec 2024							Total
	Loans and advances to customers	Impairment of loans and advances to customers	Financial assets at fair value through other comprehensive income	Impairment of financial assets at fair value through other comprehensive income	Other assets	Guarantees and commitments assumed	Provisions for guarantees and commitments assumed	
Board of Directors	73	-	-	-	-	-	-	73
Board of Directors of Other Related Parties	620	1	-	-	-	-	-	619
Other key management personnel	2 534	7	-	-	-	-	-	2 527
Carteira Imobiliária - Fundo Especial de Investimento Imobiliário Aberto	-	-	-	-	12	-	-	12
CESource, A.C.E.	-	-	-	-	67	-	-	67
Lusitania, Companhia de Seguros, S.A.	4	-	1 839	251	22	-	-	1 614
Moçambique Companhia de Seguros, S.A.R.L.	-	-	375	-	-	-	-	375
Montepio Crédito - Instituição Financeira de Crédito, S.A.	444 429	995	-	-	203	1 300	-	444 937
Montepio Geral Associação Mutualista	4	1	-	-	2 811	49	-	2 863
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	1	-	1	-	97	-	-	99
Montepio Holding, S.G.P.S., S.A.	-	-	-	-	107 161	-	-	107 161
Montepio Investimento, S.A.	-	-	-	-	25	181	3	203
Montepio Serviços, A.C.E.	1	-	-	-	1 581	-	-	1 582
Polaris-Fundo de Investimento Imobiliário Fechado	-	-	-	-	-	150	3	147
Residências Montepio, Serviços de Saúde, S.A.	543	3	-	-	11	750	1	1 300
Ssagincitive - Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A.	-	-	-	-	11	-	-	11
	448 209	1 007	2 215	251	112 001	2 430	7	563 590

As at 30 June 2025, Banco Montepio's liabilities in respect of related parties, included in the captions Deposits from other credit institutions, Deposits from customers, Debt securities issued, Other subordinated debt and Other liabilities, are analysed as follows:

(Euro thousand)

Company	Jun 2025				
	Deposits from other credit institutions	Deposits from customers	Debt securities issued and Other subordinated debt	Other liabilities	Total
Board of Directors	-	1 240	-	-	1 240
Board of Directors of Other Related Parties	-	995	-	-	995
Other key management personnel	-	2 400	-	-	2 400
Bolsimo - Gestão de Activos, S.A.	-	1 446	-	-	1 446
Carteira Imobiliária - Fundo Especial Investimento Imobiliário Aberto	-	9 121	-	-	9 121
Empresa Gestora de Imóveis da Rua do Prior S.A	-	214	-	-	214
Fundação Carlos Larroudê	-	12	-	-	12
Fundação Montepio Geral	-	3 501	-	-	3 501
Fundo de Pensões - Montepio Geral	-	16 729	500	-	17 229
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	-	3 248	-	-	3 248
H.T.A. - Hoteis, Turismo e Animação dos Açores, S.A.	-	62	-	-	62
Lusitania Vida, Companhia de Seguros, S.A.	-	3 977	-	-	3 977
Lusitania, Companhia de Seguros, S.A.	-	2 293	-	-	2 293
Montepio Crédito - Instituição Financeira de Crédito, S.A.	-	3 322	-	-	3 322
Montepio Geral Associação Mutualista	-	218 077	132 230	-	350 307
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	7 436	-	-	7 436
Montepio Holding, S.G.P.S., S.A.	-	182 490	-	-	182 490
Montepio Investimento, S.A.	38 503	-	-	-	38 503
Montepio Residências para Estudantes, S.A.	-	863	-	-	863
Montepio Serviços, A.C.E.	-	615	-	970	1 585
Polaris-Fundo de Investimento Imobiliário Fechado	-	436	-	-	436
Residências Montepio, Serviços de Saúde, S.A.	-	1 178	-	-	1 178
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	3 187	-	-	3 187
SSAGINCENTIVE - Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A.	-	48 503	-	-	48 503
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado	-	473	-	-	473
	38 503	511 818	132 730	970	684 021

As at 31 December 2024, Banco Montepio's liabilities in respect of related parties, included in the captions Deposits from other credit institutions, Deposits from customers, Debt securities issued, Other subordinated debt and Other liabilities, are analysed as follows:

(Euro thousand)

Company	Dec 2024				
	Deposits from other credit institutions	Deposits from customers	Debt securities issued and Other subordinated debt	Other liabilities	Total
Board of Directors	-	1 059	-	-	1 059
Board of Directors of Other Related Parties	-	1 353	-	-	1 353
Other key management personnel	-	2 339	-	-	2 339
Bolsimo - Gestão de Activos, S.A.	-	1 228	-	-	1 228
Carteira Imobiliária - Fundo Especial Investimento Imobiliário Aberto	-	8 050	-	-	8 050
Empresa Gestora de Imóveis da Rua do Prior S.A	-	377	-	-	377
Fundação Montepio Geral	-	3 122	-	-	3 122
Fundo de Pensões - Montepio Geral	-	6 195	3 100	-	9 295
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	-	2 113	-	-	2 113
H.T.A. - Hoteis, Turismo e Animação dos Açores, S.A.	-	28	-	-	28
Lusitania Vida, Companhia de Seguros, S.A.	-	15 003	-	-	15 003
Lusitania, Companhia de Seguros, S.A.	-	6 965	-	-	6 965
Montepio Crédito - Instituição Financeira de Crédito, S.A.	-	641	-	-	641
Montepio Geral Associação Mutualista	-	113 007	137 569	-	250 576
Montepio Gestão de Activos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	8 468	-	-	8 468
Montepio Holding, S.G.P.S., S.A.	-	181 239	-	-	181 239
Montepio Investimento, S.A.	38 807	-	-	-	38 807
Montepio Residências para Estudantes, S.A.	-	783	-	-	783
Montepio Serviços, A.C.E.	-	625	-	922	1 547
Polaris-Fundo de Investimento Imobiliário Fechado	-	403	-	-	403
Residências Montepio, Serviços de Saúde, S.A.	-	1 426	-	-	1 426
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	3 318	-	-	3 318
Sociedade Portuguesa de Administrações, S.A.	-	972	-	-	972
SSAGINCENTIVE - Sociedade de Serviços Auxiliares e Gestão de Imóveis, S.A.	-	45 570	-	-	45 570
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado	-	190	-	-	190
	38 807	404 474	140 669	922	584 872

As at 30 June 2025, Banco Montepio's income and expenses with related parties, included in the captions Interest and similar income, Interest and similar expense, Net fee and commission income, Other operating income/(expense), Staff costs, and General administrative expenses, are analysed as follows:

(Euro thousand)						
Jun 2025						
Company	Interest and similar income	Interest and similar expense	Net fee and commission income	Other operating income/(expense)	Staff costs	General and administrative expenses
Board of Directors	1	6	1	-	-	-
Board of Directors of Other Related Parties	8	6	1	-	-	-
Other key management personnel	33	14	2	-	-	-
Bolsino - Gestão de Ativos, S.A.	-	8	14	-	-	154
Carteira Imobiliária - Fundo Especial de Investimento Imobiliário Aberto	-	-	22	-	-	-
CESource, A.C.E.	-	-	-	-	(119)	-
Fundação Montepio Geral	-	20	-	-	-	-
Fundo de Pensões - Montepio Geral	-	142	-	-	-	-
Futuro - Sociedade Gestora de Fundos de Pensões, S.A.	-	35	1 422	22	-	-
H.T.A. - Hotéis, Turismo e Animação dos Açores, S.A.	-	-	1	-	-	-
Lusitania Vida, Companhia de Seguros, S.A.	-	38	2 261	-	(33)	-
Lusitania, Companhia de Seguros, S.A.	-	14	2 485	(24)	583	338
Montepio Crédito - Instituição Financeira de Crédito, S.A.	8 947	-	325	1 598	(71)	20
Montepio Geral Associação Mutualista	-	5 673	1 719	254	(4 647)	1 027
Montepio Gestão de Ativos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	96	1 175	51	(396)	-
Montepio Hording, S.G.P.S., S.A.	-	1 439	-	25	-	-
Montepio Investimento, S.A.	-	307	1	41	-	-
Montepio Residências para Estudantes, S.A.	-	8	-	-	-	-
Montepio Serviços, A.C.E.	-	-	-	1 944	(1 635)	-
Polaris-Fundo de Investimento Imobiliário Fechado	2	3	2	-	-	-
Residências Montepio, Serviços de Saúde, S.A.	30	7	11	-	(64)	-
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	38	-	-	-	-
Ssagincenive - Sociedade de Serviços Auxiliares e Gestão de Imóveis S.A.	-	542	-	18	-	-
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado	-	-	2	-	-	-
	9 021	8 396	9 444	3 929	(6 382)	1 539

As at 30 June 2024, Banco Montepio's income and expenses with related parties, included in the captions Interest and similar income, Interest and similar expense, Net fee and commission income, Other operating income/(expense), Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss, Staff costs, and General administrative expenses, are analysed as follows:

(Euro thousand)							
Jun 2024							
Company	Interest and similar income	Interest and similar expense	Net fee and commission income	Other operating income/(expense)	Net gains/(losses) arising from financial assets and liabilities at fair value through profit or loss	Staff costs	General and administrative expenses
Board of Directors	1	5	1	-	-	-	-
Board of Directors of Other Related Parties	22	20	2	-	-	-	-
Other key management personnel	42	26	2	-	-	-	-
Bolsimo - Gestão de Ativos, S.A.	-	4	4	-	-	(134)	160
Carteira Imobiliária - Fundo Especial de Investimento Imobiliário Aberto	-	-	27	-	300	-	-
CESource, A.C.E.	-	-	-	-	-	(110)	-
Finibanco Angola, S.A.	-	-	-	-	-	-	-
Empresa Gestora de Imóveis da Rua do Prior, S.A.	-	7	-	-	-	-	-
Fundação Montepio Geral	-	20	-	-	-	-	-
Fundo de Pensões - Montepio Geral	-	164	-	-	-	-	-
Futuro – Sociedade Gestora de Fundos de Pensões, S.A.	-	23	1 268	-	-	-	-
GreenVolt - Energias Renováveis, S.A.	1 503	4	17	-	-	-	-
H.T.A. - Hotéis, Turismo e Animação dos Açores, S.A.	-	-	1	-	-	-	-
Lusitania Vida, Companhia de Seguros, S.A.	-	87	3 001	(2)	-	-	-
Lusitania, Companhia de Seguros, S.A.	-	177	2 537	(33)	-	-	-
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado	-	-	-	-	-	-	-
Montepio Crédito - Instituição Financeira de Crédito, S.A.	12 610	2 011	2	245	-	(170)	20
Montepio Geral Associação Mutualista	1	8 300	1 400	71	-	(8 050)	1 046
Montepio Gestão de Ativos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	109	791	51	-	(333)	-
Montepio Gestão de Ativos Imobiliários, A.C.E. - Em Liquidação	-	-	-	(126)	-	-	-
Montepio Hording, S.G.P.S., S.A.	-	284	-	-	-	-	-
Montepio Investimento, S.A.	-	2 093	-	41	-	-	-
Montepio Residências para Estudantes, S.A.	-	8	-	-	-	-	-
Montepio Serviços, A.C.E.	-	1	-	(1 458)	-	1 346	-
NovaCâmbios - Instituição de Pagamento, S.A.	17	1	20	4	-	-	-
PEF - Fundo de Investimento Imobiliário Fechado	-	2	6	-	-	-	-
Polaris-Fundo de Investimento Imobiliário Fechado	2	4	2	-	-	-	-
Residências Montepio, Serviços de Saúde, S.A.	59	4	8	-	-	(62)	-
SILVIP - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	-	53	-	-	-	-	-
Sociedade Portuguesa de Administrações, S.A.	-	4	-	-	-	-	-
Ssagincenive - Sociedade de Serviços Auxiliares e Gestão de Imóveis S.A.	-	426	-	18	-	-	-
Valor Arrendamento - Fundo de Investimento Imobiliário Fechado	-	1	3	1	-	-	-
	14 257	13 838	9 092	(1 188)	300	(7 513)	1 226

Remuneration and social charges with the members of the Board of Directors (including members of the Audit Committee) and Other key management personnel are detailed in note 10.

In the first half of 2025 and financial year 2024, there were no transactions with Banco Montepio's Pension Fund.

47 Securitization of assets

As at 30 June 2025, there was a live securitization operation, originated by Banco Montepio and Montepio Crédito jointly, and which is characterized as presented below.

On 6 December 2021, Banco Montepio and Montepio Crédito signed contracts with Ares Lusitani – STC, S.A. leading to the securitization of a consumer loan portfolio. The securitization operation, with the name Pelican Finance no. 2, has a legal maturity of 13 years (25 January 2035), with the associated obligations having a Weighted Average Life of 2.76 years (assuming a CPR of 7.5%). The outstanding capital of the securitized loans (Aggregate Principal Amount Outstanding) was, on the reference date of 31 October 2021 (Portfolio Determination Date), Euro 356,774 thousand, this being a static portfolio, without revolving mechanisms. The sale was carried out using a syndicated public placement model, with class A being placed above par (100.606%) and the rest at par.

The entity that guarantees the debt service (servicer) of the traditional securitization operation is Banco Montepio, assuming the collection of the loans sold and channelling the amounts received to the respective Credit Securitization Company (Sociedade de Titularização de Créditos) (Pelican Finance no. 2).

Banco Montepio does not hold any direct or indirect shareholding in the company Ares Lusitani.

The loans covered by the securitization operation referred above were not derecognized from the balance sheet as the Bank retained most of the risks and rewards associated with the securitized loans. If the Bank substantially transfers the risks and rewards associated with their holding, the securitization operations are derecognized.

As at 30 June 2025, the securitization operation realized by Banco Montepio is presented as follows:

(Euro thousand)

Issue	Settlement date	Currency	Asset transferred	Loan and advances		Securities issued		
				Initial amount	Current amount	Initial nominal amount	Current nominal amount	Third party amount*
Pelican Finance No. 2 ⁽¹⁾	December 2021	euro	Consumer loan	360 301	24 493	360 301	92 190	92 190
				360 301	24 493	360 301	92 190	92 190

⁽¹⁾ The amounts presented correspond to the total issuance (Banco Montepio together with Montepio Crédito).

As at 31 December 2024, the securitization operation realized by Banco Montepio is presented as follows:

(Euro thousand)

Issue	Settlement date	Currency	Asset transferred	Loan and advances		Securities issued		
				Initial amount	Current amount	Initial nominal amount	Current nominal amount	Third party amount*
Pelican Finance No. 2 ⁽¹⁾	December 2021	euro	Consumer loan	360 301	33 829	360 301	115 879	120 729
				360 301	33 829	360 301	115 879	120 729

⁽¹⁾ The amounts presented correspond to the total issuance (Banco Montepio together with Montepio Crédito).

Additionally, the details of the securitized loans not derecognized, of the Pelican Finance no 2 operation and of the contract nature, as at 30 June 2025 and 31 December 2024, are presented as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Domestic loans and advances			
Private			
Consumer loans and other		24 108	33 586
		<u>24 108</u>	<u>33 586</u>
Credit and overdue interest			
Less than 90 days		12	203
More than 90 days		373	40
		<u>385</u>	<u>243</u>
		<u>24 493</u>	<u>33 829</u>

As a form of financing, the securitization vehicle created issued bonds the nominal value of which is detailed below, and which were partially subscribed in the case of Pelican Finance no. 2.

The residual notes are recorded in the caption Financial assets at fair value through profit or loss (note 22), and, as at 30 June 2025, are analysed as follows:

Issue	Bonds	Initial nominal amount euros	Current nominal amount euros	CEMG interest held (nominal amount) euros	Maturity date	Rating (initial)		Rating (current)	
						Fitch	DBRS	Fitch	DBRS
Pelican Finance no 2	Class A	285 400 000	73 025 232	-	2035	AA-	AA	AA	AAH
	Class B	20 700 000	5 296 504	-	2035	A	A	A	AH
	Class C	17 500 000	4 477 721	-	2035	BBB+	BBB	BBB+	BBBH
	Class D	19 300 000	4 938 286	-	2035	BB+	BH	BB+	BB
	Class E	17 400 000	4 452 134	-	2035	n.a.	n.a.	n.a.	n.a.
	Class X	1 000	1	1	2035	n.a.	n.a.	n.a.	n.a.

As at 31 December 2024, the securities issued by the special purpose vehicles are analysed as follows:

Issue	Bonds	Initial nominal amount euros	Current nominal amount euros	CEMG interest held (nominal amount) euros	Maturity date	Rating (initial)		Rating (current)	
						Fitch	DBRS	Fitch	DBRS
Pelican Finance no 2	Class A	285 400 000	91 789 762	-	2035	AA-	AA	AA	AAH
	Class B	20 700 000	6 657 491	-	2035	A	A	A	AH
	Class C	17 500 000	5 628 314	-	2035	BBB+	BBB	BBB+	BBBH
	Class D	19 300 000	6 207 226	-	2035	BB+	BH	BB+	BB
	Class E	17 400 000	5 596 152	-	2035	n.a.	n.a.	n.a.	n.a.
	Class X	1 000	1	1	2035	n.a.	n.a.	n.a.	n.a.

48 Risk management

Objectives of the Risk Management Policy

Banco Montepio is exposed to several risks the most relevant of which in the financial component being credit, concentration, market, interest rate, banking portfolio market, foreign currency, liquidity, real estate, and Pension Fund risks. Additionally, Banco Montepio is subject to other non-financial risks, namely operating, reputational, information and communication technologies, strategy and business risks as well as other emerging risks, namely Environmental, Social and Governance (ESG) risks of which the climatic risks stand out. Depending on the nature and relevance of the risk, plans, programs, or actions are designed, supported by information systems and procedures providing a high degree of reliability as regards risk management measures established in due course. For all risks identified as material, Banco Montepio has implemented a process for the identification and review of same, being subject to regular monitoring and

mitigation actions in order to reduce the exposure to potential losses and to increase the soundness and resilience of Banco Montepio.

