Banco Comercial Português, S.A.

Annual Report 2024

VOLUME 1

Millennium bcp

This document is an unofficial and unaudited version of the Individual and Consolidated Report and Accounts of Banco Comercial Português, S.A. for the year 2024, published on the CMVM website in ESEF format on March 27, 2025.
As a true copy of the aforementioned financial information, it is intended for disclosure through the Millenniumbcp website. In case of discrepancy, the information disclosed on the CMVM website on March 27, 2025 prevails.

2024
REPORT & ACCOUNTS

Pursuant to CMVM Regulation 1/2023, please find herein the transcription of the

2024 Annual Report

BANCO COMERCIAL PORTUGUÊS, S.A.

Public limited company

Registered Office: Praça D. João I, 28, 4000-295 Porto - Share Capital EUR 3,000,000,000.00

Registered at Porto Commercial Registry, under the single registration and tax identification number 501 525 882

The 2024 Annual Report is a translation of the "Relatório e Contas de 2024" document delivered by Banco Comercial Português, S.A. to the Portuguese Securities and Market Commission (CMVM), in accordance with Portuguese law.

The sole purpose of the English version is to facilitate consultation of the document by English-speaking Shareholders, Investors and other Stakeholders, and, in case of any doubt or contradiction between the documents, the Portuguese version of the "Relatório e Contas de 2024" prevails.

All references in this document to the application of any regulations and rules refer to the respective version currently in force.

Millennium
bcp

Miguel Maya
Chief Executive Officer
Vice-Chairman of the Board of Directors

Nuno Amado
Chairman of the Board of Directors

Joint Message of the Chairman of the Board of Directors and of the CEO

Despite persistent geopolitical tensions, global economic activity remains on a moderate growth path in 2024, along with a deflationary trend that made it possible to lower interest rates in the Euro Area and the United States of America.

The strategic realignment of the main world powers has affected economic activity, impacted world trade flows and production chains, as well as prompting the reorientation of public and defence policies, resulting in a reallocation of resources.

The Portuguese economy recorded a favourable performance in several areas in 2024 – GDP growth of 1.9%, an external surplus of 3.3% of GDP, a stable unemployment rate at historically low levels (6.4%), the consolidation of public accounts - contributing to the improvement of the sovereign rating and to the reduction of the Portuguese Republic's risk premium. In 2025, the Portuguese economy will tend to benefit from lower interest rates and investment incentive programs, but will remain subject to the political context, both external and internal, which looks demanding.

In Poland, economic activity is accelerating, with robust GDP growth figures (2.9% in real terms in 2024) and expectations of a continuation of this trend throughout 2025. Downside risks are associated, above all, with the external environment. The continuation of high interest rates has favoured the appreciation of the Polish currency.

In Mozambique, economic activity contracted in the fourth quarter of 2024, hampered by the instability that arose after the presidential elections. In average annual terms, GDP grew 1.85% in 2024. The drop-in interest rates and lower mandatory reserve coefficients required by the Bank of Mozambique, combined with an expectation of social stability, are positive factors for the recovery of economic activity in 2025.

Macau recorded robust growth in 2024 (an 8.8% rise in GDP), driven by the evolution of domestic demand and export of services.

In this challenging global context, marked by conflict and geopolitical tension, Millennium bcp presented a consolidated net income of EUR 906.4 million in 2024, a rise of 5.9% in relation to the EUR 856 million net profit of the previous year. As a result, return on equity (ROE) at the end of 2024 was 13.8%, underlining the improvement of ROE from the 2.4% level recorded in 2021, when the “Deliver More Value” Strategic Plan was launched, and which concludes with the 2024 financial year.

The consolidated net profit was favourably impacted by the performance of the activity in Portugal and by the increase in the contribution from the activity in Poland, despite the lower contribution from the activity in Mozambique because of the aforementioned instability.

In 2024, activity in Portugal generated net income of EUR 786.4 million, an increase of 8.5% compared to the EUR 724.9 million net income recorded in 2023.

In Poland, Bank Millennium closed the year with a net profit of EUR 167.1 million, 31.7% more than the EUR 126.8 million achieved in 2023. In 2024, the results of the Polish operation continued to be strongly conditioned by the charges associated with the mortgage loan portfolio denominated in Swiss francs, amounting to EUR 750.2 million, of which EUR 459.8 million were provisions, and by the costs of EUR 6.2 million related to the extension of mortgage loan moratoriums. Despite these constraints, the quality of the business model, the resilience and strong operational capacity of Bank Millennium allowed it to record positive results for the ninth consecutive quarter.

In Mozambique, Millennium bim's net profit amounted to EUR 48.5 million in 2024, having been strongly influenced by the impacts in the last quarter resulting from the aforementioned instability, reflected in an abrupt reduction in economic activity and the consequent downgrade of the sovereign public debt rating. This prompted a significant increase in the constitution of impairments of financial assets, especially sovereign debt. In a very challenging situation, Millennium bim demonstrated remarkable resilience and agility, standing out for the high level of operationality maintained throughout this period, even in moments of greater complexity, counting on professional teams and a robust business model, able to support customers and the development of the Mozambican economy.

The contribution of international operations to the Group's consolidated results amounted to EUR 119.9 million in 2024, compared with a contribution of EUR 131.2 million in 2023.

Special mention should also be made of the very significant reinforcement made to the Group's capital position. Thanks to strict discipline in capital management, the Core Equity Tier 1 (CET1) ratio was 16.3% in December 2024 and the total capital ratio was 20.6%, including the effect of the share buyback in the amount of EUR 200 million authorized by the regulator as well as the allocation of 50% of the profits generated in 2024 for distribution to shareholders. These ratios demonstrate the bank's strong organic capital generation capacity and correspond to an increase of 89 bp and 72 bp, respectively, compared to December 2023, well above regulatory requirements.

Millennium bcp has consistently pursued a successful path of improving asset quality, with a reduction of EUR 127 million in non-performing assets and EUR 52 million in properties received for recovery in 2024, with the loan's NPE ratio standing at 3.2% at a consolidated level in December 2024, compared with 3.4% in December 2023.

The generalized improvement in credit quality indicators was accompanied by an increase in the coverage of NPEs by credit impairments, which reached 8.2 % in 2024, a level that positions Millennium bcp appropriately in a comparative analysis of the sector, maintaining a robust total coverage of 119.1%, considering the remaining collateral.

The focus on prudent risk management and value recovery in non-productive assets allowed the Group's and Portugal's cost of risk in 2024 to stand at 32 bp and 31 bp, respectively, despite having been favourably affected by non-recurring effects with the reversal of some impairments. Excluding this effect, the cost of risk would have been 40 bp and 43 bp, in the Group and in Portugal, respectively, within the expected threshold and considered appropriate for the Bank's business model.

Thanks to the quality of its teams, distinctive digital skills and the robustness of its business model, the Bank continues to strengthen its customer base, with emphasis on mobile Customers, who represented 71% of total active customers in December 2024, representing a growth of 10% compared to the previous year.

In parallel with the expansion of the Customer base, which at the end of 2024 amounted to nearly 7 million active Customers, the Group maintained an intense commercial dynamic that allowed it to close 2024 with total Customer resources of EUR 102.9 billion and a credit portfolio of EUR 57.2 billion.

In 2024, Millennium bcp once again stood out for its central role in delivering proximity, trust and quality in the services provided to Customers, continuing to support the economy, companies, and families in the countries where it is present.

The loan portfolio remained stable, with a variation of 0.7% between the end of 2023 and 2024, with the slight reduction seen in Portugal offset by an increase in international operations. In terms of performing loans in Portugal, the 4.6% increase in credit to individuals stands out, particularly in the production of mortgage loans, with mortgage loans totalling EUR 19.3 billion at year-end.

In 2024, the context proved unfavourable for the expansion of loans to the business segment in Portugal, with the effects of the more restrictive monetary policy of the previous year and the delay in the implementation of European funds still being felt. However, the corporate segment remains a clear strategic priority for Millennium bcp, which continued to invest and deepen its relationship with companies, positioning itself as their preferred bank.

The performance of BCP shares throughout the strategic cycle that ended in 2024 was anchored in the proven ability to execute the "Excelling" strategic plan, confirmed by the achievement of its goals more than a year ahead of time. A corollary of this was the appreciation of the share price, by 87.4% and 69.4%, respectively, in 2023 and 2024, which demonstrates the market's recognition of Millennium bcp's track record. This was accompanied by an improvement in the Bank's risk perception by rating agencies, with upgrades of the ratings following the awarding of the investment grade rating in the previous year.

In October, Millennium bcp announced a new Strategic Plan for the 2025-28 cycle, called "Deliver More Value", with ambitious but realistic goals, and which aims to accelerate the Bank's growth and the delivery of value to its main Stakeholders: Customers, Employees, and Investors.

Expanding and increasing the value of customers, boosting their engagement with the Bank and providing them with distinctive experiences resulting from the symbiosis between high-quality human interactions and the use of differentiating technology.

Valuing and qualifying employees is a fundamental aspect for the development of the Bank and for the success in implementing the plan, which is supported by the teams' capacity for innovation and implementation of initiatives.

Deliver more value to Shareholders, generating attractive returns, above the cost of capital, and adequately remunerating their investment, combining relevant distributions with the essential preservation of a solid and resilient balance sheet that allows the Bank to face the challenges of a complex environment.

The Bank currently has a robust position in terms of solidity, efficiency and liquidity and is based on a business model of relationship and proximity to Customers, enhancing the advantages of the digital channels and thereby providing the best financial offer on the market to its customers.

Millennium bcp maintains a strong commitment to sustainability and sustainable finance, elements integral to the corporate culture and value proposition, aligned with ethical, inclusive, and responsible business practices. In 2024 the Bank continued to stand alongside people, in society and local communities, creating social value and protecting the environment, climate and biodiversity.

Millennium bcp reiterated its commitment to 10 Principles of the United Nations Global Compact, promoting measures related to human rights, labour practices, environmental protection, and anti-corruption, while also pursuing the 17 Sustainable Development Goals of the 2030 Agenda. Of these the Bank has selected 5 as priorities: Quality Education, Renewable and Accessible Energy, Decent Work and Economic Growth, Reducing Inequalities, and Climate Action.

Millennium bcp is also part of the United Nations Principles for Responsible Banking - Environment Program Finance Initiative (UNEP FI), a commitment that, by positioning sustainability at the centre of the Bank's strategy, translates into the strengthening of the governance model, risk management, credit and supply chain policies and processes, while also increasing the accessibility of distribution channels and diversifying the Environmental, Social and Governance (ESG) offer, which, through a multidisciplinary approach, responds to the growing ambitions of Stakeholders, the expectations of regulators and the requirements of an evolving legal and regulatory framework.

The path has been challenging, but also rewarding, given the results achieved. For the success of Millennium bcp's journey, we once again benefited from the essential and valuable contribution of our Employees, the trust of our Customers and the support of our Shareholders.

Miguel Maya

Chairman of the Executive Committee

Vice-Chairman of the Board of Directors

Nuno Amado

Chairman of the Board of Directors

From left to right:
Maria José Campos (Member of the Executive Committee); **Rui Teixeira** (Member of the Executive Committee);
Miguel Bragança (Vice-Chairman of the Executive Committee); **Miguel Maya** (Chairman of the Executive Committee);
João Nuno Palma (Vice-Chairman of the Executive Committee); **José Miguel Pessanha** (Member of the Executive Committee).

Main highlights of the Results in 2024

A Solid and Efficient Bank

Profitability

- Group's net income of EUR 906.4 million in 2024, representing an increase of 5.9% when compared to 2023.
- In the activity in Portugal, net income amounted to EUR 786.4 million in 2024, corresponding to an increase of 8.5% compared with 2023.
- Bank Millennium net income stood at EUR 167.1 million in 2024, despite charges of EUR 750.2[1] million related with CHF mortgage loan portfolio (out of which EUR 459.8[2] million in provisions) and costs related to the extension of credit holidays (mortgage in Zlotys) which totalled EUR 26.2[3] million.
- Millennium bim net income stood at EUR 48.5 million in 2024, despite the provision resulting from the downgrade of Mozambican public debt.

Business Model

- Solid capital ratios. CET1[4] ratio stood at 16.3% and total capital ratio[4] at 20.6%, including the effect of the share buyback programme amounting to EUR 200 million approved by the supervisor, corresponding respectively to an increase of 89 bp and 72 bp compared with last year, reflecting the strong capacity of organic capital generation.
- Liquidity indicators[5], well above regulatory requirements: LCR at 342%, NSFR at 181% and LtD at 66%.
- Group's total Customer funds grew 8.0% year on year to EUR 102.9 billion.
- Reduction in non-performing assets compared with December 2023: EUR 127 million in NPE, and EUR 52 million in foreclosed assets.
- Cost of risk of the Group stood at 32 bp in 2024, which compares with 42 bp in the previous year.
- Customer base grew 4%, highlighting the 10% increase in mobile Customers, which represented 71% of total active Customers at the end of December 2024.