The control and the efficient management of risk play a key role in the balanced and sustained development of Banco Montepio. In addition to contributing to the optimization of the profitability/risk binomial of the various lines of business, they also ensure the maintenance of an adequate risk profile in terms of solvency and liquidity.

The monitoring of these risks is centralized in the Risk Directorate, the unit responsible for the Risk Management Function of Banco Montepio, which regularly informs the Management (elsewhere also “Board of Directors”) and Supervisory bodies of the evolution of the risk profile of the institution and, if necessary, proposes risk exposure mitigation/reduction actions.

Banco Montepio's risk management policy is the responsibility of the Board of Directors, which defines the tolerance levels and maximum risk limits, for each specific risk considered materially relevant, in accordance with the defined strategic objectives and business plan, with this policy being reviewed regularly. It is also the responsibility of the Board of Directors to ensure the existence of an adequate risk control at Group level, namely through the respective supervisory boards. The Risk Committee is a delegated non-executive body of the Board of Directors with the role of risk management supervision, which mission is to monitor the design and implementation of the risk strategy and risk appetite of Banco Montepio and to verify whether these are aligned with the sustainable strategy in the medium- and long-term, providing advice to the Board of Directors in these areas.

The Board of Directors, with the support of the Audit Committee (a supervisory body of Banco Montepio) must ensure that the Institution has sufficient capital to meet regulatory requirements and to guarantee the coverage of potential losses resulting from the activity, with an optimized balance sheet structure that maintains a stable and safe funding capacity and liquidity profile, allowing it to face stress situations and ensuring the continuity of its operations and the protection of its depositors and holders of non-subordinated debt.

Banco Montepio has clear and well-defined objectives in its strategic plan, namely as regards capital ratios, transformation of deposits into credit, liquidity, and financing ratios, in addition to a feasible and sustainable business model aligned with its risk appetite.

To this end, the definition of risk appetite is based on certain principles - namely solidity, sustainability and profitability – being prepared in function of the strategic plan and the intended market positioning, as well as the risks faced in its activity that are materially relevant. For these, objectives are set according to the desired level of return and the business strategy, tolerance levels, that is, risk variation intervals that can lead to discussions and decisions about corrective measures and limits that, if exceeded, lead to immediate corrective measures.

In defining risk appetite, the Board of Directors ensures its alignment with the other organizational components (business strategy and the global vectors of risk strategy). In addition, the Board of Directors seeks to ensure that risk appetite is well understood across the entire organization, especially the business units responsible for decision making and that can affect risk exposure and its monitoring.

Banco Montepio's Risk Management Policy is the norm that regulates the entire monitoring and control process of risk matters and densifies the activities to be developed by the Bank that assure the adequacy of internal and regulatory capital, considering the business strategy defined.

Credit risk

Credit Risk is the probability of negative impacts on results or capital, due to the inability of a counterparty to meet its financial commitments to the institution, including possible restrictions on the transfer of payments from abroad. Credit risk exists mainly in loan exposures (including secured), credit lines, guarantees and derivatives.

The credit risk management process is based on the existence of a solid process of credit analysis and decision, supported by several tools aiding the credit decision process. The quantification of credit risk is also supported by the model used to calculate impairment losses (loss given default) and in the estimation of the regulatory and economic capital requirements (non-expected losses).

The fundamental principle of credit risk analysis is independence from the business decisions. In this analysis, instruments are used, and rules defined according to the materiality of the exposures, familiarity with the types of risk involved (e.g., the modelling capacity of such risks) and the liquidity of the instruments.

Credit risk models play a significant role in the credit decision process. Indeed, the decision process concerning the credit portfolio operations is based on a set of policies, relying on scoring models for the retail portfolios and rating models for the non-retail segment.

In the credit risk scope, and as regards analytical methodologies, the risk control techniques and models are based on econometric modelling, based on the Institution's experience in the granting of various types of credit and also, whenever possible, the level of recovery.

Credit decisions are dependent on risk ratings and compliance with various rules governing the financial capacity and behaviour of the applicants.

There are scoring models for the admission of individuals to the retail portfolios, namely for mortgage loans, individual loans, and credit cards.

Sole traders ("Empresários em nome individual" – "ENI") and Micro businesses are considered retail, being therefore subject to the respective scoring models.

There are also behavioural scoring models for retail portfolios, which are used to monitor the credit portfolio as well as to evaluate new credit proposals, being coupled with software-based scoring information, where applicable.

Regarding non-retail credit portfolios, internal rating models are used for small, medium and large companies, distinguished by activity sectors, such as the tertiary sector, or by ageing of the company's activity, namely start-up companies.

Regardless of the typology of the applicable model, any proposal, contract or credit customer is classified into a single risk scale class, in ascending order of Probability of Default, with this scale being composed of 18 classes, of which the first 15 correspond to performing risk classes, classes 16 and 17 to those recording arrears, and class 18 to default, in accordance with the applicable internal definition, which follows the guidelines of Senior management in terms of prudential requirements.

The derogation of the response of scoring systems, internal ratings, and internal price lists is allowed, but only by higher decision levels, in accordance with the established principles of delegation of responsibilities. Rejection situations are defined to minimize the risk of adverse selection, with risk classes for rejection having been defined.

Intervention limits are also defined for the different decisions, by operation amount and global customer exposure, type of operation/collateral and assigned risk class. In this context, higher hierarchical positions must approve operations with higher exposures. The levels and limits are approved by the Board of Directors, and the highest decision level corresponds to the Board of Directors. At the intermediate levels the collegial intervention of at least two persons is compulsory, one belonging to the commercial network and the other to the Credit Analysis Directorate, a body independent of the commercial structure. The Risk Directorate is the unit responsible for the development of the credit risk models (scoring and rating), and for the monitoring of Banco Montepio's risk control, on a global basis.

Within the scope of credit risk monitoring, internal reports are prepared with the main risk indicators of the credit portfolios and metrics on the use of the rating/scoring models. In terms of preventive monitoring, an alert system is in place for indicators of credit risk profile deterioration of a certain counterpart (Early Warning Signs).

Banco Montepio uses real and financial collaterals as instruments to mitigate credit risk. The real collaterals correspond mainly to mortgages on residential properties in the scope of housing loans and mortgages on other types of properties in the scope of other types of loans. To reflect the market value of these, they are reviewed regularly based on valuations conducted by certified independent appraiser entities or using revaluation coefficients that reflect the trend in the market for the type of property and the geographical area. Most of the physical collaterals are revalued at least annually. The financial collaterals are revalued based on market values of the respective assets, when available, with certain depreciation coefficients being applied to reflect their volatility.

The expected loss measurement process follows the general principles defined in IFRS 9. The accounting policies considered in this process are presented in note 1 b).

As part of the calculation of the estimated impairment losses, sensitivity analyses were carried out on the macroeconomic variables considered in the forward-looking models and the following results were obtained:

1. Macroeconomic projection degradation scenario of 10%: impact of 5.70% of total impairment of the loan portfolio; and
2. Macroeconomic projection improvement scenario of 10%: impact of -4.84% of total impairment of the loan portfolio.

In addition, sensitivity analyses were also performed directly on the PD and LGD parameters, with the following results being obtained:

1. Parameter degradation scenario of 5%: impact of 7.79% of total impairment of the loan portfolio; and
2. Parameter improvement scenario of 5%: impact of -6.87% of total impairment of the loan portfolio.

Regarding the process of incorporating macroeconomic projections into the parameters for estimating impairment, the established process provides for the projections to be updated at least annually.

Below is a summary of the evolution of the main macroeconomic variables considered in the models:

	2024	2025	2026	2027	2028
Unemployment rate ⁽²⁾					
Base Scenario	6.57%	5.74%	5.35%	5.14%	4.96%
Worst-case Scenario	6.57%	7.44%	7.33%	6.49%	5.59%
Best-case Scenario	6.57%	5.41%	4.98%	4.87%	4.80%
GDP growth rate ⁽²⁾					
Base Scenario	2.80%	1.33%	0.57%	2.11%	1.12%
Worst-case Scenario	2.80%	-3.58%	1.01%	2.72%	1.67%
Best-case Scenario	2.80%	2.48%	1.80%	1.25%	1.39%
3-Month Euribor Interest Rate ⁽¹⁾					
Base Scenario	3.00%	1.70%	1.75%	2.06%	2.36%
Worst-case Scenario	3.00%	1.31%	0.70%	0.71%	0.75%
Best-case Scenario	3.00%	2.45%	2.25%	2.31%	2.36%
Housing Price Index Growth Rate ⁽²⁾					
Base Scenario	11.10%	8.33%	2.16%	1.86%	1.36%
Worst-case Scenario	11.10%	-2.79%	-2.65%	9.68%	5.05%
Best-case Scenario	11.10%	8.48%	3.25%	1.66%	1.52%
Growth Rate of Disposable Income Per Capita ⁽¹⁾					
Base Scenario	10.63%	-2.01%	1.95%	1.19%	0.85%
Worst-case Scenario	10.63%	0.68%	-1.10%	1.69%	1.64%
Best-case Scenario	10.63%	2.99%	2.60%	0.98%	0.82%
Growth Rate of Exports of Goods and Services ⁽²⁾					
Base Scenario	4.09%	3.16%	2.78%	3.50%	4.42%
Worst-case Scenario	4.09%	-5.09%	-0.89%	5.26%	5.95%
Best-case Scenario	4.09%	6.18%	4.06%	4.07%	4.47%
Growth Rate of Family Consumption ⁽²⁾					
Base Scenario	5.02%	0.50%	-0.46%	0.90%	0.26%
Worst-case Scenario	5.02%	-4.01%	-0.55%	1.00%	0.90%
Best-case Scenario	5.02%	0.81%	1.18%	0.69%	0.31%

(1) Source: Eurostat; Projections: Moody's Analytics

(2) Source: National Institute of Statistics; Projections: Moody's Analytics

Banco Montepio's credit risk exposure can be analysed as follows:

		(Euro thousand)	
		Jun 2025	Dec 2024
Customers (on-balance sheet and off-balance sheet)			
Loans and advances to customers		12 421 014	12 018 989
(Impairment)		(179 712)	(203 298)
Guarantees granted		520 110	512 342
Irrevocable credit lines		873 339	760 763
Revocable credit lines		971 116	844 488
(Provisions)		(9 011)	(10 859)
		14 596 856	13 922 425
Securities			
Financial assets held for trading		34 487	22 941
Financial assets at fair value through profit or loss		1 041	1 010
Financial assets at fair value through other comprehensive income		318 898	279 120
(Impairment)		(610)	(594)
Investments in associated companies		3 592 540	3 478 444
(Impairment)		(4 758)	(4 740)
		3 941 598	3 776 181
Loans and deposits at credit institutions payable on demand		42 603	35 084
Other loans and advances to credit institutions		178 100	103 275
Hedging derivatives		10 699	30 257
Other financial assets at amortized cost		135 315	140 020
		18 905 171	18 007 242

The exposure to the credit risk of Loans and advances to customers, presented in the balance sheet and in the off-balance sheet captions, as at 30 June 2025 and 31 December 2024, by sector of activity, can be analysed as follows:

		(Euro thousand)						
		Jun 2025						
Activity	On-balance sheet value			Off-balance sheet value				Total
	Loans and advances to customers			Guarantees provided	Irrevocable credit lines	Revocable credit lines		
	Gross value	Impairment	Net Value		Gross value	Provisions		
Agriculture, forestry and fishing	113 506	4 577	108 929	317	6 046	6 167	60	121 399
Extractive Industries	13 365	852	12 513	1 634	1 405	884	5	16 431
Manufacturing industries	972 694	47 119	925 575	17 465	151 576	66 438	677	1 160 377
Electricity generation and distribution, gas, steam and air conditioning	193 529	1 445	192 084	966	16 246	24 397	6	233 687
Water supply	46 805	908	45 897	3 058	8 244	801	48	57 952
Construction	377 062	12 502	364 560	158 298	119 788	148 326	4 820	786 152
Wholesale and retail trade	754 069	27 884	726 185	50 087	120 490	69 731	397	966 096
Transport and storage	266 965	9 328	257 637	9 720	14 268	17 491	182	298 934
Accommodation and catering activities	521 363	8 922	512 441	10 654	18 186	23 405	87	564 599
Information and Communication	57 188	1 417	55 771	10 466	17 063	8 917	32	92 185
Financial and insurance activities	890 229	2 720	887 509	210 139	161 147	17 751	25	1 276 521
Real estate activities	407 720	9 352	398 368	11 792	100 594	44 727	223	555 258
Consulting, scientific, technical and similar	450 322	5 202	445 120	13 340	68 341	24 527	110	551 218
Administrative and supporting service activities	105 799	1 998	103 801	8 048	17 470	9 130	71	138 378
Public administration and defence, compulsory social security	98 179	192	97 987	47	6 900	30 429	4	135 359
Education	63 262	1 145	62 117	181	5 732	6 695	40	74 685
Healthcare services and social support	332 298	8 012	324 286	2 221	27 466	47 288	93	401 168
Artistic activities, shows and recreational	45 701	1 193	44 508	5 680	6 906	2 636	14	59 716
Other services	58 581	1 585	56 996	3 970	5 471	5 590	36	71 991
Mortgage Loans	6 307 735	23 900	6 283 835	-	-	105 441	-	6 389 276
Consumer Loans	344 642	9 459	335 183	2 027	-	310 345	2 081	645 474
	12 421 014	179 712	12 241 302	520 110	873 339	971 116	9 011	14 596 856

Activity	Loans and advances to customers			Guarantees provided	Irrevocable credit lines	Revocable credit lines		Total
	Gross value	Impairment	Net Value					
Agriculture, forestry and fishing	113 528	4 927	108 601	783	5 962	6 151	50	121 447
Extractive Industries	12 747	960	11 787	2 247	1 872	747	6	16 647
Manufacturing industries	981 248	38 725	942 523	17 865	120 159	67 392	888	1 147 051
Electricity generation and distribution, gas, steam and air conditioning	211 881	1 495	210 386	616	24 797	241	24	236 016
Water supply	46 615	769	45 846	2 628	11 216	1 446	183	60 953
Construction	357 233	12 768	344 465	142 701	134 290	100 474	4 316	717 614
Wholesale and retail trade	746 146	29 941	716 205	48 816	130 650	67 493	751	962 413
Transport and storage	250 712	8 620	242 092	4 776	15 817	17 791	260	280 216
Accommodation and catering activities	551 446	12 755	538 691	19 665	20 008	28 170	210	606 324
Information and Communication	45 915	2 190	43 725	7 031	31 657	4 366	69	86 710
Financial and insurance activities	800 182	5 711	794 471	206 253	38 811	7 852	104	1 047 283
Real estate activities	496 622	28 135	468 487	11 079	93 136	26 528	550	598 680
Consulting, scientific, technical and similar	377 371	5 290	372 081	25 884	70 846	25 166	217	493 760
Administrative and supporting service activities	101 290	2 583	98 707	7 604	17 717	10 937	108	134 857
Public administration and defence, compulsory social security	35 810	285	35 525	85	1 050	7 700	3	44 357
Education	62 102	1 385	60 717	197	7 243	4 740	68	72 829
Healthcare services and social support	337 499	7 039	330 460	2 287	22 092	52 973	92	407 720
Artistic activities, shows and recreational	42 110	1 588	40 522	5 654	7 493	2 194	24	55 839
Other services	61 930	1 481	60 449	4 446	5 947	6 543	42	77 343
Mortgage Loans	6 030 863	24 603	6 006 260	-	-	98 849	-	6 105 109
Consumer Loans	355 739	12 048	343 691	1 725	-	306 735	2 894	649 257
	12 018 989	203 298	11 815 691	512 342	760 763	844 488	10 859	13 922 425

The exposure to the credit risk of Securities, as at 30 June 2025 and 31 December 2024, by sector of activity, can be analysed as follows:

Activity	Jun 2025								(Euro thousand)
	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			Other financial assets at amortized cost			Total
	Gross value	Gross value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Extractive Industries	-	-	-	-	-	22 954	9	22 945	22 945
Manufacturing industries	497	6	-	-	-	98 792	137	98 655	99 158
Electricity generation and distribution, gas, steam and air conditioning	302	-	-	-	-	22 109	19	22 090	22 392
Construction	-	134	-	-	-	31 007	34	30 973	31 107
Wholesale and retail trade	-	192	-	-	-	1 497	1	1 496	1 688
Transport and storage	-	-	-	-	-	1 525	1	1 524	1 524
Accommodation and catering activities	-	-	-	-	-	-	-	-	-
Information and Communication	-	-	-	-	-	4 994	29	4 965	4 965
Financial and insurance activities	18 873	649	2 865	323	2 542	179 033	21	179 012	201 076
Real estate activities	-	53	-	-	-	-	-	-	53
Consulting, scientific, technical and similar	-	-	-	-	-	719	1	718	718
Administrative and supporting service activities	-	-	-	-	-	1 017	1	1 016	1 016
Public administration and defence, compulsory social security	14 815	-	311 814	262	311 552	-	-	-	326 367
Education	-	-	-	-	-	4 996	10	4 986	4 986
Healthcare services and social support	-	-	4 219	25	4 194	3 007	17	2 990	7 184
Other services	-	7	-	-	-	7 156	6	7 150	7 157
Government-issued securities	-	-	-	-	-	3 213 734	4 472	3 209 262	3 209 262
	34 487	1 041	318 898	610	318 288	3 592 540	4 758	3 587 782	3 941 598

(Euro thousand)

(Euro thousand)									
Activity	Dec 2024								
	Financial assets held for trading	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income			Other financial assets at amortized cost			Total
	Gross value	Gross value	Gross value	Impairment	Net value	Gross value	Impairment	Net value	
Extractive Industries	-	-	-	-	-	7 580	2	7 578	7 578
Manufacturing industries	-	7	-	-	-	14 778	6	14 772	14 779
Electricity generation and distribution, gas, steam and air conditioning	-	-	-	-	-	36 923	38	36 885	36 885
Construction	-	159	-	-	-	-	-	-	159
Wholesale and retail trade	-	203	-	-	-	17 081	3	17 078	17 281
Transport and storage	-	-	-	-	-	-	-	-	-
Accommodation and catering activities	-	-	-	-	-	-	-	-	-
Information and Communication	-	-	-	-	-	-	-	-	-
Financial and insurance activities	22 941	-	1 839	251	1 588	105 846	12	105 834	130 363
Real estate activities	-	56	-	-	-	2 735	1	2 734	2 790
Administrative and supporting service activities	-	-	-	-	-	1 000	1	999	999
Public administration and defence, compulsory social security	-	-	272 403	317	272 086	-	-	-	272 086
Healthcare services and social support	-	-	4 320	25	4 295	3 008	18	2 990	7 285
Other services	-	585	558	1	557	-	-	-	1 142
Government-issued securities	-	-	-	-	-	3 289 493	4 659	3 284 834	3 284 834
	22 941	1 010	279 120	594	278 526	3 478 444	4 740	3 473 704	3 776 181

As at 30 June 2025 and 31 December 2024, the amounts included in the captions Deposits and deposit equivalents at other credit institutions repayable on demand, Loans and advances to credit institutions and Hedging derivatives concern the Financial activities and insurance sector.