1 Before taxes and non-controlling interests. Includes provisions for legal risk, costs with out-of-court settlements and legal advice 2 Does not include provisions for legal risk on CHF mortgages of Euro Bank (guaranteed by a third party) 3 Before taxes and non-controlling interests. Reduction compared to 9M'24 due to the review of the estimated rate of adherence to the credit holidays. 4 Fully implemented ratio including unaudited net income of 2024 5 Liquidity Coverage Ratio (LCR); Net Stable Funding Ratio (NSFR); Loans to Deposits Ratio (LtD).

Main highlights (1)

million EUR

	2024	2023 (restated[2])	2022 (restated[2])	2021	2020	Chg. 24/23
BALANCE SHEET						
Total assets	102,144	94,371	89,868	92,905	85,715	8.2%
Equity	8,193	7,290	5,928	7,062	7,386	12.4%
Loans and advances to customers (net)	55,707	55,218	56,198	56,360	53,975	0.9%
Total customer funds	102,938	95,328	92,808	90,097	84,492	8.0%
Balance sheet customer funds	85,334	79,215	77,250	71,175	64,764	7.7%
Deposits and other resources from customers	84,042	77,928	75,907	69,560	63,259	7.8%
Loans to customers (net)/Deposits and other resources from customers (3)	66%	71%	74%	81%	85%	
RESULTS						
Net interest income	2,831	2,826	2,150	1,589	1,532	0.2%
Net operating revenues	3,575	3,770	2,857	2,334	2,257	(5.2%)
Operating costs	1,307	1,163	1,073	1,116	1,090	12.4%
Operating costs excluding specific items (4)	1,295	1,147	1,057	1,025	1,044	12.8%
Results on modification	(69)	(19)	(310)	—	—	<-200%
Impairment and Provisions	857	1,100	1,056	1,061	841	(22.0%)
Income tax	341	537	304	204	132	(36.5%)
Net income attributable to shareholders of the Bank	906	856	197	138	183	5.9%
PROFITABILITY AND EFFICIENCY						
Net operating revenues/Average net assets (3)	3.6%	4.1%	3.0%	2.6%	2.7%	
Return on average total assets (ROA)	1.0%	1.0%	0.1%	0.0%	0.2%	
Income before tax and non-controlling interests/Average net assets (3)	1.4%	1.6%	0.4%	0.3%	0.4%	
Return on average shareholders' equity (ROE)	13.8%	15.3%	3.1%	1.7%	2.5%	
Return on tangible equity (ROTE)	14.4%	15.9%	5.4%	1.8%	2.6%	
Income before tax and non-controlling interests/Average equity (3)	18.2%	23.8%	7.2%	3.3%	4.8%	
Net interest margin	3.04%	3.36%	2.46%	1.93%	2.00%	
Cost to core income (4)	35.6%	31.9%	36.2%	44.2%	47.3%	
Cost to income (3)	36.6%	30.8%	37.6%	47.8%	48.3%	
Cost to income (3)(4)	36.2%	31.6%	37.0%	43.9%	46.3%	
Cost to income - activity in Portugal (3)(4)	33.7%	29.5%	37.2%	42.6%	46.2%	
Staff costs/Net operating revenues (3)(4)	19.8%	17.0%	19.7%	24.1%	25.9%	
CREDIT QUALITY						
Non-performing exposures (loans to customers)	1,825	1,952	2,218	2,752	3,295	
Non-performing exposures (loans to customers)/Loans to customers	3.2%	3.4%	3.8%	4.7%	5.9%	
Total impairment (balance sheet)/NPE (loans to customers)	82.0%	81.8%	68.3%	68.0%	62.9%	
Restructured loans	1,530	1,729	1,866	2,564	2,661	
Restructured loans/Loans to customers	2.7%	3.0%	3.2%	4.4%	4.7%	
Cost of risk (net of recoveries) (5)	32 b.p.	42 b.p.	52 b.p.	60 b.p.	92 b.p.	
LIQUIDITY						
Liquidity Coverage Ratio (LCR)	342%	276%	212%	269%	230%	
Net Stable Funding Ratio (NSFR)	181%	167%	154%	150%	140%	
CAPITAL (6)						
Own funds fully-implemented	8,267	7,903	7,241	7,247	7,213	
Risk Weighted Assets fully-implemented	40,111	39,725	43,106	45,863	46,322	
Common equity tier I fully-implemented ratio	16.3%	15.4%	12.5%	11.7%	12.2%	
Total ratio fully implemented	20.6%	19.9%	16.8%	15.8%	15.6%	
Common equity tier I phased-in ratio	16.4%	15.5%	12.6%	11.7%	12.2%	
BCP SHARE						
Market capitalisation (ordinary shares)	7,023	4,147	2,213	2,130	1,862	
Adjusted basic and diluted earnings per share (euros)	0.058	0.054	0.010	0.007	0.010	
Market values per share (euros)						
High	0.4650	0.3309	0.1982	0.1709	0.2108	
Low	0.2543	0.1529	0.1218	0.1126	0.0697	
Close	0.4647	0.2744	0.1464	0.1409	0.1232	