As regards credit risk, the portfolio of financial assets at amortized cost is dominated by bonds of sovereign issuers, essentially the Portuguese Republic.

In terms of credit quality, an increase in the average level of the counterparties was observed, due to the improved rating of the Portuguese sovereign debt.

The exposure to the credit risk of Loans and advances to customers, presented in the balance sheet and in the off-balance sheet captions, as at 30 June 2025 and 31 December 2024, broken down between the collective and individual analysis, can be analysed as follows:

(Euro thousand)

Stage impacts	Jun 2025			Dec 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Collective analysis	14 508 497	159 574	14 348 923	13 862 343	166 350	13 695 993
Stage 1	12 343 875	33 180	12 310 695	11 678 000	35 353	11 642 647
Stage 2	1 982 717	49 495	1 933 222	2 009 457	65 604	1 943 853
Stage 3	181 905	76 899	105 006	174 886	65 393	109 493
Individual analysis	277 082	29 149	247 933	274 239	47 807	226 432
Stage 1	95 740	836	94 904	94 826	824	94 002
Stage 2	101 190	5 849	95 341	64 563	5 469	59 094
Stage 3	80 152	22 464	57 688	114 850	41 514	73 336
	14 785 579	188 723	14 596 856	14 136 582	214 157	13 922 425

As at 30 June 2025 and 31 December 2024, the detail of the Stages of Other financial assets at amortized cost, of Financial assets at fair value through other comprehensive income and of Loans and advances to credit institutions, is presented as follows:

(Euro thousand)						
Stage impacts	Jun 2025			Dec 2024		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Other financial assets at amortized cost	3 592 540	4 758	3 587 782	3 478 444	4 740	3 473 704
Stage 1	3 592 540	4 758	3 587 782	3 478 444	4 740	3 473 704
Financial assets at fair value through other comprehensive income	318 898	610	318 288	279 120	594	278 526
Stage 1	316 447	286	316 161	277 174	343	276 831
Stage 2	2 451	324	2 127	1 946	251	1 695
Other loans and advances to credit institutions	178 128	28	178 100	103 300	25	103 275
Stage 1	177 605	12	177 593	99 427	7	99 420
Stage 2	523	16	507	3 873	18	3 855
	4 089 566	5 396	4 084 170	3 860 864	5 359	3 855 505

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to the gross amount of Other financial assets at amortized cost, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross value at the beginning of the period	3 478 444	-	3 478 444	4 322 328	-	4 322 328
Exposure of new net derecognition credits, refunds and other variations	114 096	-	114 096	(843 884)	-	(843 884)
Gross value at the end of the period	3 592 540	-	3 592 540	3 478 444	-	3 478 444

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to Impairment losses of Other financial assets at amortized cost, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment losses at the beginnig of the period	4 740	-	4 740	6 157	-	6 157
Exposure of new net derecognition credits, refunds and other variations	18	-	18	(1 417)	-	(1 417)
Impairment losses at the end of the period	4 758	-	4 758	4 740	-	4 740

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to the gross amount of Financial assets at fair value through other comprehensive income, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross value at the beginning of the period	277 174	1 946	279 120	23 287	1 802	25 089
Transfer to stage 2	-	-	-	106	(106)	-
Exposure of new net derecognition credits, refunds and other variations	39 273	505	39 778	253 781	250	254 031
Gross value at the end of the period	316 447	2 451	318 898	277 174	1 946	279 120

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to Impairment losses of Financial assets at fair value through other comprehensive income, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment losses at the beginning of the period	343	251	594	65	239	304
Exposure of new net derecognition credits, refunds and other variations	(57)	73	16	278	12	290
Impairment losses at the end of the period	286	324	610	343	251	594

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to the gross amount of Loans and advances to credit institutions, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Gross value at the beginning of the period	99 428	3 872	103 300	124 652	444	125 096
Transfer to stage 2	-	-	-	(3 285)	3 285	-
Exposure of new net derecognition credits, refunds and other variations	78 178	(3 350)	74 828	(21 939)	143	(21 796)
Gross value at the end of the period	177 606	522	178 128	99 428	3 872	103 300

As at 30 June 2025 and 31 December 2024, the transfer between Stages, related to Impairment losses of Loans and advances to credit institutions, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
Impairment losses at the beginning of the period	7	18	25	16	13	29
Exposure of new net derecognition credits, refunds and other variations	5	(2)	3	(9)	5	(4)
Impairment losses at the end of the period	12	16	28	7	18	25

As at 30 June 2025 and 31 December 2024, the detail of the exposure to the credit risk of Loans and advances to customers subject to collective analysis, structured by segment and by Stage, is as follows:

(Euro thousand)						
Segment	Jun 2025			Dec 2024		
	Book value	Impairment	Net value	Book value	Impairment	Net value
Retail	7 069 011	35 425	7 033 586	6 792 704	39 526	6 753 178
Mortgage loans	6 414 284	23 885	6 390 399	6 130 417	24 584	6 105 833
Stage 1	5 215 308	993	5 214 315	5 119 771	1 350	5 118 421
Stage 2	1 156 233	10 193	1 146 040	957 341	10 247	947 094
Stage 3	42 743	12 699	30 044	53 305	12 987	40 318
Consumer credit	378 284	8 180	370 104	389 951	10 152	379 799
Stage 1	324 116	1 315	322 801	344 043	2 315	341 728
Stage 2	43 414	1 997	41 417	36 821	2 584	34 237
Stage 3	10 754	4 868	5 886	9 087	5 253	3 834
Credit cards	276 443	3 360	273 083	272 336	4 790	267 546
Stage 1	258 766	2 422	256 344	257 661	3 755	253 906
Stage 2	15 806	296	15 510	13 111	352	12 759
Stage 3	1 871	642	1 229	1 564	683	881
Corporate	7 439 486	124 149	7 315 337	7 069 639	126 824	6 942 815
Non Construction	6 664 002	112 731	6 551 271	6 366 380	115 939	6 250 441
Stage 1	5 911 533	27 113	5 884 420	5 395 740	26 389	5 369 351
Stage 2	655 791	31 515	624 276	888 159	46 643	841 516
Stage 3	96 678	54 103	42 575	82 481	42 907	39 574
Construction	775 484	11 418	764 066	703 259	10 885	692 374
Stage 1	634 151	1 336	632 815	560 784	1 544	559 240
Stage 2	111 473	5 494	105 979	114 025	5 779	108 246
Stage 3	29 860	4 588	25 272	28 450	3 562	24 888
	14 508 497	159 574	14 348 923	13 862 343	166 350	13 695 993

As at 30 June 2025 and 31 December 2024, the impairment associated with the exposure to the credit risk of Loans and advances to customers is detailed as follows:

(Euro thousand)						
	Jun 2025					
	Impairment calculated on an individual basis		Impairment calculated on a portfolio basis		Total	
	Loans amount	Impairment	Loans amount	Impairment	Loans amount	Loans net of impairment
Corporate loans	275 904	29 134	7 439 485	124 149	7 715 389	7 562 106
Mortgage loans	1 178	15	6 414 284	23 885	6 415 462	6 391 562
Other loans	-	-	654 728	11 540	654 728	643 188
	277 082	29 149	14 508 497	159 574	14 785 579	14 596 856

(Euro thousand)						
	Dec 2024					
	Impairment calculated on an individual basis		Impairment calculated on a portfolio basis		Total	
	Loans amount	Impairment	Loans amount	Impairment	Loans amount	Loans net of impairment
Corporate loans	273 033	47 788	7 069 638	126 824	7 342 671	7 168 059
Mortgage loans	1 206	19	6 130 417	24 584	6 131 623	6 107 020
Other loans	-	-	662 288	14 942	662 288	647 346
	274 239	47 807	13 862 343	166 350	14 136 582	13 922 425

As at 30 June 2025, the transfer between Stages, of the exposure to the credit risk of Loan and advances to customers, is presented as follows:

	(Euro thousand)			
	Jun 2025			
	Stage 1	Stage 2	Stage 3	Total
Gross value at the beginning of the period	11 772 826	2 074 020	289 736	14 136 582
Transfer to stage 1	398 270	(396 083)	(2 187)	-
Transfer to stage 2	(601 668)	616 842	(15 174)	-
Transfer to stage 3	(9 560)	(48 309)	57 869	-
Write-Offs	-	-	21 763	21 763
Exposure of new net derecognition credits, refunds and other variations	879 747	(162 563)	(89 950)	627 234
Gross value at the end of the period	<u>12 439 615</u>	<u>2 083 907</u>	<u>262 057</u>	<u>14 785 579</u>

As at 31 December 2024, the transfer between Stages, of the exposure to the credit risk of Loan and advances to customers, is presented as follows:

	(Euro thousand)			
	Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
Gross value at the beginning of the period	10 974 870	2 281 570	416 790	13 673 230
Transfer to stage 1	657 922	(643 600)	(14 322)	-
Transfer to stage 2	(650 386)	672 994	(22 608)	-
Transfer to stage 3	(34 475)	(60 484)	94 959	-
Write-Offs	(261)	(2 499)	(93 388)	(96 148)
Exposure of new net derecognition credits, refunds and other variations	825 156	(173 961)	(91 695)	559 500
Gross value at the end of the period	<u>11 772 826</u>	<u>2 074 020</u>	<u>289 736</u>	<u>14 136 582</u>

As at 30 June 2025, the transfer between Stages, related to Impairment losses associated with the credit risk of Loans and advances to customers, is presented as follows:

	(Euro thousand)			
	Jun 2025			
	Stage 1	Stage 2	Stage 3	Total
Impairment losses at the beginning of the period	36 177	71 073	106 907	214 157
Transfer to stage 1	1 602	(1 595)	(7)	-
Transfer to stage 2	(14 621)	15 168	(547)	-
Transfer to stage 3	(4 185)	(14 695)	18 880	-
Write-Offs	-	-	21 763	21 763
Exposure of new net derecognition credits, refunds and other variations	15 043	(14 607)	(47 633)	(47 197)
Impairment losses at the end of the period	<u>34 016</u>	<u>55 344</u>	<u>99 363</u>	<u>188 723</u>

As at 31 December 2024, the transfer between Stages, related to Impairment losses associated with the credit risk of Loans and advances to customers, is presented as follows:

	(Euro thousand)			
	Dec 2024			
	Stage 1	Stage 2	Stage 3	Total
Impairment losses at the beginning of the period	28 494	80 981	167 800	277 275
Transfer to stage 1	2 312	(2 206)	(106)	-
Transfer to stage 2	(21 351)	22 385	(1 034)	-
Transfer to stage 3	(15 020)	(22 073)	37 093	-
Write-Offs	(261)	(2 499)	(93 388)	(96 148)
Exposure of new net derecognition credits, refunds and other variations	42 003	(5 515)	(3 458)	33 030
Impairment losses at the end of the period	<u>36 177</u>	<u>71 073</u>	<u>106 907</u>	<u>214 157</u>

As at 30 June 2025 and 31 December 2024, the fair value analysis of collaterals associated with Banco Montepio's exposure to the credit risk of Loans and advances to customers, is as follows:

	(Euro thousand)	
Fair value of collaterals	Jun 2025	Dec 2024
Individual analysis		
Securities and other financial assets	14 212	18 028
Real estate - Construction and CRE	174 614	185 157
Other real estate	267 939	151 038
Other guarantees	65 988	69 658
Collective analysis - Stage 1		
Securities and other financial assets	869 295	798 541
Real estate - Mortgage loans	12 114 761	11 880 737
Real estate - Construction and CRE	1 544 780	2 052 481
Other real estate	2 362 203	2 179 652
Other guarantees	618 978	576 617
Collective analysis - Stage 2		
Securities and other financial assets	209 157	253 033
Real estate - Mortgage loans	2 428 774	2 057 314
Real estate - Construction and CRE	231 043	327 497
Other real estate	341 199	537 309
Other guarantees	47 461	59 587
Collective analysis - Stage 3		
Securities and other financial assets	40 962	30 108
Real estate - Mortgage loans	103 494	121 950
Real estate - Construction and CRE	20 797	24 754
Other real estate	43 579	46 907
Other guarantees	4 903	4 596
	21 504 139	21 374 964

Banco Montepio's exposure to the credit risk of Loans and advances to customers, by segment and impairment, as at 30 June 2025 and 31 December 2024, is presented as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
Segment	Total exposure	Total impairment	Net value	Total exposure	Total impairment	Net value
Corporate	6 346 684	125 998	6 220 686	5 980 019	128 292	5 851 727
Construction and CRE	1 368 705	27 285	1 341 420	1 362 652	46 320	1 316 332
Retail mortgage loans	6 415 462	23 900	6 391 562	6 131 623	24 603	6 107 020
Retail other loans	654 728	11 540	643 188	662 288	14 942	647 346
	14 785 579	188 723	14 596 856	14 136 582	214 157	13 922 425

The exposure to the credit risk of Loans and advances to customers, by segment and by production year, as at 30 June 2025, is presented as follows:

(Euro thousand)													
Production year	Corporate			Construction and CRED			Mortgage loans			Other loans			Total
	No. Of operations	Amount	Impairment	No. Of operations	Amount	Impairment	No. Of operations	Amount	Impairment	No. Of operations	Amount	Impairment	
2004 and previous	289	13 208	274	485	19 353	1 181	26 949	613 032	3 287	15 672	12 985	213	653 623
2005	67	8 135	242	115	3 431	31	7 315	300 875	1 673	4 266	3 706	43	314 158
2006	97	11 465	153	98	3 697	134	8 880	376 838	2 048	11 476	9 002	114	398 553
2007	160	6 000	200	121	4 822	172	9 043	384 726	1 955	28 974	30 132	434	422 919
2008	705	16 598	455	336	14 686	757	4 759	202 961	1 410	46 369	59 610	636	290 597
2009	989	26 318	509	292	9 233	882	2 525	118 109	493	36 244	38 163	467	189 472
2010	1 119	33 029	799	185	6 860	573	2 552	138 056	448	26 425	17 227	235	193 117
2011	1 352	56 524	1 317	254	4 332	238	970	49 388	184	20 937	18 751	429	126 827
2012	1 294	34 172	815	493	9 214	2 038	559	28 737	190	14 850	8 599	165	77 514
2013	2 176	90 449	1 961	160	9 514	436	716	36 876	205	13 709	9 896	229	143 904
2014	3 347	158 606	2 666	1 549	38 600	558	861	47 891	286	14 884	14 265	503	255 349
2015	3 026	70 698	1 176	360	10 268	234	1 008	53 876	255	12 186	12 050	533	144 694
2016	3 815	249 648	5 502	728	24 980	1 626	1 439	89 356	406	20 090	15 186	470	371 166
2017	4 468	133 354	4 045	369	62 231	987	1 964	134 290	677	13 706	11 337	268	335 235
2018	4 715	124 202	3 353	619	44 072	622	2 075	147 519	658	22 949	28 382	585	338 957
2019	4 892	195 074	5 161	758	28 840	494	2 549	188 357	469	16 727	26 515	547	432 115
2020	7 367	924 457	8 914	953	71 313	3 662	2 851	238 674	830	13 299	24 238	583	1 244 693
2021	8 828	320 926	13 113	1 346	87 259	1 528	5 160	475 147	1 680	19 394	42 764	1 019	908 756
2022	12 496	918 743	24 587	1 772	213 488	3 475	4 450	442 147	2 122	17 394	47 657	1 165	1 590 686
2023	9 813	702 334	19 984	1 289	125 894	2 225	6 207	595 780	1 358	23 993	73 071	1 122	1 472 390
2024	12 448	1 085 040	18 442	2 066	338 567	4 389	10 809	1 144 691	2 899	26 864	104 262	1 586	2 645 244
2025	8 403	1 167 704	12 330	1 103	238 051	1 043	5 056	608 136	367	10 890	46 930	194	2 046 887
	91 866	6 346 684	125 998	15 451	1 368 705	27 285	108 697	6 415 462	23 900	431 298	654 728	11 540	14 596 856

The exposure to the credit risk of Loans and advances to customers, by segment and by production year, as at 31 December 2024, is presented as follows:

(Euro thousand)													
Production year	Corporate			Construction and CRE			Mortgage loans			Other loans			Total
	No. Of operations	Amount	Impairment	No. Of operations	Amount	Impairment	No. Of operations	Amount	Impairment	No. Of operations	Amount	Impairment	
2004 and previous	308	14 735	293	503	20 052	1 350	28 081	668 402	3 828	15 971	13 402	291	710 829
2005	68	8 430	292	116	3 467	36	7 650	318 256	2 029	4 345	4 049	96	331 749
2006	101	11 983	91	98	3 572	158	9 245	399 501	2 330	11 713	9 339	172	421 644
2007	183	6 170	253	123	4 727	220	9 373	405 417	2 214	29 883	31 306	631	444 302
2008	771	25 422	1 148	292	7 679	712	4 915	213 551	1 425	47 726	61 440	908	303 899
2009	1 085	28 061	628	311	9 855	760	2 625	125 966	507	37 365	39 575	724	200 838
2010	1 253	37 636	933	194	7 217	824	2 692	146 187	563	27 219	17 880	373	206 227
2011	1 366	58 237	1 260	260	4 431	358	1 009	52 353	174	21 565	19 014	449	131 794
2012	1 670	38 571	758	224	8 629	1 374	592	31 009	201	15 294	8 951	323	84 504
2013	2 296	96 583	2 078	179	9 915	510	746	38 994	178	14 145	10 391	342	152 775
2014	3 365	176 760	6 830	1 551	42 429	699	897	50 398	285	15 465	14 984	695	276 062
2015	3 273	88 108	3 212	336	11 379	326	1 063	57 566	366	12 867	13 423	626	165 946
2016	4 118	295 539	6 409	639	29 522	3 576	1 508	96 565	496	20 905	16 914	645	427 414
2017	4 353	154 578	3 929	387	77 645	11 659	2 067	142 641	608	14 598	12 834	396	371 106
2018	5 097	142 462	3 779	697	47 577	1 068	2 171	156 111	677	23 708	30 592	839	370 379
2019	5 663	221 709	5 441	816	63 609	1 219	2 668	199 855	534	17 375	29 529	774	506 734
2020	8 335	784 114	10 315	1 100	74 694	3 705	2 985	253 788	927	14 194	28 414	882	1 125 181
2021	9 632	395 092	13 026	1 576	94 569	2 748	5 399	504 389	1 909	20 847	50 194	1 522	1 025 039
2022	13 400	1 058 947	25 859	1 787	242 801	4 029	4 637	467 280	2 247	18 342	54 722	1 554	1 790 061
2023	9 020	727 323	19 911	1 413	213 936	4 230	6 418	625 343	1 347	24 757	81 427	1 314	1 621 227
2024	16 013	1 609 559	21 847	2 492	384 947	6 759	11 017	1 178 051	1 758	26 785	113 908	1 386	3 254 715
	91 370	5 980 019	128 292	15 094	1 362 652	46 320	107 758	6 131 623	24 603	435 069	662 288	14 942	13 922 425

The exposure to the credit risk of Loans and advances to customers, by segment, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)										
Assessment	Jun 2025									
	Corporate		Construction and CRED		Retail mortgage loans		Retail other loans		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Individual	208 587	20 925	67 317	8 209	1 178	15	-	-	277 082	29 149
Collective	6 138 097	105 073	1 301 388	19 076	6 414 284	23 885	654 728	11 540	14 508 497	159 574
	6 346 684	125 998	1 368 705	27 285	6 415 462	23 900	654 728	11 540	14 785 579	188 723

(Euro thousand)

	Dec 2024									
	Corporate		Construction and CRED		Retail mortgage loans		Retail other loans		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Assessment										
Individual	180 840	25 859	92 193	21 929	1 206	19	-	-	274 239	47 807
Collective	5 799 179	102 433	1 270 459	24 391	6 130 417	24 584	662 288	14 942	13 862 343	166 350
	5 980 019	128 292	1 362 652	46 320	6 131 623	24 603	662 288	14 942	14 136 582	214 157

The exposure to the credit risk of Loans and advances to customers, by activity sector for Companies, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)

	Jun 2025									
	Construction		Industries		Trade		Real estate activities		Other activities	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Assessment										
Individual	28 362	6 267	21 606	8 041	33 483	2 316	38 955	1 942	153 498	10 568
Collective	775 484	11 418	1 203 905	40 614	960 942	25 388	525 904	7 658	3 973 250	38 471
	803 846	17 685	1 225 511	48 655	994 425	28 304	564 859	9 600	4 126 748	49 039

(Euro thousand)

	Dec 2024									
	Construction		Industries		Trade		Real estate activities		Other activities	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Assessment										
Individual	32 004	6 725	24 064	8 007	38 698	4 662	60 189	15 204	118 078	13 190
Collective	703 258	10 885	1 180 286	32 572	954 461	26 053	567 201	13 506	3 664 432	43 808
	735 262	17 610	1 204 350	40 579	993 159	30 715	627 390	28 710	3 782 510	56 998

The amount of restructured loans and advances by stage and by segment, as at 30 June 2025 and 31 December 2024, is presented as follows:

(Euro thousand)

	Jun 2025									
	Corporate		Construction and CRE		Retail - Mortgage loans		Retail - Others		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Stage 2	41 887	2 808	13 070	888	26 192	298	2 732	158	83 881	4 152
Stage 3	46 946	22 060	27 378	4 720	11 227	3 100	2 999	1 560	88 550	31 440
	88 833	24 868	40 448	5 608	37 419	3 398	5 731	1 718	172 431	35 592

	Dec 2024									
	Corporate		Construction and CRE		Retail - Mortgage loans		Retail - Others		Total	
	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment	Exposure	Impairment
Stage 2	44 093	2 753	6 381	534	25 861	320	3 190	180	79 525	3 787
Stage 3	63 010	21 699	25 152	15 054	16 786	4 170	3 170	2 050	108 118	42 973
	107 103	24 452	31 533	15 588	42 647	4 490	6 360	2 230	187 643	46 760

The gross exposure of performing and non-performing credit, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)

	(Euro thousand)											
	Jun 2025											
	Gross carrying amounts of performing and non-performing						Accumulated impairment and other negative fair value adjustments related to credit risk				Collaterals and financial guarantees received	
	Of which performing but past due >30 days and <= 90 days	Of which performing loans	Of which non-performing			on performing exposure	on non-performing exposure		on non-performing exposure	of which forborne		
			of which in default	of which impairment	of which forborne		of which forborne					
Loans represented by securities ⁽¹⁾	4 707 569	-	-	497	497	497	-	8 158	-	295	-	-
Other balance sheet credit exposures ⁽²⁾	13 389 647	17 754	81 980	212 791	212 791	212 784	86 067	82 400	4 115	94 255	31 410	86 362
Off-balance sheet exposures ⁽³⁾	2 364 565	462	2 222	48 333	48 333	48 333	2 469	4 636	37	4 375	11	113 476

⁽¹⁾ Includes debt instruments of the financial asset available for sale and commercial paper and bonds recognised under loans and advances to customers.

⁽²⁾ Includes loans and advances to customers, cash and deposits at central banks and other loans and advances to credit institutions and foreign exchange operations to be settled.

⁽³⁾ Includes revocable and irrevocable credit facilities, guarantees and documentary credit provided.

(Euro thousand)

Dec 2024											
Gross carrying amounts of performing and non-performing							Accumulated impairment and other negative fair value adjustments related to credit risk			Collaterals and financial guarantees received	
	Of which performing but past due >30 days and <= 90 days	Of which performing loans	Of which non-performing				on performing exposure		on non-performing exposure		on non-performing exposure
			of which in default	of which impairment	of which forborne		of which forborne		of which forborne		of which forborne
Loans represented by securities ⁽¹⁾	4 379 137	-	-	526	526	526	-	8 273	-	301	-
Other balance sheet credit exposures ⁽²⁾	12 849 060	12 186	79 767	238 284	238 284	238 284	107 247	97 486	3 784	102 597	42 957
Off-balance sheet exposures ⁽³⁾	2 117 593	689	101	50 294	50 294	50 294	855	7 450	3	3 409	-

⁽¹⁾ Includes debt instruments of the financial asset available for sale and commercial paper and bonds recognised under loans and advances to customers.
⁽²⁾ Includes loans and advances to customers, cash and deposits at central banks and other loans and advances to credit institutions and foreign exchange operations to be settled.
⁽³⁾ Includes revocable and irrevocable credit facilities, guarantees and documentary credit provided.

The fair value of the collateral underlying the exposure to the credit risk of Loans and advances to customers of the Corporate, Construction and Real Estate activities and Mortgage segments, as at 30 June 2025, is presented as follows:

(Euro thousand)

Fair value	Corporate, Construction and CRE				Mortgage			
	Real estate		Other collateral		Real estate		Other collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	3 016	468 499	9 516	725 004	85 367	13 469 520	435	13 013
>= 0,5 M€ and <1M€	440	309 268	305	200 933	1 508	948 984	1	500
>= 1 M€ and <5M€	523	1 180 665	213	401 768	139	202 402	-	-
>= 5 M€ and <10M€	113	775 615	30	204 543	2	15 438	-	-
>= 10 M€ and <20M€	54	794 385	10	118 169	1	10 684	-	-
>= 20 M€ and <50M€	19	544 970	2	72 975	-	-	-	-
>= 50M€	9	819 656	2	102 541	-	-	-	-
	4 174	4 893 058	10 078	1 825 933	87 017	14 647 028	436	13 513

The fair value of the collateral underlying the exposure to the credit risk of Loans and advances to customers of the Corporate, Construction and Real Estate activities and Mortgage segments, as at 31 December 2024, is presented as follows:

(Euro thousand)

Fair value	Corporate, Construction and CRE				Mortgage			
	Real estate		Other collateral		Real estate		Other collateral	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
< 0,5 M€	3 170	483 670	9 886	745 745	85 100	13 062 433	171	5 555
>= 0,5 M€ and <1M€	452	317 667	310	204 134	1 259	792 458	1	500
>= 1 M€ and <5M€	538	1 203 320	207	381 804	123	178 988	-	-
>= 5 M€ and <10M€	98	656 434	27	189 543	2	15 438	-	-
>= 10 M€ and <20M€	56	804 959	10	118 169	1	10 684	-	-
>= 20 M€ and <50M€	19	546 977	1	29 375	-	-	-	-
>= 50M€	9	1 393 490	2	102 541	-	-	-	-
	4 342	5 406 517	10 443	1 771 311	86 485	14 060 001	172	6 055

The LTV (loan-to-value) ratio of the Corporate, Construction and Real Estate activities and Mortgage segments, as at 30 June 2025 and 31 December 2024, is presented as follows:

Segment/Ratio	(Euro thousand)					
	Jun 2025			Dec 2024		
	No. Of real estate	Total exposure	Impairment	No. Of real estate	Total exposure	Impairment
Corporate						
Without real estate ^(*)	-	5 144 611	96 790	-	4 774 218	94 345
< 60%	1 794	610 832	11 386	1 779	567 236	11 925
>= 60% and < 80%	485	304 157	9 856	541	275 803	10 014
>= 80% and < 100%	436	266 615	6 642	504	341 916	10 257
>= 100%	15	20 468	1 324	18	20 847	1 750
Construction and CRE						
Without real estate ^(*)	-	642 908	14 626	-	596 914	14 431
< 60%	697	497 613	5 167	708	516 050	9 949
>= 60% and < 80%	325	102 772	4 366	391	146 272	6 967
>= 80% and < 100%	410	120 386	2 849	389	95 496	14 372
>= 100%	12	5 025	277	12	7 919	600
Mortgage						
Without real estate ^(*)	-	22 974	319	-	23 337	474
< 60%	62 488	3 211 090	10 442	61 980	3 096 575	10 602
>= 60% and < 80%	19 226	1 991 569	6 941	19 357	1 927 556	7 270
>= 80% and < 100%	5 190	1 173 267	5 639	5 029	1 065 749	5 655
>= 100%	113	16 562	558	119	18 407	602

(*) Includes operations with other associated collaterals, namely financial collaterals.

The fair value and the net value of real estate received in recovery of loans, by asset type, as at 30 June 2025 and 31 December 2024, are presented as follows:

Assets	(Euro thousand)		
	Jun 2025		
	Number of properties	Fair value assets	Book value
Land	627	69 468	66 268
Urban	458	48 056	46 084
Rural	169	21 412	20 184
Buildings under construction	121	11 351	10 046
Commercial	16	1 054	1 038
Housing	88	10 157	8 877
Other	17	140	131
Constructed buildings	503	44 476	37 316
Commercial	216	28 214	25 194
Housing	109	14 385	10 493
Other	178	1 877	1 629
Other	-	-	2 030
	1 251	125 295	115 660

(Euro thousand)			
Dec 2024			
Assets	Number of properties	Fair value assets	Book value
Land	705	82 026	78 487
Urban	533	57 852	55 642
Rural	172	24 174	22 845
Buildings under construction	135	14 406	12 456
Commercial	17	1 119	1 103
Housing	101	13 147	11 222
Other	17	140	131
Constructed buildings	582	54 640	45 609
Commercial	268	36 063	31 433
Housing	126	15 987	11 860
Other	188	2 590	2 316
Other	-	-	1 544
	1 422	151 072	138 096

The carrying amount reported in the table above takes into account, upon initial recognition and as defined in the accounting policy described in note 1 h), the lower value between its fair value net of selling expenses and the carrying amount of the credit existing on the date on which the transfer was made, and is subsequently updated due, in particular, to changes in the appraised value of the property and/or estimated selling expenses. In situations where a potential capital gain is determined, same is not recognized in the financial statements.

The time elapsed since the receipt in recovery of real estate, as at 30 June 2025 and 31 December 2024, is presented as follows:

(Euro thousand)					
Jun 2025					
Elapsed time since recovery/execution	< 1 year	>= 1 year and < 2.5 years	>= 2.5 years and < 5 years	>= 5 years	Total
Land	-	120	2 900	63 248	66 268
Urban	-	61	1 999	44 024	46 084
Rural	-	59	901	19 224	20 184
Buildings under construction	-	-	243	9 803	10 046
Commercial	-	-	-	1 038	1 038
Housing	-	-	243	8 634	8 877
Other	-	-	-	131	131
Constructed buildings	1 139	7 243	5 640	23 294	37 316
Commercial	379	5 252	3 575	15 988	25 194
Housing	263	1 875	1 751	6 604	10 493
Other	497	116	314	702	1 629
Other	-	-	-	2 030	2 030
	1 139	7 363	8 783	98 375	115 660

(Euro thousand)

Elapsed time since recovery/execution	Dec 2024				
	< 1 year	>= 1 year and < 2.5 years	>= 2.5 years and < 5 years	>= 5 years	Total
Land	-	754	2 433	75 300	78 487
Urban	-	76	2 137	53 429	55 642
Rural	-	678	296	21 871	22 845
Buildings under construction	-	-	585	11 871	12 456
Commercial	-	-	-	1 103	1 103
Housing	-	-	585	10 637	11 222
Other	-	-	-	131	131
Constructed buildings	3 475	6 780	8 337	27 017	45 609
Commercial	2 542	5 127	5 869	17 895	31 433
Housing	418	1 546	2 143	7 753	11 860
Other	515	107	325	1 369	2 316
Other	-	-	-	1 544	1 544
	3 475	7 534	11 355	115 732	138 096

Concentration risk

The concentration risk results from the existence of common or correlated risk factors between different entities or portfolios. The deterioration of any of these factors may have a simultaneous negative impact on the credit quality of each of the counterparties or on the results of each class of assets and liabilities. In a concentration scenario, the loss effects on a small number of exposures may be disproportionate, confirming the importance of managing this risk in the maintenance of adequate solvability levels. In Banco Montepio, concentration risk monitoring focuses mainly on credit concentration, investment portfolio, financing, interest rate and operational risks.

Credit concentration risk is the most important risk for Banco Montepio and, as such, there are several procedures related to its identification, measurement, and management. To control the concentration risk of the exposure to a customer/group of customers that are related, maximum exposure limits were set for the aggregate positions of the credit and investment portfolios.

The concentration risk management is carried out in a centralized manner, with regular monitoring of the concentration indices by the Risk Directorate. In particular, the level of concentration of the largest depositors and, with respect to the credit portfolio, the level of individual concentration and the degree of diversification of the quality of the Corporate portfolio are regularly monitored by the Risk Directorate. Maximum exposure limits are established per customer/group of customers related to each other, activity sectors, as well as limits for the concentration of the largest depositors.

Market risk

The concept of market risk reflects the potential loss that can be registered by a given portfolio as a result of changes in rates (interest and exchange rates) and/or prices of the different financial instruments that compose it, considering both the existing correlations between them and the respective volatilities.

Banco Montepio regularly calculates its “VaR” both for its own trading portfolio as well as for that of the financial assets at fair value through other comprehensive income (these portfolios represent a low materiality in the Bank’s total assets), with same being determined based on a 10-day horizon and a 99% confidence level, using the historical simulation method. The types of risk considered in this methodology are the interest rate, exchange rate, price, spread and commodities’ risks.

Banco Montepio's investment portfolio is mainly concentrated in debt instruments and as at 30 June 2025 this represented 96.0% (31 December 2024: 95.6%) of the total portfolio (excluding notes held of own

securitizations not derecognized), with the dominant position being held by bonds of sovereign issuers of the Eurozone.

Regarding credit derivatives, Banco Montepio held no position in these instruments as at 30 June 2025 and 31 December 2024.

In terms of credit quality of the debt securities (bonds and commercial paper), circa 97.3% of the portfolio is Investment Grade (31 December 2024: 99.3%). Of note are the Portuguese, Spanish and Italian sovereign bonds with rating A-, BBB+ and BBB-, respectively, and that represent 77.6% (31 December 2024: 85.2%) of the debt portfolio. The main changes in the portfolio composition, by issuer, refer to the decrease in exposure to Spanish sovereign debt and to the increase in exposure to supranational debt of the Eurozone and to covered bonds, which implied the increase in the position of AAA ratings. It should be noted that due to their nature of secured bonds, covered bonds are mainly included in the AAA rating class. The increase in debt without a risk rating (NR) is essentially due to the taking of positions in commercial paper.

The distribution of the bond portfolio, recognized in the captions Financial assets held for trading, Financial assets at fair value through other comprehensive income (excluding notes of own securitizations held) and Other financial assets at amortized cost, is presented as follows:

(Euro thousand)						
Rating	Jun 2025		Dec 2024		Change	
	Amount	%	Amount	%	Amount	%
AAA	355 484	9.0	187 070	5.0	168 414	90.0
AA+	98 822	2.5	95 188	2.5	3 634	3.8
AA	9 939	0.3	4 928	0.1	5 011	101.7
AA-	188 615	4.8	160 102	4.3	28 513	17.8
A+	12 565	0.3	10 340	0.3	2 225	21.5
A	16 734	0.4	2 506	0.1	14 228	567.8
A-	1 045 898	26.6	1 046 824	27.8	(926)	(0.1)
BBB+	940 059	23.9	1 079 605	28.7	(139 546)	(12.9)
BBB	38 383	1.0	42 810	1.1	(4 427)	(10.3)
BBB-	1 127 134	28.7	1 107 828	29.4	19 306	1.7
BB+	-	-	13 740	0.4	(13 740)	(100.0)
NR	100 293	2.5	11 864	0.3	88 429	745.4
Total	3 933 926	100.0	3 762 805	100.0	171 121	4.5

The position in bonds (excluding notes held of own securitizations not derecognized) recognized in the portfolio of Financial assets at fair value through other comprehensive income stood at Euro 318,288 thousand (31 December 2024: Euro 278,526 thousand), the position in Other financial assets at amortized cost stood at Euro 3,587,782 thousand (31 December 2024: Euro 3,473,704 thousand) and the position in Financial assets held for trading stood at Euro 27,856 thousand (31 December 2024: Euro 10,575 thousand).

Regarding the trading portfolio, as at 30 June 2025 and 31 December 2024, the main VaR indicators are as follows:

(Euro thousand)					
	Jun 2025	Average	Minimum	Maximum	Dec 2024
Market VaR	286	462	187	894	462
Interest rate risk	134	236	114	109	265
Exchange risk	26	107	44	638	18
Price risk	153	225	141	338	173
Spread risk	43	66	106	23	10
Diversification effect	(70)	(172)	(218)	(214)	(4)

The value of the VaR of the trading portfolio increased from 31 December 2024 to 30 June 2025, having remained at moderate or reduced levels during the first half of 2025 and in line with that observed in the previous year.

Bank portfolio's interest rate risk

The assessment of interest rate risk originated by banking portfolio operations is performed by a sensitivity analysis to the risk, on a consolidated basis for the entities integrating Banco Montepio (including the subsidiary recognized in discontinued operations).

Interest rate risk is measured according to the impact on net interest income, economic value and own funds caused by changes in market interest rates. The main risk factors arise from lags in maturities for the resetting of rates and/or residual maturities between assets and liabilities (repricing risk), non-parallel variations in yield curve risk, the lack of a perfect correlation between different indices with the same repricing period (basis risk) and the options associated with instruments that enable different decisions being taken by the players/participants depending on the level of rates contracted and those practiced at the moment (option risk).

Based on the financial characteristics of each contract, a projection of the expected cash flows is made, according to the rate reset dates and eventual behavioural assumptions.

The aggregation, for each currency analysed, of the expected cash flows in each of the time intervals allows one to determine the interest rate gaps by repricing period.

The following tables present the interest rate gaps, on a consolidated basis, as at 30 June 2025 and 31 December 2024:

	(Euro thousand)					
	Below 3 months	3 to 6 months	6 to 12 months	1 to 5 years	Above 5 years	Total
30 June 2025						
Assets						
Debt securities	205 763	499 640	216 152	1 651 273	1 375 396	3 948 224
Loans and advances	5 288 543	3 054 178	1 604 664	2 093 449	414 653	12 455 487
Others	2 147 437	150 795	352	18 877	-	2 317 461
Off-balance sheet	102 057	29 102	22 097	-	-	153 256
Total	7 743 800	3 733 715	1 843 265	3 763 599	1 790 049	18 874 428
Liabilities						
Debt securities issued	(160 317)	-	36 122	929 359	1 261	806 425
Term deposits	4 872 984	2 223 251	1 668 021	441 137	-	9 205 393
Others	2 984 951	668 338	218 337	667 213	2 937 012	7 475 851
Total	7 697 618	2 891 589	1 922 480	2 037 709	2 938 273	17 487 669
GAP (Assets - Liabilities)	46 182	842 126	(79 215)	1 725 890	(1 148 224)	1 386 759
31 December 2024						
Assets						
Debt securities	74 910	189 728	512 002	1 405 211	1 624 964	3 806 815
Loans and advances	5 548 134	2 506 738	1 330 131	2 303 787	396 252	12 085 042
Others	1 202 802	(1)	(2)	(65)	(712)	1 202 022
Off-balance sheet	102 465	28 581	22 285	-	-	153 331
Total	6 928 311	2 725 046	1 864 416	3 708 933	2 020 504	17 247 210
Liabilities						
Debt securities issued	138 240	14 488	220 365	615 393	5 596	994 082
Term deposits	4 765 714	2 079 519	1 625 587	494 529	-	8 965 349
Others	2 717 882	640 910	49 845	568 503	2 628 023	6 605 163
Total	7 621 836	2 734 917	1 895 797	1 678 425	2 633 619	16 564 594
GAP (Assets - Liabilities)	(693 525)	(9 871)	(31 381)	2 030 508	(613 115)	682 616

The following table presents the interest rate gaps, in the first half of 2025 and financial year 2024:

	Jun 2025				Dec 2024			
	June	Annual average	Maximum	Minimum	December	Annual average	Maximum	Minimum
Interest rate GAP	1 386 759	1 034 687	1 386 759	682 616	682 616	3 313 240	7 225 926	682 616

Sensitivity to the balance sheet interest rate risk is calculated by the difference between the present value of the interest rate mismatch discounted at market interest rates and the discounted value of the same cash flows, simulating parallel shifts of the market interest rate curve.

As at 30 June 2025, based on the interest rate gaps observed, an instantaneous and parallel positive variation in the interest rates by 100 bp would cause a decrease in the economic value expected from the banking portfolio of circa Euro 10,999 thousand (31 December 2024: decrease of Euro 36,845 thousand).

The following table presents the average interest rates, in relation to Banco Montepio's major asset and liability categories, in the first half of 2025 and financial year 2024, as well as the respective average balances and interest for the financial year:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Average balance	Average interest rate (%)	Interest	Average balance	Average interest rate (%)	Interest
Interest assets generators						
Deposits at central banks and other credit institutions	1 456 944	2.17	15 888	1 327 061	3.30	44 581
Loans and advances to credit institutions	153 966	3.43	2 658	115 532	3.51	4 118
Loans and advances to customers	12 201 092	4.10	251 731	11 752 435	5.09	608 741
Securities portfolio	3 926 308	1.07	21 084	3 992 288	1.07	43 293
Other assets at fair value	407	3.42	7	459	3.43	16
Other (Includes derivatives)	-	-	3 059	-	-	103
	17 738 717	3.30	294 427	17 187 775	4.01	700 852
Interest liabilities generators						
Deposits from ECB	-	-	-	202 309	3.80	7 806
Deposits from other credit institutions	709 109	1.38	4 929	1 005 481	2.32	23 715
Deposits from customers	15 532 678	1.27	99 027	14 278 245	1.53	222 807
Senior debt	521 560	7.21	18 918	930 961	4.77	45 188
Subordinated debt	274 389	7.77	10 713	261 949	8.32	22 164
Other (includes derivatives)	-	-	3 586	-	-	9 679
	17 037 736	1.60	137 173	16 678 945	1.95	331 359
Net interest income		1.76	157 254		2.11	369 493

Foreign exchange risk

Regarding the foreign exchange risk of the banking portfolio, the general procedure is to apply funds raised in the various currencies, through assets in the respective money market and for terms not exceeding those of the funding. Thus, existing exchange rate gaps are essentially due to mismatches between the periods of the applications and of the funding.

The breakdown of assets and liabilities, by currency, as at 30 June 2025 and 31 December 2024, is analysed as follows:

(Euro thousand)							
Jun 2025							
	Euro	US Dollar	Sterling Pound	Canadian dollar	Swiss Franc	Other foreign currencies	Total
Assets by currency							
Cash and deposits at central banks	1 676 668	11 002	1 281	758	1 271	184	1 691 164
Loans and advances to credit institutions payable on demand	28 504	11 618	457	107	1 195	722	42 603
Loans and advances to credit institutions	96 284	81 799	-	-	17	-	178 100
Loans and advances to customers	12 227 628	13 674	-	-	-	-	12 241 302
Financial assets held for trading	36 268	1 554	96	-	43	-	37 961
Other financial assets at fair value through profit or loss	137 705	-	-	-	-	-	137 705
Other financial assets at fair value through other comprehensive income	344 146	-	-	-	-	-	344 146
Hedging derivatives	10 699	-	-	-	-	-	10 699
Other financial assets at amortized cost	3 504 816	82 966	-	-	-	-	3 587 782
Investments in associated companies	283 258	-	-	-	-	-	283 258
Other tangible assets	184 093	-	-	-	-	-	184 093
Intangible assets	66 268	-	-	-	-	-	66 268
Current tax assets	524	-	-	-	-	-	524
Deferred tax assets	311 448	-	-	-	-	-	311 448
Other assets	337 125	610	-	244	59	897	338 935
Total assets	19 245 434	203 223	1 834	1 109	2 585	1 803	19 455 988
Liabilities by currency							
Deposits from other credit institutions	620 150	5 101	103	260	272	209	626 095
Deposits from customers	15 624 206	151 635	21 741	31 285	2 930	3 091	15 834 888
Debt securities issued	618 076	-	-	-	-	-	618 076
Financial liabilities related to transferred assets	24 167	-	-	-	-	-	24 167
Financial liabilities held for trading	6 951	-	-	-	-	-	6 951
Hedging derivatives	30 472	-	-	-	-	-	30 472
Provisions	27 090	1	-	-	-	-	27 091
Current tax liabilities	952	-	-	-	-	-	952
Other subordinated debt	261 779	-	-	-	-	-	261 779
Other liabilities	263 681	113	1 358	2 251	2 009	1 348	270 760
Total liabilities	17 477 524	156 850	23 202	33 796	5 211	4 648	17 701 231
Exchange forward transactions		(60 205)	21 349	32 632	2 536	3 187	
Exchange gap		(13 832)	(19)	(55)	(90)	342	
Stress Test		2 766	4	11	18	(68)	

(Euro thousand)							
Dec 2024							
	Euro	US Dollar	Sterling Pound	Canadian dollar	Swiss Franc	Other foreign currencies	Total
Assets by currency							
Cash and deposits at central banks	1 460 091	10 494	1 347	666	1 779	159	1 474 536
Loans and advances to credit institutions payable on demand	20 742	11 882	224	103	1 093	1 040	35 084
Loans and advances to credit institutions	65 627	37 624	7	-	17	-	103 275
Loans and advances to customers	11 804 394	11 297	-	-	-	-	11 815 691
Financial assets held for trading	25 497	874	-	-	80	-	26 451
Other financial assets at fair value through profit or loss	146 143	-	-	-	-	-	146 143
Other financial assets at fair value through other comprehensive income	304 474	-	-	-	-	-	304 474
Hedging derivatives	30 257	-	-	-	-	-	30 257
Other financial assets at amortized cost	3 396 877	76 827	-	-	-	-	3 473 704
Investments in associated companies	277 587	-	-	-	-	-	277 587
Other tangible assets	184 214	-	-	-	-	-	184 214
Intangible assets	64 463	-	-	-	-	-	64 463
Current tax assets	911	-	-	-	-	-	911
Deferred tax assets	328 654	-	-	-	-	-	328 654
Other assets	328 578	5	-	-	3	-	328 586
Total assets	18 438 509	149 003	1 578	769	2 972	1 199	18 594 030
Liabilities by currency							
Deposits from other credit institutions	644 135	1 166	39	116	418	181	646 055
Deposits from customers	14 982 786	154 999	20 788	31 042	3 072	2 837	15 195 524
Debt securities issued	467 647	-	-	-	-	-	467 647
Financial liabilities related to transferred assets	33 334	-	-	-	-	-	33 334
Financial liabilities held for trading	11 202	-	-	-	-	-	11 202
Hedging derivatives	27 037	-	-	-	-	-	27 037
Provisions	29 317	-	-	-	-	-	29 317
Current tax liabilities	599	-	-	-	-	-	599
Other subordinated debt	271 824	-	-	-	-	-	271 824
Other liabilities	228 063	1 016	-	2 465	471	100	232 115
Total liabilities	16 695 944	157 181	20 827	33 623	3 961	3 118	16 914 654
Exchange forward transactions		(2 888)	19 296	32 580	1 062	2 160	
Exchange gap		(11 066)	47	(274)	73	241	
Stress Test		2 213	(9)	55	(15)	(48)	

The result of the stress test performed corresponds to the estimated impact (before tax) on equity, including non-controlling interests, due to a devaluation of 20.0% in the exchange rate of each currency against the Euro.

Liquidity risk

Liquidity risk reflects Banco Montepio's inability to meet its obligations at due date, without incurring in significant losses arising from a deterioration in financing conditions (financing risk) and/or the sale of its assets at values lower than market values (market liquidity risk).

The assessment of the liquidity risk is made using regulatory indicators defined, as well as other internal metrics for which internal limits are defined. This control is reinforced with the monthly execution of stress tests, to characterize the risk profile of Banco Montepio and ensure that the Group fulfils its obligations in a liquidity crisis scenario. The calculation of the LCR and NSFR prudential ratios is performed monthly.

As at 30 June 2025, the LCR value was 189.1% (31 December 2024: 199.5%).

As regards the net stable funding ratio, designated NSFR, same stood at 138.5% (31 December 2024: 137.0%).

As at 30 June 2025, Banco Montepio's financing structure was as follows:

(Euro thousand)						
Liabilities	Total	Undetermined	Below 3 months	3 - 6 months	6 - 12 months	> 12 months
Deposits from other credit institutions	626 095	-	326 088	-	-	300 007
Deposits from costumers	15 834 888	-	10 917 810	2 165 025	1 650 827	1 101 226
Debt securities issued	618 076	-	-	-	2 216	615 860
Financial liabilities related to transferred assets	24 167	-	-	-	-	24 167
Financial liabilities held for sale	6 951	-	10	2	685	6 254
Other subordinated debt	261 779	-	138	-	1 048	260 593
Other liabilities	270 760	270 760	-	-	-	-
	17 642 716	270 760	11 244 046	2 165 027	1 654 776	2 308 107

As at 31 December 2024, Banco Montepio's financing structure was as follows:

(Euro thousand)						
Liabilities	Total	Undetermined	Below 3 months	3 - 6 months	6 - 12 months	> 12 months
Deposits from other credit institutions	646 055	-	346 048	-	-	300 007
Deposits from costumers	15 195 524	-	10 479 132	2 016 446	1 576 244	1 123 702
Debt securities issued	467 647	-	-	-	11 719	455 928
Financial liabilities related to transferred assets	33 334	-	-	-	-	33 334
Financial liabilities held for sale	11 202	-	861	547	1 466	8 328
Other subordinated debt	271 824	-	168	11 760	-	259 896
Other liabilities	232 115	232 115	-	-	-	-
	16 857 701	232 115	10 826 209	2 028 753	1 589 429	2 181 195

In the context of the European Banking Authority's guidance on the disclosure of encumbered and unencumbered assets, taking into account the recommendation made by the European Systemic Risk Board, and in accordance with Commission Implementing Regulation (EU) 2021/637 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for the disclosure of encumbered and unencumbered assets, we present the following information, with reference to 30 June 2025 and 31 December 2024, relating to assets and their collateral:

(Euro thousand)				
Jun 2025				
Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets
Assets from the reporting institution	637 043	-	18 818 945	-
Equity instruments	-	-	165 996	170 812
Debt securities	606 013	573 215	4 120 959	3 043 992
Other assets	-	-	1 350 028	-
(Euro thousand)				
Dec 2024				
Assets	Carrying amount of encumbered assets	Fair value of encumbered assets	Carrying amount of encumbered assets	Fair value of encumbered assets
Assets from the reporting institution	651 226	-	17 942 804	-
Equity instruments	-	-	174 592	179 764
Debt securities	624 176	338 307	3 756 962	3 192 776
Other assets	-	-	1 389 324	-
(Euro thousand)				
			Jun 2025	Dec 2024
Encumbered assets, encumbered collateral received and associated liabilities			Carrying amount of selected financial liabilities	
Associated liabilities, contingent liabilities and securities borrowed			557 083	559 417
Assets, collateral received and own debt securities issued other than covered bonds and encumbered ABS			620 864	635 064

The encumbered assets are mostly related to Banco Montepio's funding operations, namely of the EIB in repos operations, with the issuance of covered bonds and securitization programs. The type of assets used as collateral for securitization programs and for the issuance of covered bonds, whether those placed outside the Group, or those used to reinforce the collateral pool with the ECB, are constituted by customers' loans contracts. Repos transactions in the money market are collateralized, essentially, by sovereign debt bonds.

The amounts presented in the previous tables correspond to the position as at 30 June 2025 and 31 December 2024 and reflect the high level of collateralization of the wholesale funding of Banco Montepio. The buffer of eligible assets for funding from the ECB, after haircuts, uncommitted and available for use in new operations amounts, as at 30 June 2025, to Euro 4,121,406 thousand (31 December 2024: Euro 4,103,487 thousand).