(1) Some indicators are presented according to management criteria of the Group, which concepts are described and detailed at the glossary and at alternative performance measures chapter, being reconciled with the accounting values in the respective chapters.
Following the sale, in 2021, of the entire share capital of Banque Privée BCP (Suisse) S.A. to Union Bancaire Privée, UBP S.A. and the sale of 70% of the investment held in Seguradora Internacional de Moçambique, S.A. ("SIM"), now designated Fidelidade Moçambique - Companhia de Seguros, S.A., through its subsidiary BIM - Banco Internacional de Moçambique, S.A., the contribution of these subsidiaries to the consolidated results of the Group, till the date of disposal, is reflected as income from discontinued operations in the international activity and the historical information has been restated since January 2020, in order to ensure its comparability, as defined in the IFRS 5. The accounting of assets and liabilities of Banque Privée BCP (Suisse) S.A. and of SIM was not changed compared to the criteria considered in the financial statements published in previous periods. In this context and taking into account the immateriality of the balance sheet balances of these operations in the Group, the calculation of the indicators relating the performance of the profit and loss account to the balance sheet items was not adjusted, with the exception of net interest margin, that reflects the fact that the assets of those subsidiaries were no longer considered interest earning assets in historical information regarding 2021 and 2020.
(2) On 1 January 2023, Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), an entity 49% owned by the Group and accounted for under the equity method, adopted simultaneously IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts. During the first half of 2024, Mbcp Ageas reviewed the transition adjustments relating to the adoption of those IFRS, which resulted in a reduction in the amount of the participation by EUR 9 million against reserves, resulting in the restatement of the financial statements for 2022 and 2023.
Following the change in off-balance sheet customer funds accounting criteria by the Polish subsidiary in 2024, the respective balances were restated, resulting in an increase of EUR 33 million with reference to the end of 2023.
(3) According to Instruction no. 16/2004 from Banco de Portugal, as the existing version as of 31 December 2024.
(4) Excludes the impact of specific items. In 2024, the impact was negative in the amount of EUR 13 million recognised in staff costs in the activity of Portugal, including costs with employment terminations, namely indemnities and early retirements, income recognised after an agreement related to liabilities with former directors of the Bank and a reversal of costs related to mortgage financing to former employees. In 2023, the impact was positive in the amount of EUR 124 million, including income of EUR 139 million recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. (EUR 128 million recognised in net trading income and EUR 11 million in other net operating income) and costs of EUR 15 million recognised as staff costs in the activity in Portugal [(i) costs related to the compensation for the temporary reduction in employee remunerations during 2014-2017, as distribution of part of the Bank's results obtained in 2022; (ii) costs with employment terminations, namely early retirements; (iii) costs with mortgage financing to former employees and (iv) income recognised after an agreement related to liabilities with former directors of the Bank]. In 2022, the impact was negative of EUR 16 million, recognised in staff costs in the activity in Portugal, including: (i) distribution of part of the Bank's results obtained in 2021 by the employees of the Bank; (ii) costs with mortgage financing to former employees; (iii) discretionary remuneration paid to employees as a measure to offset the impacts of inflation; and iv) the recognition of a provision for other structure adaptation measures. In 2021, the impact was also negative, in the amount of EUR 91 million, mainly related to the adjustment of headcount carried out by the Bank in that year, including a provision in the amount of EUR 84 million. In 2020, the impact was also negative, in the amount of EUR 46 million, of which EUR 32 million related to headcount adjustment costs, compensation cost for temporary remuneration cuts of employees under the participation in the results and income arising from the agreement with a former director of the Bank, and EUR 15 million related to acquisition, merger and integration of Euro Bank S.A. The profitability and efficiency indicators does not consider the specific items recognised in net operating revenues related to costs with the acquisition, merger and integration of Euro Bank S.A. (an amount considered immaterial in 2020).
(5) Includes the impact of certain impairments reversal in the second quarter of 2024 in the activity in Portugal, as well as the impact of the recovery associated with the out-of-court settlement in the subsidiary in Mozambique in 2023. Excluding these impacts, the cost of risk of the Group evolved from 48 b.p. to 40 b.p. in the last year.
(6) Presented figures include the cumulate net results of the respective periods and the estimated impact of the share buyback deduction.

Information on BCP Group

Brief description

Banco Comercial Português, S.A. (BCP, Millennium bcp or Bank) is the largest Portuguese private sector bank. The Bank, with its decision centre in Portugal, operates and acts with respect for people and institutions, focusing on the Customer, pursuing a mission of excellence, trust, ethics and responsibility, and is a distinguished leader in various financial business areas in the Portuguese market and a reference institution on an international level. The Bank also holds a prominent position in Africa through its banking operation in Mozambique (in Angola, Banco Millennium Angola - BMA merged with Banco Privado Atlântico-BPA and currently the Bank holds a equity accounted shareholding) and in Europe through its banking operation in Poland. Since 2010, the Bank operates in Macau through a full branch.

Bank History

BCP was incorporated on 17 June 1985 as a limited liability company ("sociedade anónima") organised under the Portuguese laws, following the deregulation of the Portuguese banking industry. BCP was founded by a group of over 200 shareholders and a team of experienced banking professionals who sought to capitalise on the opportunity to form an independent financial institution that would serve the then underdeveloped Portuguese financial market more effectively than state-owned banks.

While the Bank's development was initially characterised by organic growth, a series of strategic acquisitions helped solidify its position in the Portuguese market and increase its offering of financial products and services. In March 1995, BCP acquired control of Banco Português do Atlântico, S.A. ("Atlântico"), which was then the largest private sector bank in Portugal. This was followed by a joint takeover bid for the whole share capital of Atlântico. In June 2000, Atlântico was merged into BCP. In 2000, BCP also acquired Império, along with Banco Mello and Banco Pinto & Sotto Mayor.

In 2004, with a view to strengthening its focus on the core business of distribution of financial products and optimising capital consumption, BCP sold insurers Império Bonança, Seguro Directo, Impergesto and Servicomercial to the Caixa Geral de Depósitos group. BCP also entered into agreements with Fortis (now named Ageas) for the sale of a controlling stake and management control of insurers Ocidental - Companhia Portuguesa de Seguros, S.A., Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Médis - Companhia Portuguesa de Seguros de Saúde, S.A., as well as the pension fund manager PensõesGere - Sociedade Gestora de Fundos de Pensões, S.A.

In 2004, the Bank sold its non-life insurance businesses and divested a portion of its life insurance business by entering into a joint venture with Ageas (formerly Fortis), named Millenniumbcp Ageas, of which 51% is held by Ageas and 49% by the Bank.

After the consolidation of its position in the Portuguese banking market, the Bank focused on the development of its retail business in new regions, with the goal of attaining significant positions in emerging markets in Europe and in Africa. The Bank concentrated on businesses with strong growth prospects in foreign markets with a close historical connection to Portugal or that have large communities of Portuguese origin (such as Angola, Mozambique, the United States, Canada, France, Luxembourg and Macao), as well as in markets where the Bank's successful Portuguese business model could be effectively exported to and tailored to suit such local markets (such as Poland, Greece and Romania).