It should be noted that the total value of collaterals available at the European Central Bank (ECB), as at 30 June 2025, amounts to Euro 4,087,565 thousand (31 December 2024: Euro 3,935,192 thousand) with a usage of Euro 31,000 thousand associated with the Bank's intraday credit line (31 December 2024: Euro 22,460 thousand):

	(Euro thousand)	
	Jun 2025	Dec 2024
Total eligible collateral	4 681 940	4 656 132
Total collateral in the pool	4 087 565	3 935 192
Collateral outside the pool	594 375	720 940
Used collateral	560 534	552 645
Collateral used for ECB	31 000	22 460
Collateral committed to other financing operations	529 534	530 185
Collateral available for ECB	4 056 565	3 912 732
Total available collateral	4 121 406	4 103 487

Note: collateral amount considers the applied haircut

As at 30 June 2025 and 31 December 2024, the level 1 and 2 High-quality liquid assets, were as follows:

	(Euro thousand)			
High-Quality Liquid Assets (HQLA)	Jun 2025		Dec 2024	
	Amount	%	Amount	%
Level 1				
Coins and banknotes	148 208	3.2	162 375	3.9
Withdrawable central bank reserves	1 544 143	33.1	1 176 935	28.2
Central government assets	2 743 387	58.9	2 700 606	64.8
Extremely high quality covered bonds	176 092	3.8	82 484	2.0
Level 2				
Corporate debt securities (CQS1)	17 219	0.4	21 276	0.5
Asset-backed securities (residential, CQS1)	371	0.0	417	0.0
Corporate debt securities (GQS2/GQS3)	28 479	0.6	25 963	0.6
	4 657 899	100.0	4 170 056	100.0

As at 30 June 2025, the (undiscounted) contractual outflows of the financial liabilities, including interest flows, presented the following structure:

	(Euro thousand)							
Liabilities	Jun 2025							
	Total	In cash ⁽¹⁾	Up 3 months	3 - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Deposits from other credit institutions	626 730	72 716	253 786	37 529	25	37 546	112 596	112 532
Deposits from customers	15 919 202	6 552 657	4 428 225	2 155 591	1 668 401	611 512	502 816	-
Debt securities issued	704 452	-	13 153	-	26 313	26 313	638 673	-
Financial liabilities associated with transferred assets	27 965	35	3 744	3 498	6 245	9 316	5 084	43
Financial liabilities held for trading	6 951	6 951	-	-	-	-	-	-
Other subordinated debt	455 216	-	171	-	21 410	21 576	65 411	346 648
Other liabilities	298 804	-	298 804	-	-	-	-	-
	18 039 320	6 632 359	4 997 883	2 196 618	1 722 394	706 263	1 324 580	459 223

⁽¹⁾ Includes trading liabilities, including derivatives, considered at fair value

As at 31 December 2024, the (undiscounted) contractual outflows of the financial liabilities, including interest flows, presented the following structure:

(Euro thousand)								
Liabilities	Total	Dec 2024						
		In cash ⁽¹⁾	Up 3 months	3 - 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
Deposits from other credit institutions	647 071	93 438	253 375	29	37 529	37 550	112 607	112 543
Deposits from customers	15 297 903	6 058 346	4 434 143	2 027 556	1 632 740	721 910	423 208	-
Debt securities issued	541 892	-	-	14 063	20 000	231 248	276 581	-
Financial liabilities associated with transferred assets	39 672	40	4 636	4 436	7 985	12 364	10 136	75
Financial liabilities held for trading	11 202	11 202	-	-	-	-	-	-
Other subordinated debt	472 718	-	206	21 250	171	21 580	65 063	364 448
Other liabilities	262 032	-	262 032	-	-	-	-	-
	17 272 490	6 163 026	4 954 392	2 067 334	1 698 425	1 024 652	887 595	477 066

⁽¹⁾ Includes trading liabilities, including derivatives, considered at fair value

Furthermore, as at 30 June 2025, Banco Montepio has irrevocable commitments related to credit lines amounting to Euro 873,339 thousand (31 December 2024: Euro 760,763 thousand), as described in note 42, which represent potential liquidity outflows.

Real estate risk

Real estate risk results from possible negative impacts on Banco Montepio's results or equity due to fluctuations in the market price of real estate.

The real estate risk results from the exposure in real estate assets, whether from the foreclosure of properties or judicial auction in the scope of credit recovery processes or from investment units in real estate funds held in the securities' portfolio. These exposures are monitored through scenario analyses that attempt to estimate the potential impacts of changes in the real estate markets in the portfolios of these real estate assets and make available the information elements necessary for the definition of the real estate risk management policy.

As at 30 June 2025 and 31 December 2024, excluding the real estate included in the Gerês operation, the exposure to real estate and investment units in real estate funds presented the following values:

	(Euro thousand)	
	Jun 2025	Dec 2024
Real estate received in recovery of credit	113 631	136 553
Investment units in real estate funds	81 772	86 901
	195 403	223 454
Stress test	(19 540)	(22 345)

Stress test results correspond to the estimated impact on equity (before taxes) of a negative 10% variation in the values of real estate and investment units in real estate funds.

Also with regard to real estate risk, Banco Montepio has defined in its own internal regulations a plan to reduce the prudential value of properties received in recovery of credit. This prudential deduction, with no impact on the financial statements, is carried out through the application of a gradual haircut plan applicable to the properties considering their ageing in the balance sheet. Regarding the portfolios of properties received in recovery of credit and investment properties, the Bank considered, as at 30 June 2025, a specific prudential deduction of Euro 63,382 thousand.

Notwithstanding that described in the accounting policy disclosed in note 1 h) in relation to properties, the net realizable value of the inventories is determined based on a valuation made by an independent appraiser. Real estate appraisals are based on assumptions on which the influence of the economic and financial situation and the market's ability to transact the available offer, at each moment, are decisive. In this way, the realization of the appraisal value determined by the independent appraisers is dependent on the verification of the assumptions used in the respective appraisals, meaning that the evolution of the macroeconomic

conditions and the real estate market may translate into changes in these same assumptions, and, consequently, have an impact on the recoverability of the appraised value of the properties. The real estate appraisal reports, considered for the valuation of said inventories, consider the global pandemic situation experienced at the moment, with no additional uncertainty factors having been identified in same.

Operational risk and Going concern

Operational risk corresponds to the potential loss resulting from failures or inadequacies in internal processes, people or systems, or potential losses resulting from external events. Banco Montepio adopted the standard method to quantify its own capital requirements for operational risk, supported on the existence of an operational risk management system based on the identification, assessment, monitoring, control and measurement of this type of risk.

The operational risk management model implemented complies with the 3-lines-of-defence principle.

The Risk Directorate exercises the corporate function of operational risk management of Banco Montepio which is supported by the existence of participants in different organic units that ensure the proper implementation of the operational risk management.

Regarding operational risk monitoring as at 30 June 2025, the collection and analysis of operational risk loss events were continued.

One of the essential aspects in the management of this specific type of risk is the prior identification of the relevant operational risks whenever a product, process or system is implemented or revised, as well as the monitoring of action plans aimed at avoiding or mitigating the effects of materialization of risks with greater frequency/severity of loss events or with greater residual value, within the scope of the self-assessment process.

Monitoring

Within the scope of Banco Montepio's Operational Risk Management System, the key risk indicators (KRIs) aim to monitor the exposure factors associated with the main risks, allowing to measure and monitor the risk appetite and anticipate the occurrence of losses through preventive actions.

In this sense, the defined limits were regularly monitored, and action plans were promoted in cases where they were exceeded.

These indicators are part of the Operational Risk Reports presented to the Risk Committee and the Executive Committee.

Operational Risk Self-Assessment

The operational risk management cycle implemented at Banco Montepio is based on the preparation of a table of activities and respective operational risks and controls, allowing the identification of the potential exposure of each body/organic unit to operational risk, determining its risk profile and prioritizing eventual risk mitigation actions. Operational risks are mapped considering seven main categories: internal fraud; external fraud; employment and occupational safety practices; customer, product and commercial practices; damage to physical assets; activity disruptions and system failures; and execution, delivery and management of processes. Operational risks and the respective controls are regularly self-assessed, usually in the form of workshops with the representatives of each body/organic unit and with the support of the Risk Directorate.

Based on the results of the self-assessments - carried out in terms of impacts and frequencies for risks and the percentage of effectiveness for controls - a residual risk tolerance matrix is established, which supports the level of risk considered acceptable to the institution and which allows to identify the risks for which additional mitigation measures will have to be considered.

Business Continuity Management

The business continuity management cycle is supported by a set of assessment, design, implementation and monitoring activities, integrated in a continuous improvement cycle that aims to make business processes

more resilient, allowing to ensure the continuity of operations in the case occurrence of events that cause the interruption of activity.

Information and Communication Technologies Risk

Information and communication technologies risk is characterized by the risk of losses in capital and the Bank's net equity due to breach of confidentiality, lack of integrity of systems and data, inadequacy or unavailability of systems and data or inability to change information technologies (IT) within a reasonable period of time and cost when the environment or business requirements change (i.e., agility). This scope also includes the risk of losses resulting from external security risk events or inadequate or deficient internal processes, including cyberattacks or inadequate physical security.

As part of the management of this risk, Banco Montepio's Risk Directorate ensures the identification, measurement, assessment, management, monitoring and communication of information and communication technology risk events and security. Considering the ongoing digital transformation and the Bank's increased technological dependence, as well as the increase in cyberattacks in Portugal and around the world, in 2022 the Bank created a Cybersecurity Office independent of the Information Systems Directorate, in order to centralize and focus teams on implementing a process framework to mitigate security events as well as defining and implementing an action plan whenever they occur. This Office is in direct contact with the Bank's Risk Directorate within the scope of management and security risk monitoring.

Environmental, Social and Governance Risks

The guiding principles followed by Banco Montepio, regarding ESG risk, seek alignment with the expectations referenced in the ECB - Guide on climate-related and environmental risks, published in November 2020.

ESG Risks are based on the assessment of the environmental, social and governance (ESG) components. Environmental risks ("climate and environmental risk via physical risk" and "climate risk via transition risk") are defined in Banco Montepio's Risk Taxonomy and are individually identified and assessed as part of the risk materiality assessment process. Social and governance risks are also defined in Banco Montepio's Risk Taxonomy ("Social Risk" and "Governance Risk").

Within the context of Banco Montepio's global risk management framework, the materiality of ESG risks is assessed and an internal policy guiding their management is defined. This policy includes the definition of the risk management model, based on the three lines of defence principle, as well as mechanisms for monitoring and reporting risk exposure. Furthermore, risk tolerance limits are established, integrated into Banco Montepio's risk appetite framework (RAF).

Considering Banco Montepio's business model, credit risk is identified as the main transmission channel for the impact of ESG risks on traditional risks. This conclusion is based on the reduced exposure to market risk, the robust liquidity position (with high buffers), and the very limited number of losses associated with operational risk events.

In this context, and within the scope of Banco Montepio's risk management framework, three climate scenarios defined by the NGFS are used to support the assessment and identification of material risks. These scenarios allow one to estimate the potential impact on credit losses due to the materialization of climate risks over three time horizons: short-term (up to 3 years), medium-term (up to 8 years), and long-term (up to 30 years).

Banco Montepio uses three NGFS climate scenarios—"current policies," "Net Zero 2050," and "delayed transition" - to assess the materiality of climate risk. The results indicate a greater impact in the short term due to transition risk (especially in the Net Zero scenario), a moderate impact in the medium term, and a greater impact in the long term due to physical risk. Given that there were no material losses associated with climate risks, Banco Montepio classifies this risk as moderate (i.e., material) from a forward-looking perspective within its material risk assessment framework.

Banco Montepio has defined a methodology that aims to link key physical and transition risks to traditional prudential risks, allowing for the quantification of their impacts. This approach establishes materiality

thresholds to assess the relevance of environmental risks, supporting effective management, the definition of strategic priorities and the development of specific scenario analyses.

Additionally, Banco Montepio has integrated climate stress tests into its ICAAP and ILAAP exercises, aiming to demonstrate that economic capital requirements for traditional risks are robust enough to accommodate climate risk scenarios. These tests suggest that Banco Montepio has adequate capital and liquidity levels to respond to potential equity degradation caused by climate-related events.

Pension Fund risk

The Pension Fund risk results from the potential devaluation of the Fund's asset portfolio or the decrease in the respective expected returns, as well as the increase in the Fund's liabilities as a result of the evolution of the different actuarial assumptions. In such scenarios, Banco Montepio will have to make unplanned contributions in order to maintain the benefits defined by the Fund.

Regular analysis and monitoring of Banco Montepio's Pension Fund management is carried out by the Pension Fund Monitoring Committee. In addition, the Risk Directorate ensures the production of monthly reports with the evolution of the market value of the Pension Fund's portfolio and the associated risk indicators.

Besides verifying compliance with the investment policy and the legal and prudential limits, the management entity (Futuro) has strengthened control and monitoring through a variety of risk measures and a set of internal procedures aimed at maintaining the prudent management of the risk. On this basis, a risk management model based on the technical perspective of EIOPA's "QIS Pension Funds" studies is used. The development of tolerance indicators for this model allows for the monitoring of the variations of these indicators, in accordance with the investment policy defined for the Pension Fund.

Market risk monitoring is based on the VaR calculation, with a confidence level of 99.5% for a one-year time horizon. Since VaR does not totally guarantee that risks do not exceed the probability used, stress tests are also carried out, with the purpose of calculating the impact of several extreme scenarios on the value of the portfolio.

The assessment of the liquidity level of the share-based and bond-based components of the Pension Fund is assessed through a liquidity test. With shares, this analysis is done based on the number of days for their liquidation, considering the assets in the portfolio. This test consists of verifying the liquidity of the share-based segment, assessing how many days are necessary for its settlement in the market, considering the costs associated with these transactions and the average historical volume of transactions in the various markets. In addition, in the bond-based segment, the cash receipts (positive cash flows) resulting from bond coupon (interest) payments and amortizations, or possible call option exercises are calculated for one year. All these tests allow for the assessment of the degree of liquidity in the short term and to monitor or act in the event of a possible shortage of liquidity, in a timely manner.

Other risks

Regarding other risks – reputation, compliance, strategy and business risks - these are also monitored by the Board of Directors, with the risks being controlled and corrective measures being taken based on the results obtained compared with the objectives/limits established, of note being, namely, the monitoring and control of deviations from the approved strategic plan and budget.

Within the scope of emerging risks, among which ESG risks stand out, the Bank is implementing its own framework for the management of these risks, ensuring their interconnection with credit, market, liquidity, operational and real estate risks, among others. Within the scope of this framework, the Management and Supervisory bodies will monitor the current and prospective evolution of the institution's risk profile to these risks. It should be noted that, within the scope of the review of the Bank's risk appetite, KRI's have been included to regulate the exposure to ESG risks (namely, climatic risks) since 2022.

Hedging policies and Risk reduction

For the purpose of reducing credit risk, the risk mitigation elements associated with each operation are considered. In particular, real mortgage guarantees, and financial collateral are relevant, as well as the provision of personal credit protection, namely of guarantees.

In terms of the direct reduction of the exposure value, credit operations collateralized by financial collateral are considered, namely, term deposits. In financial collaterals, the market and foreign exchange risks of the assets involved are considered, and, when applicable, the value of the collateral is adjusted.

Regarding real mortgage guarantees, Banco Montepio has defined valuation and revaluation models to be applied to properties that may or already constitute real collateral for credit operations. The asset valuations are carried out by independent expert appraisers, and the management of the valuations and inspections is centralized in a unit that is independent of the commercial area. In accordance with (EU) Regulation no. 575/2013 (CRR), the requirements for the verification and revaluation of the assets' value, depending on the cases, either by statistical and computerized methods or by review or revaluation of the valuation amount by an expert appraiser are assured.

For credit guarantees, the principle of the substitution of the customer's risk by that of the protection provider is applied, provided that the risk of the latter is not inferior to that of the prior.

Banco Montepio does not usually use on-balance sheet and off-balance sheet offsetting processes, nor does it hold credit derivatives on positions in its portfolio.

Trading portfolio market risk mitigation techniques essentially consist of hedging exposures with financial products with a symmetric risk to decrease the total risk of the exposures or the partial or total sale of exposures to reduce exposure or cancel it completely.

Regarding the banking portfolio, interest rate and foreign exchange risk mitigation techniques correspond to the negotiation of hedging operations with derivatives and the closure of exposures through the sale of open exposures.

Own funds and Capital ratios

The capital monitoring and management process at Banco Montepio has as its objective to ensure the accuracy of the determination and assessment of the level of regulatory and economic capital, taking into account the risk profile determined by the Board of Directors and the Bank of Portugal add-ons of in the scope of the SREP, as well as assess the potential effects, on the Group's financial conditions, resulting from changes in risk factors due to exceptional but plausible events (stress tests).

The process of monitoring the evolution of regulatory capital adequacy and economic capital adequacy is carried out quarterly. The global monitoring of the risk profile and the respective capital adequacy are an integral part of the regular reports to the Executive Commission, Risk Committee, Audit Committee and Board of Directors, as well as the Bank's Risk Appetite framework. This process has a governance structure and procedures to monitor the evolution of capital (within the objective and risk tolerance limits defined by the Board of Directors), including the definition of roles and responsibilities for escalating and resolving breaches of the defined limits. The responsibility for identifying breaches of the risk limits defined at the Bank level, as well as of the entities that assume the risk management function, lies with the Risk Directorate. Whenever a situation of non-compliance with the aforementioned limits is identified, the Risk Directorate carries out an analysis of this situation including the following elements:

- Identification of the limit breached;
- Identification of the risk factors that justify said breach;
- Information on the perspective future evolution of these risk factors;
- Proposal of risk reduction, assumption, mitigation or transfer measures, as applicable; and
- Proposal of reallocation of risk limits, if applicable.

The responsibility for defining action plans to remedy the breaches of the limits verified lies with the Risk Directorate, together with the first-line organic units.