The Bank has pursued a consistent strategy of market segmentation. Until 2003, these segments were served through autonomous distribution networks operating under a variety of brand names. In October 2003, BCP began the process of replacing these brands in Portugal with a single brand name: Millennium bcp. The rebranding in other markets was completed in 2006. All banking operations controlled by BCP are now carried out under the "Millennium" brand. In Portugal, the Bank also operates under the "ActivoBank" brand.

In recent years, the Bank has refocused on operations that it considers core to its business. As part of this refocus, the Bank divested several of its international operations (in France, Luxembourg, United States, Canada, Greece, Turkey and Romania), while retaining commercial protocols to facilitate remittances from Portuguese emigrants in some markets. In 2010, the Bank transformed its Macao off-shore branch into an on-shore branch.

In February 2012, the Bank adopted a management restructuring through the introduction of a one-tier management and supervisory model, in which the Board of Directors includes an Executive Committee and an Audit Committee (the latter comprising non-executive members, and with a majority of independent members, in accordance with the applicable law).

In December 2012, the Bank prepared and presented to the Portuguese government a Restructuring Plan, required by national law and by the applicable European rules on matters of State aid. The Restructuring Plan was formally submitted by the Portuguese government to the EC and, In July 2013, the Bank agreed on the plan with the EC, entailing an improvement of the profitability of the Bank in Portugal through continued cost reduction, among other drivers. On September 2013, the DG Comp announced its formal decision in connection with its agreement with the Portuguese authorities concerning the Bank's Restructuring Plan. Pursuant to the decision, the Bank's Restructuring Plan was found in compliance with the European Union's rules relating to State aid, demonstrating the Bank's viability without continued State support. The implemented Restructuring Plan aimed at strengthening the Bank's strategy by focusing on its core activities.

In May 2014, as part of a process to refocus on core activities defined as a priority in its Strategic Plan, the Bank announced that it agreed with the international insurance group Ageas a partial recast of the strategic partnership agreements entered into in 2004, which included the sale of its 49% interest in the (currently jointly owned) insurance companies that operate exclusively in the non-life insurance business, i.e. Ocidental – Companhia Portuguesa de Seguros, S.A. and Médis – Companhia Portuguesa de Seguros de Saúde, S.A..

In April 2016, the Bank announced the conclusion of the merger between Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A., resulting in the second-largest private sector bank in Angola in terms of loans to the economy, with a market share of approximately 10% in business volume. The entity resulting from this merger ceased to be controlled by BCP.

In January 2017, BCP announced a EUR 1.3bn rights issue with transferable pre-emptive subscription rights. The aim of this transaction was to bring forward the full repayment of remaining Government Subscribed Securities and the removal of key State-aid related restrictions, including the dividend ban, the risk of potential sale of core businesses and the tail risk of conversion. This transaction was designed to strengthening the balance sheet through the improvement of the CET1 FL ratio and Texas ratio, bringing them in line with new industry benchmarks and above regulatory requirements.

On December 27, 2019, the merger deed of Banco de Investimento Imobiliário, S.A., a wholly-owned subsidiary of Banco Comercial Português, S.A., by incorporation into the latter, was signed, thus completing the incorporation process of Banco de Investimento Imobiliário, S.A. into Banco Comercial Português, S.A..

On 27 August 2019, the Extraordinary General Meeting of Bank Millennium S.A., in which 216 shareholders representing 78.53% of its share capital, participated, approved the merger of Bank Millennium S.A. with Euro Bank S.A.. The completion of the integration of Eurobank S.A. into Bank Millennium S.A. took place in November, with the Bank resulting from the merger now operating under a single brand, a single operating system and a single legal entity.

On June 29, 2021 BCP entered into an agreement with Union Bancaire Privée, UBP SA regarding the sale of the entire share capital of Banque Privée BCP (Suisse) SA (“Banque Privée”). The sale of the entire share capital of Banque Privée BCP (Suisse) SA (“Banque Privée”) to Union Bancaire Privée, UBP SA was completed on November 2, 2021. The sale of Banque Privée allows BCP Group to pursue its strategy of focusing resources and management on core geographies, enhancing their development and thus creating value for stakeholders.

On 29 December 2021, BIM – Banco Internacional de Moçambique, SA (a bank incorporated under Mozambican law in which BCP indirectly holds a stake of 66.69%) formalized the entry into force of a long-term agreement with Fidelidade – Companhia de Seguros, SA, with a view to strengthening capabilities and expanding the offer of insurance through the banking channel (bancassurance) in Mozambique. Under this partnership, the possibility of which was provided for in the memorandum of understanding signed between BCP and the Fosun Group in November 2016, BIM and Fidelidade also formalized the sale by BIM to Fidelidade of shares representing 70% of the share capital and voting rights of Seguradora Internacional de Moçambique, SA, with BIM maintaining approximately 22% of its share capital. BIM and Fidelidade also agreed call and put options with a view to enabling Fidelidade to acquire additional shares, and BIM's shareholding, as a result of these options, may be reduced to 9.9% of SIM's capital. Under the long-term exclusive distribution agreement, BIM will promote the distribution of SIM insurance through the banking channel, continuing to provide its customers with a wide range of competitive insurance products, which is reinforced by the partnership with Fidelidade, an Insurance Group of reference.

In the 1st half of 2023, Bank Millennium concluded the sale of 80% of Millennium Financial Services, as part of the strategic partnership in the bancassurance area.

In the 1st half of 2024, Bank Millennium S.A. informed that it took a decision to complete the implementation of the Recovery Plan, notifying of the fact Polish Financial Supervision Authority and Bank Guarantee Fund.

In the 3rd quarter of 2024 Earnings Presentation, BCP and Bank Millennium presented their strategic plans for 2025-28.

Governance

Banco Comercial Português, S.A. has a one-tier management and supervision model, composed of a Board of Directors (BD), which includes an Executive Committee (EC) and an Audit Committee composed of only non-executive directors. The Company also has a Remuneration and Welfare Board (RWB) and a Strategic Board.

In addition, the Group uses a Statutory Auditor and an external auditing firm to audit the individual and consolidated accounts of the Bank, elected at the General Meeting.

The BD is the governing body of the Bank with the broad powers of management and representation, pursuant to the law and the articles of association.

Under the terms of the Bank's articles of association, the BD is made up of a minimum of 15 and a maximum of 19 members with and without executive functions, elected by the General Meeting of Shareholders for a period of four years, with re-election permitted. As of June 30, 2024, the Board of Directors was made up of 16 members, of which 14 were elected at the General Meeting of Shareholders held on May 4, 2022 and 2 were co-opted by the Board of Directors on October 11, 2022, having the co-option was ratified at the General Assembly held on December 20, 2022, after authorization for the exercise of functions by the ECB (on December 7).

Of the 16 members that make up the BD, 6 are executive and 10 are non-executive, with 5 qualified as independent.

The BD began its functions on September 5, 2022 and appointed an EC, composed of six of its members, with the Chief Executive Officer being appointed by the General Meeting, with the two co-opted members starting their duties on February 4, 2023. The BD has delegated to the EC the day-to-day management of the Bank, which is assisted by several committees and subcommittees in the exercise of this management function, to which it monitors certain relevant matters.

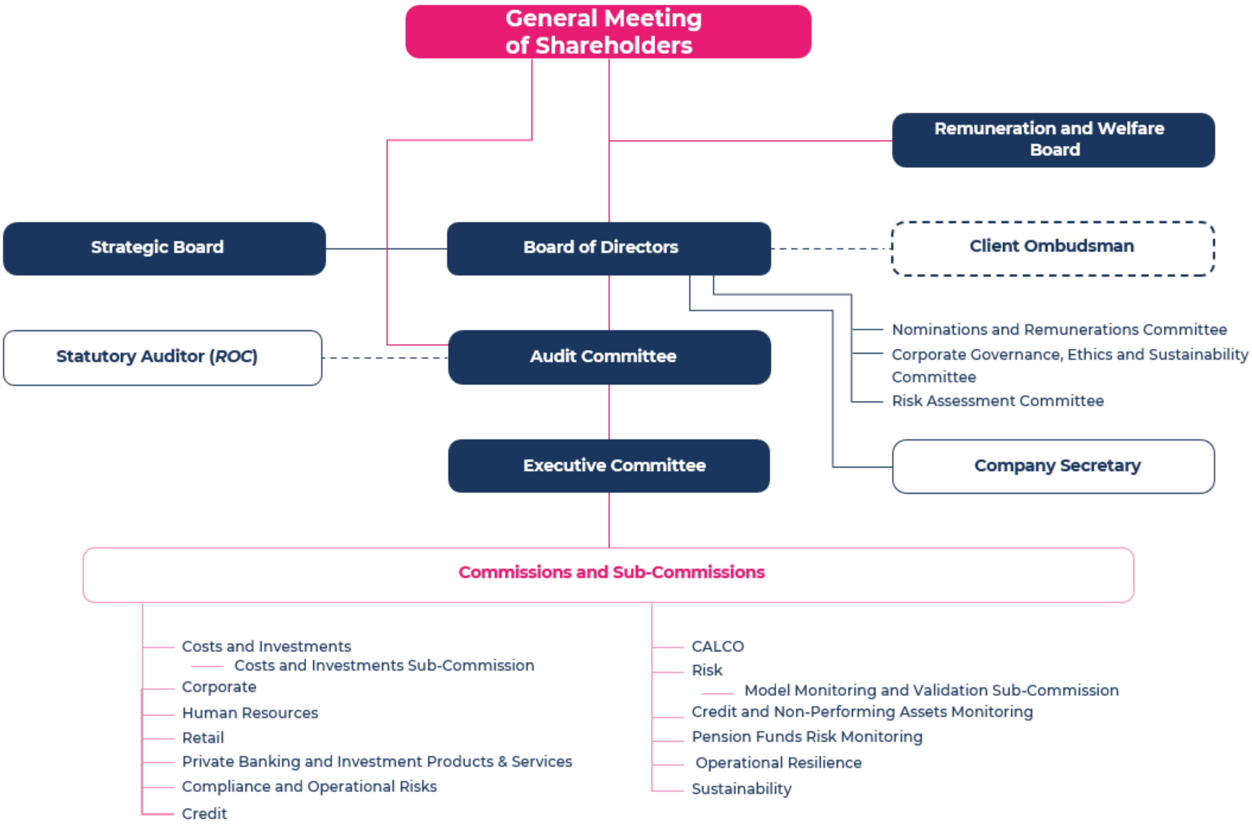
Banco Comercial Português, S.A. is in the process of identifying and selecting a new non-executive member to join the Board of Directors.

The supervision of the company is ensured by an Audit Committee (AudC), elected by the General Meeting of Shareholders, and composed of a minimum of 3 and a maximum of 5 members, elected together with the other administrators, and the lists proposed for the BD must detail the members who are intended to form part of the Audit Committee and indicate the respective President. AudC is made up of 3 non-executive directors, the majority of whom are independent members as well as its president and also includes an alternate member.

The Remunerations and Welfare Board (RWB) and the Strategic Council have the functions described in the By-Laws, with the latter Council being a non-permanent body.

The Company Secretary and the Alternate Secretary are appointed by the Bank's BD, and their term-of-office matches that of the BD that appointed them.

Corporate Governance Model



Identification and composition of the Corporate Bodies and Committees from the Board of Directors

The Board of Directors and its Committees currently have the following composition:

	Board of Directors (BD)	Executive Committee (EC)	Audit Committee (AudC)	Committee for Corporate Governance, Ethics and Sustainability (CCGES)	Committee for Nominations and Remunerations (CNR)	Risk Assessment Committee (RAC)
Nuno Manuel da Silva Amado (Chairman of BD and of CGSES)	●			●		
Jorge Manuel Baptista Magalhães Correia (Vice-Chairman of BD and Member of RWB)	●					
Valter Rui Dias de Barros (Vice-Chairman of BD)	●		●		●	
Miguel Maya Dias Pinheiro (Vice- Chairman of BD)	●	●				
Ana Paula Alcobia Gray	●					●
Cidália Maria da Mota Lopes (Chairman of AudC)	●		●			
Fernando da Costa Lima (Chairman of (RAC)	●		●			●
João Nuno de Oliveira Jorge Palma	●	●				
Lingzi Yuan (Smilla Yuan) (Chairman of CNR)	●				●	
José Miguel Bensliman Schorcht da Silva Pessanha	●	●				
Lingjiang Xu	●			●	●	
Maria José Henriques Barreto de Matos de Campos	●	●				
Miguel de Campos Pereira de Bragança	●	●				
Rui Manuel da Silva Teixeira	●	●				
Esmeralda da Silva Santos Dourado*	●					
Altina de Fátima Sebastian Gonzalez **	●					●
José Pedro Rivera Ferreira Malaquias	●			●		

* On 22 Janaury 2025, the Board of Directors of Banco Comercial Português, S.A., in accordance with the law and the Bank's regulations on Succession Planning, approved the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025. The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

** Alternate member of the Audit Committee.

The Remuneration and Welfare Board is chaired by José António Figueiredo Almaça and composed of the two vice-chairmen Jorge Magalhães Correia e Valter Barros.