The own funds of Banco Montepio are determined in accordance with the applicable regulatory standards, namely Directive 2013/36/EU (CRD IV) and Regulation (EU) no. 575/2013 (CRR), adopted by the European Parliament and by the Council and Notice no. 10/2017 of the Bank of Portugal. Own funds include level 1 own funds (tier 1) and level 2 own funds (tier 2). Tier 1 includes level 1 core own funds (common equity tier 1 – CET1) and the additional level 1 own funds with the following composition:

- Level 1 Core Own Funds or Common Equity Tier 1 (CET1): this category includes the realized share capital (with the deduction of treasury shares held), eligible reserves (including fair value reserves), retained earnings, positive and certified retained earnings for the period or, if negative, the full amount. As regards the fair value reserves, within the scope of Regulation (EU) no. 2020/873, Banco Montepio adhered to the possibility of applying the prudential filters to the fair value reserves associated with sovereign debt. The value of reserves and retained earnings, if existing, is adjusted for the reversal of the results in financial liabilities at fair value through profit or loss in the part corresponding to the risk of the institution's own credit. The book value of the amounts related to goodwill, if existing, other intangible assets (not associated with software), as well as the gap, if positive, between the assets and liabilities of the Pension Fund, is deducted. The amount of the prudent valuation calculated in accordance with articles 34 and 105 of the CRR is also deducted, as are the deferred tax assets related to tax losses. Deductions are also made of equity tranches according to article 36 paragraph k) of the CRR, resulting from synthetic and traditional securitizations made during 2021 and 2023. Regarding financial shareholdings in financial sector entities and deferred tax assets arising from timing differences that depend on future profitability, the values in these captions are deducted when, individually, they exceed 10.0% of CET1, or, subsequently, 15.0% of CET1 when considered in aggregate (only on the part not deducted in the first barrier of 10.0% and considering only significant shareholdings). The values not deducted will be subject to the weighting of 250.0% to the total risk-weighted assets. Regarding shareholdings in financial institutions, the deduction is proportionally realized in the corresponding capital levels held. Also in accordance with Regulation (EU) no. 575/2013, the applicable amount of insufficient coverage for non-productive exposures is now deducted if said exposures originated after 26 April 2019. Banco Montepio also deducts the amount of the Irrevocable Payment Commitments (IPC) associated with the Single Resolution Fund ("SRF"). In addition to the regulatory deductions, Banco Montepio defined in its own internal regulations a plan to reduce the prudential value of properties received in recovery of loans. This reduction is carried out through a prudential deduction resulting from the application of a gradual plan of haircuts applied to properties considering their ageing on the balance sheet. Regarding portfolios of property received in recovery of credit and investment properties, the Bank considered, as at 30 June 2025, a specific prudential deduction of Euro 63,382 thousand (with a negative impact of 79 basis points on CET1) resulting from the internal prudential haircut policy. Bearing in mind the plan defined in its own internal regulations, an impact of - Euro 73,031 thousand is estimated until the end of 2025 (*ceteris paribus* in Banco Montepio's portfolio as at 30 June 2025, and considering the coefficients defined in the internal regulation, which has at its base Circular Letter no. CC/2024/00000050). However, Banco Montepio continues to make efforts to reduce its exposure to properties, namely on those with a greater ageing in its portfolio, to reduce the amount of this potential prudential impact;
- Level 1 Own Funds or Tier 1 (T1): includes capital equivalent instruments, which conditions are in accordance with article 52 of Regulation (EU) no. 575/2013 and that have been approved by the Bank of Portugal. Non-controlling interests relating to additional own funds' minimum requirements of the institutions in which Banco Montepio does not hold full ownership, if they exist, are also eligible. The eventual shareholdings of T1 capital of financial institutions subject to deduction are deducted from this capital; and

- Level 2 Own Funds or Tier 2 (T2): includes capital equivalent instruments, which conditions are in accordance with article 63 of Regulation (EU) no. 575/2013 and that have been approved by the Bank of Portugal. Non-controlling interests relating to the own fund's minimum requirements of the institutions in which Banco Montepio does not hold full ownership, if they exist, are also eligible. The eventual shareholdings of T2 capital of financial institutions subject to deduction are deducted from this capital.

Total Own Funds or Total Capital are constituted by the sum of the three levels of own funds previously referred.

On 1 January 2025, the most recent revision of Regulation 575/2013 of the European Parliament, commonly referred to as CRR3, came into force. This revision had its most significant impact on the calculation of credit-risk weighted assets (where Banco Montepio applies the standardized approach), as well as on operational risk. Regarding the calculation of risk-weighted assets, in addition to credit, operating and market risk requirements, reference is made to the weighting of 250.0% of deferred tax assets associated with timing differences that depend on future profitability and financial shareholdings that are within the limit established for non-deduction from CET1. With respect to deferred tax assets associated with timing differences that do not depend on future profitability, these are subject to a 100.0% weighting for capital requirement purposes. The CVA requirement (Credit Valuation Adjustment) is also determined.

Considering the relation between own funds (in their different levels) and the risk-weighted assets, it can be verified whether an entity has own funds for an amount not below the own funds' minimum requirements, thus certifying the adequacy of its capital. This relation is reflected in the different capital ratios, namely CET1 ratio, T1 ratio and total capital ratio (ratio corresponding to the respective capital level as a percentage of the amount corresponding to 12.5 times the own funds' requirements).

For these ratios, regulatory minimums are indicated by CRD IV/CRR of 4.5% for CET1 of 6.0% for Tier 1 and 8.0% for Total Capital. However, on these regulatory minimums are applied reserves of own funds (such as Conservation Reserve, Counter-Cyclical Reserve and Reserves for Other Systemic Institutions). For 30 June 2025, the Bank of Portugal maintained a Counter-Cyclical Reserve of 0% for exposures to Portuguese non-financial companies. However, taking into account the geographic dispersion of its exposures and capital requirements, Banco Montepio, as at 30 June 2025, had a Counter-Cyclical Reserve of 0.023%. Regarding the Conservation Reserve, its value is 2.5%. Pursuant to these provisions, as at 30 June 2025 and 31 December 2024, the Common Equity Tier 1, Tier 1 and Total regulatory ratios were 7.02%, 8.52% and 10.52%, respectively.

The summary of the calculation of Banco Montepio's capital requirements as at 30 June 2025 and 31 December 2024^(*) is presented as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
Capital Common Equity Tier 1		
Realized share capital	1 210 000	1 210 000
Net income/(loss), reserves and retained earnings	520 950	362 989
Other regulatory adjustments	(392 409)	(325 647)
	<u>1 338 541</u>	<u>1 247 342</u>
Capital Tier 2		
Subordinated loans	256 323	206 323
Regulatory adjustments	-	(89)
	<u>256 323</u>	<u>206 234</u>
Total own funds	<u>1 594 864</u>	<u>1 453 576</u>
Own funds requirements		
Credit risk	557 345	519 188
Market risk	1 761	1 681
Operating risk	67 289	49 114
Other requirements	17 212	29 595
	<u>643 607</u>	<u>599 578</u>
Prudential Ratios		
Common Equity Tier 1 Ratio	16.64%	16.64%
Tier 1 Ratio	16.64%	16.64%
Total Capital Ratio	<u>19.82%</u>	<u>19.39%</u>

^(*) 31 december 2024 under phase-in

It should be noted that the ratios, as at 30 June 2025 and 31 December 2024, consider the impact of the adherence to the Special Regime Applicable to Deferred Tax Assets, as described in note 29.

49 Recently issued accounting policies

IFRS Disclosures – New standards as at 30 June 2025, for annual periods beginning on 1 January 2025:

1. Impact of the adoption of new standards and amendments to the standards that became effective for annual periods beginning on 1 January 2025:

IAS 21 (amendment), 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'. This amendment adds requirements for determining whether a currency can be exchanged for another currency (exchangeability) and defining how to determine the spot exchange rate to be used when it is not possible to exchange a currency for a long period of time. This change also requires the disclosure of information that allows understanding how the currency that cannot be exchanged for another currency affects, or is expected to affect, the financial performance, financial position and cash flows of the entity, in addition to the spot exchange rate used on the reporting date and how it was determined. This amendment is applied retrospectively without restating the comparative, and the translation of the financial information must be recorded in retained earnings (if conversion from foreign currency to functional currency) or in foreign exchange reserves (if conversion from functional currency to presentation currency).

2. Standards (new and amended) published, which application is mandatory for annual periods beginning on or after 1 January 2026, already endorsed by the European Union:

- a) **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Amendments to the classification and measurement of financing' (effective for annual periods beginning on or after 1 January 2026). The amendments relate to: i) clarification of the concept of the date of recognition and derecognition of some financial assets and liabilities, introducing a new exception for financial liabilities settled through an electronic payment system; ii) clarification and examples of when a financial asset meets the criterion that contractual cash flows correspond to "principal and interest payments only" ("SPPI"), such as: 1) non-recourse assets; 2) contractually linked instruments and 3) instruments with features linked to compliance with environmental, social and governance ("ESG") goals; iii) new disclosure requirements for instruments with contractual terms that may alter cash flows in terms of period and amount; and iv) new disclosures required for equity instruments designated at fair value through other comprehensive income. These changes apply on the date they become effective without restatement of the comparative.
- b) **IFRS 9** (amendment) and **IFRS 7** (amendment), 'Contracts negotiated with reference to electricity generated from a renewable source' (effective for annual periods beginning on or after 1 January 2026). The amendments aim to improve the reporting of the financial effects of negotiated contracts based on the production of electricity from renewable sources, subject to variability in the amount generated due to the fact that this is dependent on uncontrollable natural conditions. These amendments are intended to: i) clarify the application of the requirements of the IFRS 9 "own use" exemption; (ii) allow the application of hedge accounting when renewable electricity purchase agreements are designated as a hedging instrument; and iii) add new disclosure requirements to IFRS 7 to better understand the impact of these contracts on the entity's financial performance and cash flows. This amendment will apply retrospectively without restating the comparative periods, except for the designation of coverage, which must be applied prospectively.

Banco Montepio does not anticipate any significant impact resulting from the application of these amendments on its financial statements.

3. Standards (new and amended) published, which application is mandatory for annual periods beginning on or after 1 January 2026, not yet endorsed by the European Union:

- d) **IFRS 18** (new standard), 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. IFRS 18 will replace the current IAS 1. While maintaining many of the principles in IAS 1, IFRS 18 places greater focus on specifying a structure for the income statement, consisting of mandatory categories and subtotals. Income statement items will be classified into one of three categories: operating, investing, financing. Specified subtotals and totals will be required, with the main change being the mandatory inclusion of the subtotal "Operating profit/(loss)". This standard also includes improvements in the disclosure of management performance measures, including reconciliation with the closest subtotal required by IFRS. This standard also reinforces the guidance on the principles of aggregation and disaggregation of information contained in the financial statements and related notes, based on their shared characteristics. This standard applies retrospectively.
- e) **IFRS 19** (new standard), 'Non-publicly reporting subsidiaries: Disclosures' (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. IFRS 19 is a voluntary standard that allows eligible subsidiaries to use IFRS with reduced disclosure requirements. IFRS 19 is a standard that only deals with disclosures and is applied in conjunction with the requirements of the other IFRS for the purposes of recognition, measurement and presentation. A subsidiary is considered eligible if: (i) it is not subject to a public reporting obligation; and (ii) the parent entity prepares consolidated financial statements for public reporting in accordance with IFRS. IFRS 19 may be applied by eligible subsidiaries in the preparation of their own consolidated,

separate or individual financial statements. Full comparative information is required unless an exemption applies.

- f) Annual Improvements** – ‘Volume 11’ (effective for annual periods beginning on or after 1 January 2026). The annual IFRS improvement cycles aim to clarify application issues or correct inconsistencies in the standards. This volume of improvements affects the following standards: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. These amendments are still subject to endorsement by the European Union.

Banco Montepio does not anticipate any significant impact resulting from the application of these amendments on its financial statements.

50 Transfer of assets

Banco Montepio carried out several financial asset sale operations, namely loans and advances to customers, to funds specialized in the recovery of loans. These funds take responsibility for the management of the companies or assets received as collateral with the objective of ensuring a pro-active management through the implementation of plans to explore/increase the value of same.

The financial assets sold under these operations are derecognized from the balance sheet of Banco Montepio, since the operations result in the transfer to the funds of a substantial portion of the risks and rewards associated with the assets as well as the control of same.

The funds specialized in the recovery of credit that acquired financial assets from Banco Montepio are closed funds, in respect of which the holders have no possibility of requesting the redemption of their investment units throughout the useful life of same.

These investment units are held by several banks in the market that ceded the loans, in percentages that vary throughout the useful life of the funds, but it is ensured that each bank, separately, does not hold units representative of more than 50% of the capital of the funds.

The funds have a specific management structure (General Partner), fully independent from the seller banks, and that is selected on the date of the incorporation of the funds.

The management structure of the fund has as main responsibilities to:

- Define the objective of the fund; and
- Manage the fund on an exclusive basis, determining the objectives and investment policy and the conduct of the management and business of the fund.

The management structure is remunerated through management commissions charged to the funds.

Generally, these funds, in which Banco Montepio holds minority positions, incorporate companies under Portuguese law to acquire the loans from the banks, which are financed through the issuance of senior and junior bonds.

The value of the senior bonds, fully subscribed by the funds that hold the share capital of the companies, matches the fair value of the asset transferred, determined in accordance with a negotiation process based on valuations performed by both parties. These bonds are remunerated at an interest rate that reflects the risk of the company holding the assets. The value of the junior bonds is equivalent to the difference between the fair value based on the valuation of the senior bonds and the transfer value of the loans to the Portuguese-law companies.

These junior bonds, when subscribed by Banco Montepio, grant the right to a contingent positive value if the value of the assets transferred exceeds the nominal value of the senior bonds plus their related interest.

However, considering that these junior bonds reflect a valuation difference of the assets transferred, based on valuations performed by independent entities and a negotiation process between the parties, the junior bonds are fully provided against.

Therefore, following the asset sale operations carried out, Banco Montepio subscribed:

- Investment units of the funds, in which the cash flows that will allow their recovery arise mainly from a broad set of assets transferred by the various participant banks (where Banco Montepio has a clear minority interest). These securities are booked in the portfolio of financial assets at fair value through profit or loss and are measured at fair value based on the quotation value, as disclosed by the funds and audited at each year end; and
- Junior bonds (with a higher subordination level), issued by the Portuguese-law companies controlled by the funds, which are fully provided against because they reflect the best estimate of the impairment of the financial assets transferred.

In this context, of not holding control but maintaining some exposure to certain risks and rewards, Banco Montepio, in accordance with IFRS 9 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the operation, having concluded that it does not hold substantially all the risks and rewards.

Considering that it does not hold control and does not exercise significant influence over the funds or the companies holding the assets, Banco Montepio derecognized the assets transferred and recognized the assets received in return as follows:

	(Euro thousand)					
	Jun 2025			Dec 2024		
	Amounts associated with the transfer of assets			Amounts associated with the transfer of assets		
	Net assets transferred	Amount received	Result obtained with the transfer	Net assets transferred	Amount received	Result obtained with the transfer
Fundo Vega, FCR	27 857	43 124	15 267	27 857	43 124	15 267
Discovery Portugal Real Estate Fund	13 698	15 415	1 717	13 698	15 415	1 717
Fundo Aquarius, FCR	13 060	13 485	425	13 060	13 485	425
	54 615	72 024	17 409	54 615	72 024	17 409

As at 30 June 2025 and 31 December 2024, the assets received under these operations are as follows:

	(Euro thousand)	
	Jun 2025	Dec 2024
	Senior securities	
Fundo Vega, FCR	18 566	20 652
Discovery Portugal Real Estate Fund	14 867	14 118
Fundo Aquarius, FCR	7 195	8 518
	40 628	43 288

Although the subordinated securities are fully provided against, Banco Montepio also has an indirect exposure to the financial assets transferred, in the scope of the minority investment in the pool of all the assets transferred by other financial institutions, through the shares and investment units in the funds acquired in the scope of the operations (designated in the table as senior bonds).

51 Contingencies

Resolution Fund

The Resolution Fund is a legal person governed by public law with administrative and financial autonomy, created by Decree-Law no. 31-A / 2012, of 10 February, which is governed by the Legal Framework of Credit Institutions and Financial Companies (“RGICSF”) and by its regulations and its mission is to provide financial support for the resolution measures implemented by the Bank of Portugal, in its quality as national resolution authority, and to perform all other functions conferred by law in the implementation of such measures.

As with the majority of the financial institutions operating in Portugal, Banco Montepio is one of the institutions participating in the Resolution Fund, making contributions that result from the application of a rate defined annually by the Bank of Portugal based, among others, on the amount of its liabilities. As at 30 June 2025, the periodic contribution made by Banco Montepio amounted to Euro 2,780 thousand (30 June 2025: Euro 1,843 thousand), based on a contribution rate of 0.0009%.

Resolution measure applied to Banco Espírito Santo, S.A. (BES)

As part of its responsibility while supervisory and resolution authority of the Portuguese financial sector, the Bank of Portugal, on 3 August 2014, decided to apply to Banco Espírito Santo, S.A. (“BES”) a resolution measure under article 145-G(5) of the RGICSF, which consisted of the transfer of most of its activity to a transition bank called Novo Banco, S.A. (“Novo Banco”), created especially for this purpose.

To realize the share capital of Novo Banco, the Resolution Fund, while sole shareholder, provided Euro 4,900 million, of which Euro 365 million corresponding to its own financial resources. A loan was granted by a bank syndicate to the Resolution Fund, in the amount of Euro 635 million, with the participation of each credit institution weighted according to several factors, including their size. The remaining amount (Euro 3,900 million) came from a repayable loan granted by the Portuguese State.

Following the implementation of the referred resolution measure, on 7 July 2016, the Resolution Fund stated that it would review and evaluate the steps to be taken following the publication of the report on the results of the independent valuation exercise, carried out to estimate the level of credit recovery for each class of lenders in the hypothetical scenario of a normal insolvency process of BES as at 3 August 2014. Under the applicable law, if it turns out that lenders which credits have not been transferred to Novo Banco assume a greater loss than they would hypothetically have had BES entered into a liquidation process immediately prior to the application of the resolution, these lenders are entitled to receive the difference from the Resolution Fund.

On 31 March 2017, the Bank of Portugal announced that it had selected Lone Star Fund for the purchase of Novo Banco, which was concluded on 17 October 2017, through the injection by the new shareholder of Euro 750 million, which will be followed by a new capital injection of Euro 250 million, to be completed within the period of three years. With this operation, Novo Banco’s status as transition bank ceased, with Lone Star Fund now holding 75% of the share capital of Novo Banco and the Resolution Fund the remaining 25%, albeit without the corresponding voting rights.

On 26 February 2018, the European Commission released the non-confidential version of the State aid approval decision underlying the sale process of Novo Banco, which includes a contingent capitalization mechanism whereby the Resolution Fund may be called upon to carry out capital injections if certain conditions materialize related to the performance of a restricted set of assets of Novo Banco and the evolution of the bank’s capital levels.

This mechanism is triggered annually, based on the annual accounts of Novo Banco certified by the respective auditor, with the possibility of intra-annual assessments being foreseen, but only in the event of non-compliance, by Novo Banco, with the prudential requirements. For the purpose of this mechanism, the differences in the valuation of assets (positive or negative) are considered in relation to their book value, net of impairments, recorded as at 30 June 2016 (circa Euro 7.9 thousand million according to the information

provided by Novo Banco). Hence, economic losses or gains resulting from, for example, the sale of assets or the restructuring of loans, but also the impairment, or its reversal, recorded by Novo Banco, in accordance with the accounting standards, as well as the costs of financing associated with the maintenance of the assets in the balance sheet of Novo Banco, are considered.

Under the referred mechanism, own financial resources resulting from contributions paid, directly or indirectly, by the banking sector, complemented by a State loan amounting to Euro 430 million under the framework agreement celebrated between the Portuguese State and the Resolution Fund were used. According to the information provided by Novo Banco, as at 31 December 2017, the net value of the assets covered by the perimeter of the contingent capitalization mechanism amounted to approximately Euro 5.4 thousand million.