The Strategic Council, as an advisory and non-permanent body, has a variable composition, with the Chairman and Vice-Chairmen of the Board of Directors being inherent members.

The Board of the General Meeting elected for the term of office 2024/2027 in the General meeting of Shareholders held on 22 May 2024, has the following composition:

Chairman: Pedro Rebelo de Sousa

Vice-chairman: Octávio Castelo Paulo

Secretary of the Board: Company Secretary (Ana Moniz Macedo)

Main events in 2024

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

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

On 5 January 2024, BCP informed, under the terms and for the purposes of article 6 of CMVM Regulation No. 1/2023, that the Non-Executive Director Xiaoxu Gu (also known as Julia Gu) presented on that day its resignation to the position of non-executive member of the Board of Directors, effective from 29 February 2024. The Bank informed that it began the process of identifying and selecting a new non-executive member to join its Board of Directors in accordance with the applicable Bank's regulations.

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

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

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

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

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

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

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

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

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

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

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

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

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

- 25.17% of the total risk exposure amount ("TREA" or "Total Risk Exposure Amount") to which adds further a combined buffer requirement ("CBR" or "Combined Buffer Requirement") of 3.5%, thus corresponding to total requirements of 28.67%); and

- 6.67% of the leverage ratio exposure measure ("LRE" or "Leverage Ratio Exposure Measure").

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

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

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

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

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

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

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

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

On 19 November 2024, the Bank informed that Moody's rating agency on that day, upgraded the Bank's senior unsecured debt rating from Baa2 to Baa1 and affirmed deposits rating at A3, maintaining the rating assigned to deposits at the same level to that assigned to the Portuguese Republic. On the same date, Moody`s revised the Outlook on deposits from stable to positive. This upgrade of BCP's ratings by Moody's reflects the improvement in asset-risk indicators as a result of a successful derisking strategy implemented in Portugal in recent years, its higher capital levels and the group's improved bottom-line profitability, despite still being strained over the outlook period by sizable legal provisions associated to BCP's Polish subsidiary's legacy Swiss franc mortgage portfolio. In the scope of the review carried out by Moody's, it was simultaneously communicated, the upgrade of the Baseline Credit Assessment (BCA) and Adjusted BCA from Ba1 to Baa3, the junior senior debt rating to (P)Baa3, the dated subordinated debt to (P)Ba1. BCP's BCA also reflects the Bank's sound funding and liquidity position. Furthermore, the Outlook on the long-term senior unsecured debt was placed on Stable and the Outlook on deposits was changed to positive.

On 12 December 2024, the Bank informed that, under the context of the Supervisory Review and Evaluation Process (SREP), it has been notified of the decision of the European Central Bank (ECB) regarding minimum prudential requirements to be fulfilled on a consolidated basis from January 1, 2025. According to the information received, the Pillar 2 Requirement ("P2R") for BCP from January 1, 2025, is 2.25%, which represents a decrease of 25 bp, reflecting a more favourable assessment from the Supervisor on the Bank's global risk. The decisions referred above establish the minimum own funds requirements determined based on the total value of risk-weighted assets (RWA) and which are CET1 9.56%, Tier 1 11.48% e Total 14.04%. Buffers include the capital conservation buffer (2.5%), the buffer for other systemically important institutions (O-SII: 1.0%) and the Sectoral Systemic Risk buffer of 0.29% (variable, corresponding to 4% on the amount of risk exposures on the retail portfolio of loans to individuals collateralized by residential properties located in Portugal, calculated in pursuant to paragraph 3 of article 92 of Regulation (EU) 575/2013, at the highest level of consolidation in Portugal, considering the applicable legal framework). In addition to these buffers, the counter-cyclical reserve to be applied in Poland from September 2025, in the size that will be applicable at the consolidated level, as well as the counter-cyclical reserve to be applied to exposures in Portugal from 1 January 2026 to be disclosed by the Banco de Portugal following the public consultation process which had a reference of 75 bp.

On 13 December 2024, the Bank informed that Fitch Ratings upgraded BCP's long-term senior unsecured debt ratings from BBB- to BBB, following the upgrade of the long-term Issuer Default Rating (IDR) from BBB- to BBB and the Viability Rating (VR) from bbb- to bbb. having maintained the Positive Outlook. The upward review of BCP`s rating by Fitch Ratings reflects a better assessment of the bank's capitalization and funding profile. Fitch within the scope of the review took also into consideration the upgrade of the Portuguese operating environment from bbb to bbb+ as it should result in better growth opportunities for BCP due to its strong domestic franchise. The Positive Outlook reflects Fitch view that BCP's business profile, profitability and internal capital generation should structurally improve if the Bank successfully executes its new strategic plan and resolves legacy risks related to Polish foreign-currency mortgage loans. Fitch Ratings also raised the ratings on BCP's Additional Tier 1 and Tier 2 instruments by one notch.

AWARDS AND DISTINCTIONS

Millennium bcp received several distinctions in 2024:

- "Consumer Choice" award in 2025 for the fifth consecutive year in the "Large Banks" category. Leadership in attributes such as "innovation" or "loyalty" contributed to this distinction. Among the strengths highlighted by consumers who participated in the study, in-person and online service and digital efficiency stand out.