On 6 May 2019, the Resolution Fund made the payment of Euro 1,149 million to Novo Banco with reference to the accounts of 2018, having used its own resources, resulting from contributions due, directly and indirectly, by the banking sector, and resorted to a loan from the State in the amount of Euro 850 million, which corresponds to the maximum annual financing limit agreed between the Resolution Fund and the State in October 2017.

In May 2020, the Resolution Fund made the payment of Euro 1,035 million to Novo Banco with reference to the accounts of 2019, which resulted from the execution of the agreements celebrated in 2017, in connection with the sale of 75% of the Resolution Fund's shareholding in Novo Banco, complying with all the procedures and limits defined therein, and resorted to a loan from the State in the amount of Euro 850 million.

On 4 June 2021, the Resolution Fund made a payment to Novo Banco of Euro 317 million, referring to the accounts for financial year 2020, which was fully financed with resources from a loan obtained from seven national credit institutions. The amount calculated by the Resolution Fund for the purpose of the payment to Novo Banco was Euro 429 million.

On 23 December 2021, the Resolution Fund made the payment of Euro 112 million, after having obtained all analyses from a financial, economic and legal point of view, which was pending verification in June 2021 and was already provided against.

On 9 December 2024, the Resolution Fund announced, in a statement, the signing of an agreement terminating the Contingent Capitalization Mechanism (CCM), signed in 2017 in the scope of the sale of Novo Banco. This agreement brings forward by approximately one year the termination of the CCM, initially scheduled for the end of 2025, and definitively eliminates any possibility of new payment requests to the Resolution Fund by Novo Banco. With the termination of the CCM, disbursements made by the Fund are limited to Euro 3,405 million, the amount considered due between 2018 and 2021.

On 13 June 2025, a Memorandum of Understanding was announced between the Lone Star Fund and Banque Populaire Caisse d'Épargne Group (BPCE) for the sale of the 75% stake held by Lone Star in Novo Banco, for an estimated value of Euro 6,400 million for the entire capital, with the transaction expected to be completed in early 2026.

As at 30 June 2025, the shareholding structure of Novo Banco consisted of the Resolution Fund (13.54%), the Direção-Geral do Tesouro e Finanças (General Directorate of Treasury and Finance) (11.46%), and Lone Star (75%). According to the aforementioned statement, the sale of the Resolution Fund's stake within the scope of this operation should generate gross proceeds of around Euro 866 million, intended for the repayment of the Resolution Fund's debt, namely to the State.

Resolution measure applied to Banif – Banco Internacional do Funchal, S.A. (Banif)

The Board of Directors of the Bank of Portugal deliberated, on 19 December 2015, to declare that Banif – Banco Internacional do Funchal, S.A. ("Banif") was "at risk or in a situation of insolvency" and to start the urgent resolution of the institution through the mode of the partial or total disposal of its activity, and which materialized, on 20 December 2015, with the disposal of the rights and obligations, representing assets, liabilities, off-balance sheet items and assets under management of Banif to Banco Santander Totta S.A. ("Santander Totta") for Euro 150 million.

Most of the assets that were not disposed of were transferred to an asset management vehicle called Oitante, S.A. ("Oitante"), created specifically for this purpose, which has as sole shareholder the Resolution Fund. Oitante issued debt securities in the amount of Euro 746 million, with a guarantee being provided by the Resolution Fund and a counter-guarantee by the Portuguese State.

This operation involved public support estimated at Euro 2,255 million that aimed to cover future contingencies and that was financed in Euro 489 million by the Resolution Fund and Euro 1,766 million directly by the Portuguese State.

On 21 July 2016, the Resolution Fund made a payment to the State, amounting to Euro 163,120 thousand, as an early partial repayment of the resolution measure applied to Banif.

As noted above for BES, if lenders are found to assume a greater loss than they hypothetically would have had Banif entered into a liquidation process immediately prior to the application of the resolution measure, those creditors are entitled to receive the difference from the Resolution Fund.

Liabilities and funding of the Resolution Fund

Following the resolution measures applied to BES and Banif and the sale agreement of Novo Banco to Lone Star, the Resolution Fund contracted the loans referred to above and assumed liabilities and contingent liabilities resulting from:

- the effects of the application of the principle that no creditor of an institution under resolution may assume a greater loss than it would have assumed had that institution entered into liquidation;
- the negative effects arising from the resolution process resulting in additional liabilities or contingencies for Novo Banco, which must be neutralized by the Resolution Fund;
- legal proceedings against the Resolution Fund;
- the guarantee provided to the bonds issued by Oitante. This guarantee is counter-guaranteed by the Portuguese State; and
- the contingent capitalization mechanism associated with the sale process of Novo Banco to Lone Star.

To preserve the financial stability through the promotion of conditions that provide predictability and stability to the contributory effort to the Resolution Fund, the Portuguese Government has agreed with the European Commission to change the conditions of the financing provided by the Portuguese State and the participating banks to the Resolution Fund. To this end, an amendment to the Resolution Fund's financing agreements have been formalized, introducing a number of changes to the repayment plans, remuneration rates, and other terms and conditions associated with these loans, to adjust them to the Resolution Fund's ability to fully meet its obligations on the basis of its regular revenues, i.e. without the need for any charges to be made to the participating banks for special contributions or any other type of extraordinary contribution.

According to the Resolution Fund's announcement of 31 March 2017, the revision of the conditions of the financing granted by the Portuguese State and the participating banks was aimed at ensuring the sustainability and financial equilibrium of the Resolution Fund, based on a stable, predictable and affordable burden for the banking sector. Based on this revision, the Resolution Fund considered that the full payment of its liabilities as well as their respective remuneration was ensured, without the need for special contributions or any other extraordinary contributions from the banking sector.

Notwithstanding the possibility provided for in the applicable legislation for the collection of special contributions, given the renegotiation of the terms of the loans granted to the Resolution Fund by the Portuguese State and by a bank syndicate, in which the Bank is included, and the public announcements made by the Resolution Fund and the Office of the Minister of Finance, these financial statements reflect the expectation of the Board of Directors that the Bank will not be called upon to make special contributions or any other extraordinary contributions to finance the Resolution Fund.

Any significant changes in this regard could have material implications on these financial statements.

Competition Authority

On 9 September 2019, Caixa Económica Montepio Geral, caixa económica bancária, S.A. (Banco Montepio) was notified of the final Decision of the Competition Authority (“CA”) on administrative process PRC-2012/9 (“Decision”), under which this entity applied on Banco Montepio a fine of Euro 13 million due to breach of article 9 of Law no. 19/2012, of 8 May (as per the wording in force) and article 101 of the Treaty on the Functioning of the European Union (“TFEU”).

Banco Montepio, as well as several other targeted institutions in the CA process, filed an appeal to challenge this Decision before the Competition, Regulation and Supervision Court (“CRSC”) on 21 October 2019 (process no. 225/15.4YUSTR). The judicial challenge suspended the effects of the CA Decision, and in particular the obligation to pay the fine, following the CRSC ruling and the subsequent provision of security under the terms determined by the Court. In April 2022 the CRSC decided to stay the proceedings and refer two preliminary questions to the Court of Justice of the European Union (“CJEU”), pursuant to article 267 of the TFEU.

By judgment given on 29 July 2024, the CJEU concluded that article 101 of the TFEU should be interpreted as meaning that an exchange of information between competing credit institutions such as that described by the CRSC in the referral can be qualified as a restriction of competition by object.

By judgment given on 20 September 2024, the CRSC confirmed the CA's decision and maintained the fine applied to Banco Montepio in the amount Euro 13 million.

On 15 October 2024, Banco Montepio appealed the CRSC sentence to the Lisbon Court of Appeal (“LCA”).

By ruling of 10 February 2025, the Lisbon Court of Appeal declared the administrative offense proceedings against all defendants, including Banco Montepio, to be time-barred and ordered the case dismissed. The CA and the Public Prosecutor's Office appealed the Lisbon Court of Appeal's ruling to the Constitutional Court. On 4 June 2025, the Constitutional Court issued a summary decision, deciding not to hear the appeals filed by the CA and the Public Prosecutor's Office. On 26 June 2025, the CA filed an appeal seeking review of the Constitutional Court's summary decision. By Ruling issued on 25 August 2025, the Constitutional Court dismissed the complaint filed by the CA. The case awaits the final judgment of the Lisbon Court of Appeal.

Considering all the relevant circumstances, it is considered that there is a serious and significant probability that the fine applied to Banco Montepio will be annulled.

In March and April 2024, Banco Montepio was summoned to the collective actions brought by Associação Ius Omnibus (processes no. 2/24.1YQSTR and no. 6/24.4YQSTR) and by AMPEMEP - Associação de Micro, Pequenas e Médias Empresas Portuguesas (Process no. 10/24.1YQSTR) at the CRSC, in which other Credit Institutions are also defendants.

These processes take the form of private enforcement actions for the alleged violation of competition law arising from information sharing that is the subject of the aforementioned process PRC/2012/9 of the Competition Authority. The actions brought allege general estimates of damages based on economic studies and do not include specific compensation claims against each of the defendants.

By order issued in process no. 2/24.1YQSTR, the CRSC decided to stay the proceedings until the final judgment is handed down or rendered in process no. 225/15.4YUSTR-W. Banco Montepio filed objections in processes no. 6/24.4YQSTR and no. 10/24.1YQSTR.

In January 2025, the Competition Court appended processes no. 6/24.4YQSTR and no. 10/24.1YQSTR. By order of 8 July 2025, the CSRC acquitted all Defendants in the proceedings regarding the action brought by Ius Omnibus (proc. 6/24.4YQSTR). On 10 July 2025, a preliminary hearing was held in relation to the case filed by AMPEMEP (proc. No. 10/24.1YQSTR), and the CSRC issued an order acquitting the Defendants in the proceedings regarding the claims related to the sentencing of the Defendants to pay compensation to the alleged injured parties and expenses to the funds financing the case, and determined that the case would proceed only to assess whether the Defendants committed an unlawful act, and thus the case filed by AMPEMEP became a simple assessment case.

Bank of Portugal

The Bank has been subject to some administrative offense processes instituted by the Bank of Portugal, for alleged practices and infractions in supervisory matters that are applicable to the Bank, having, to the effect, made provisions in the global amount of Euro 180,000, as at 30 June 2025 and 31 December 2024.

The evolution of these processes is regularly monitored by Banco Montepio's Board of Directors, with technical-legal intervention under the responsibility of its Legal Directorate and, in certain cases, by law firms, which services are contracted on a case-by-case basis.

For most of these processes, the Bank of Portugal issued decisions in the scope of summary proceedings, whereby it proposed a single fine of substantially less than the amount of the potential maximum fine, and, as regards one of the two processes still underway, same is still in a preliminary phase, which significantly limits the risk analysis; even so, it is considered that the Bank has serious and reasonable lines of defence, whether in terms of factual support, or in terms of the legal framework, regarding most of the infractions that might hypothetically be imputed to it.

Thus, and notwithstanding the Board of Directors considering as possible that the Bank's lines of defence may be successful, in whole or in part, in relation to any of the infractions that are imputed to it, even if the respective risk of being sentenced still exists, it is the Board's conviction that the amount of the consequent sanctions will not exceed the amount of provisions recognized by the Bank as at 30 June 2025.

52 Subsidiaries and associates

As at 30 June 2025, the companies directly or indirectly held by Banco Montepio are as follows:

Subsidiary	Head office	Share capital	Currency	Activity	% of control	% of direct part
Montepio Holding, S.G.P.S., S.A.	Oporto	175 000 000	euro	Managements of shareholding	100.00%	100.00%
Montepio Serviços, A.C.E.	Lisbon	-	-	Managements of support services	80.00%	80.00%
(euros)						
Subsidiary	Head office	Share capital	Activity		% held	
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	S. Miguel Island	10 000 000	Accommodation, catering and similar/hotels with restaurant		20.00%	
CESource, ACE	Lisbon	-	Management of IT systems		18.00%	

As at 31 December 2024, the companies directly or indirectly held by Banco Montepio are as follows:

Subsidiary	Head office	Share capital	Currency	Activity	% of control	% of direct part
Montepio Holding, S.G.P.S., S.A.	Oporto	175 000 000	euro	Managements of shareholding	100.00%	100.00%
Montepio Serviços, A.C.E.	Lisbon	-	-	Managements of support services	85.00%	85.00%

(euros)

Subsidiary	Head office	Share capital	Activity	% held
HTA - Hotéis, Turismo e Animação dos Açores, S.A.	S. Miguel Island	10 000 000	Accommodation, catering and similar/hotels with restaurant	20.00%
CESource, ACE	Lisbon	-	Management of IT systems	18.00%

As at 30 June 2025 and 31 December 2024, Banco Montepio held investment units in investment funds as follows:

Subsidiary	Establishment year	Acquisition year	Head office	% of controlling interest	Consolidation method
Valor Arrendamento – Fundo de Investimento Imobiliário Fechado	2013	2013	Lisbon	100%	Full
Polaris - Fundo de Investimento Imobiliário Fechado	2009	2012	Lisbon	100%	Full
Carteira Imobiliária - Fundo Especial de Investimento Imobiliário Aberto (FEIIA)	2013	2013	Lisbon	100%	Full

53 Subsequent events

Banco Montepio analyses events occurring after the balance sheet date, i.e., the favourable and unfavourable events that occur between the balance sheet date and the date on which the financial statements are authorized for issue, and during that period no subsequent events were identified.

Share Capital increase

On 31 July 2025, the General Meeting of Banco Montepio resolved, under the Special Regime Applicable to Deferred Tax Assets (Law no. 61/2014, as amended), to proceed with a share capital increase in the total amount of Euro 4,809,544, by incorporating the special reserve, with the consequent amendment to article 4(1) of the Articles of Association. The aforementioned share capital increase is currently being processed and is expected to be completed during the second half of 2025.

DECLARATION OF CONFORMITY

1ST HALF 2025



DECLARATION OF CONFORMITY

This declaration is issued under the terms of paragraph c) of no. 1 of article 29-J of the Securities Code approved by Decree-Law no. 486/99, of 13 November, in the wording introduced by Law No. 99-A/2021, of 31 December.

It is the responsibility of the Board of Directors to prepare the management report and the financial statements, presenting, in a true and appropriate manner, the financial position of Caixa Económica Montepio Geral, caixa económica bancária, S.A. (Banco Montepio), the result of operations as well as the adoption of adequate accounting policies and criteria and the maintenance of an appropriate internal control system to prevent and detect any errors or irregularities.

We confirm, to the best of our knowledge and belief, that:

- All individual and consolidated financial information contained in the accounting documents, with reference to 30 June 2025, was prepared in accordance with the applicable accounting standards, giving a true and appropriate image of the assets and liabilities, the financial situation and the results of Banco Montepio and the companies included in the consolidation perimeter;
- The management report truly exposes the evolution of the business, the performance and the position of the Institution and the companies included in the consolidation perimeter and contains a description of the main risks and uncertainties they face.

BOARD OF DIRECTORS

Chairman Manuel Ferreira Teixeira

Members Clementina Maria Dâmaso de Jesus Silva Barroso

Eugénio Luís Correia Martins Baptista

Florbela dos Anjos Frescata Lima

Maria Cândida de Carvalho Peixoto

Maria Lúcia Ramos Bica

Pedro Manuel Moreira Leitão

Ângela Isabel Sancho Barros

Helena Catarina Gomes Soares de Moura Costa Pina

Isabel Cristina dos Santos Pereira da Silva

Jorge Paulo Almeida e Silva Baião

José Carlos Sequeira Mateus

Lisbon, 29 de September de 2025

EXTERNAL AUDITOR REPORTS

1ST HALF 2025





Limited Review Report on the Interim Condensed Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Caixa Económica Montepio Geral, caixa económica bancária, S.A. (“Banco Montepio”), which comprise the interim condensed consolidated balance sheet as at 30 June 2025 (which shows total assets of Euros 19.235.016 thousands and total equity of Euros 1.742.299 thousands, including a net profit of Euros 70.677 thousands), the interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these interim condensed consolidated financial statements.

Management’s responsibility

The Management is responsible for the preparation of the interim condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of interim condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the accompanying interim condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel: +351 213 599 000 | Fax: +351 213 599 999
Matriculada na CRC sob o NIPC 506 628 752, Capital Social 314.000 EUR
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183
e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Caixa Económica Montepio Geral, caixa económica bancária, S.A. as at 30 June 2025 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

29 September 2025

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Represented by:

Aurélio Adriano Rangel Amado, ROC n.º 1074
Registered with the Portuguese Securities Market Commission under no. 20160686



Limited Review Report on the Interim Condensed Individual Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed individual financial statements of Caixa Económica Montepio Geral, caixa económica bancária, S.A. (“Banco Montepio”), which comprise the interim condensed individual balance sheet as at 30 June 2025 (which shows total assets of Euros 19.455.988 thousands and total equity of Euros 1.754.757 thousands, including a net profit of Euros 79.357 thousands), the interim condensed individual statements of income, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these interim condensed individual financial statements.

Management’s responsibility

The Management is responsible for the preparation of the interim condensed individual financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of interim condensed individual financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the accompanying interim condensed individual financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the interim condensed individual financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Tel: +351 213 599 000 | Fax: +351 213 599 999
Matriculada na CRC sob o NIPC 506 628 752, Capital Social 314.000 EUR
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183
e na CMVM sob o nº 20161485

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A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements of Caixa Económica Montepio Geral, caixa económica bancária, S.A. as at 30 June 2025 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

29 September 2025

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
Represented by:

Aurélio Adriano Rangel Amado, ROC n.º 1074
Registered with the Portuguese Securities Market Commission under no. 201606

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CAIXA ECONÓMICA MONTEPIO GERAL, caixa económica bancária, S.A., referred to as Banco Montepio, registered at the Bank of Portugal under no. 36. | Head office: Rua Castilho, 5, 1250-066 Lisbon | Share capital: €1,210,000,000 | Registered at the Lisbon Commercial Registry Office under the single registration and tax identification number 500792615.



Banco Montepio