- Renewed its status as leader in the 'Large Banks' and 'banking apps' categories, for the third consecutive year, for the Prémio Cinco Estrelas.
- “Bank of the Year 2024” by The Banker magazine, a Financial Times Group publication specializing in banking and the financial services sector. This assessment was based on the strategic initiatives, technology, new products/services and sustainability carried out by the bank in the last twelve months.
- Millennium bcp was distinguished with the “Best Digital Leader” award at the Portugal Digital Awards and Millennium bcp with the “Best Banking Project” award with the Mortgage Hub service.
- "Best Investment Bank in Portugal" for the seventh consecutive year, within the scope of the World’s Best Investment Banks Awards attributed by Global Finance magazine.
- “Best Private Bank in Portugal” by The Banker and Professional Wealth Management magazines, two publications from the Financial Times Group specialized in banking and the financial services sector, within the scope of the Global Private Banking Awards 2024.
- “Best Bank for Sustainable Finance in Portugal” by Global Finance magazine.
- Millennium bcp's mortgage loan process was the winner in the “Best Consumer Experience” category of the Finovate Awards 2024, which distinguish companies/individuals that drive fintech innovation and bring new ideas to life.
- "Best Consumer Digital Bank" in Portugal for the fourth consecutive year at the World’s Best Digital Bank Awards 2024, organised by Global Finance magazine. Across all subcategories of these awards, Millennium bcp is also the Portuguese bank with the most accolades, including Best Information Security and Fraud Management, Best User Experience (UX) Design and Best Social Media Marketing and Services.
- "2024 Five Star Award" in the Large Banks category.
- “Best Investment Bank in Portugal” in 2024 by Global Finance magazine.
- “Best Foreign Exchange Bank 2024 in Portugal” by Global Finance magazine.
- “Best Bank (market leader) and with Best Service (best service) in the Trade Finance category in Portugal” by Euromoney magazine.
- Millennium bcp distinguished in the 13th Edition of the Euronext Lisbon Awards in the Local Market Member Category Equity and received in that same edition of the Euronext Lisbon Awards with two awards in the Growing Structured Finance category.
- Leadership in Inovadora COTEC for the 4th consecutive year.
- Millennium bcp won the APCC Best Contact Centers 2024 award in the category of Best Banking Contact Center in Portugal.
- Distinguished in the ranking of Companies Committed to Youth, which aims to recognise the best companies in the Iberian Peninsula and Latin America that promote initiatives for the development of Young Talent. This initiative is the responsibility of the OIJ-International Youth Organisation and DCH-International Organisation for Human Capital Management.
- “The Best Bank for Sustainable Finance in Portugal”in 2025 according to Global Finance magazine.
- Millennium bcp is included in the "Europe's Climate Leaders 2024" ranking for the fourth consecutive time.
- Millennium bcp was elected “Consumer Choice” in 2024. Millennium bcp was distinguished in the “Large Banks” and “Banking Apps” categories. It should be noted that Millennium bcp was distinguished as “Consumer's Choice” for the fourth consecutive year.

ActivoBank also received several distinctions in 2024:

- “Consumer Choice” award for the seventh consecutive time in the “Digital Bank” category in 2025. The independent evaluations, which result from consumer opinion, once again highlighted the Bank's recognition among the public and loyalty of its Customers.
- “Five Stars” award for the second consecutive year, in the “Digital Banking” category.
- ActivoBank was elected “Consumer Choice” in 2024. ActivoBank was elected in the “Digital Banking” category. It should be noted that ActivoBank has been in leadership for six years.

Bank Millennium was widely distinguished in 2024:

- “Newsweek’s Friendly Bank” ranking, for the second year in a row, winning in the “Traditional Banking” and “Remote Banking” categories. The Bank also appears at the top of Forbes magazine’s “Banks for Affluent Clients” and “Company-Friendly Bank” rankings.

- First place in the Mobile Bank ranking, a list of banks that best respond to the demands of Customers who prefer to use financial services via mobile devices, created by the website cashless.pl.
- Included in the prestigious list of the most trustworthy companies in the world (“World’s Most Trustworthy Companies 2024”, by Newsweek and Statista.
- Distinguished in several categories of the World’s Best Digital Bank Awards 2024, promoted by Global Finance magazine, including Best User Experience (UX) Design, Best Information Security and Fraud Management and Best in Transformation in Poland.
- “Best Bank in Poland” in 2024 by Global Finance magazine.
- "Best Trade Finance Services" in Poland by Global Finance magazine.
- Distinguished as a Reliable Employer for the tenth consecutive time.
- Awarded by the eleventh time as "Service Quality Star".
- Distinguished in Global Finance’s “The Innovators 2024” awards.
- Included in the list of the 10 best banks in Europe in terms of Customer experience. It was ranked on the top 10 of the report “The European Banking CX Index”, developed by market research company Forrester.
- Second place in the Multichannel Service Quality category in the Golden Banker 2024 ranking.
- Distinguished by the Global Finance registry with the title "The Greatest innovation in Finance" in the Corporate Finance category.
- Second place in the "Best Employers in Poland 2024" ranking, in the Banking and Financial Services category, by Forbes in collaboration with the company Statista.
- In the "ESG Responsible Management" ranking, third place in the Governance section and in the TOP 10 of the general classification.
- Bank Millennium is included in the "Europe's Climate Leaders 2024" ranking for the fourth consecutive time.

In Mozambique:

- The Millennium bim brand was considered by Mozambican consumers to be the best in the financial sector in the "Large Banks" category, within the scope of the first edition of the "Mozambican Consumer Choice" project, organised by Consumer Choice, in which Millennium bim was the only distinguished national bank.
- Millennium bim was distinguished as “Best Digital Bank” in Mozambique at the Euromoney Awards for Excellence 2024.

SUBSEQUENT EVENTS

On 22 January 2025, the Bank informed that its Board of Directors, in accordance with the law and the Bank's regulations on Succession Planning, approved on that date the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025. The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

On 10 March 2025, the Bank informed about decision to early redeem in full the EUR 450 million Subordinated Fixed Rate Reset Notes due 27 March 2030 bond issue.

On 12 March 2025, the Bank informed that S&P Global upgraded BCP's senior unsecured debt ratings from BBB to BBB+, changing the Outlook to Stable.

On 13 March 2025, the Bank informed about the decision to launch a tender offer on a T2 Notes issue due December 2027. The Offer is conditional on the successful completion of the issuance of a new series of Subordinated Fixed Rate Reset Notes to be issued off the Banks’ Euro Note Programme, subject to market conditions in amount of at least EUR 450 million.

On 13 March 2025, the Bank informed that has fixed the terms for a new issue of subordinated Tier 2 Notes under its Euro Note Programme. The issue, in the amount of EUR 500 million, will have a tenor of 12 years, with the option of early redemption by the Bank in the last three months of year 7, an annual interest rate of 4.75% during the first 7 years (corresponding to a spread of 2.150% (the “Spread”) over the 7-year mid-swap rate). The interest rate for the last 5 years will be determined on the basis of the then applicable 5-year mid-swap rate plus the Spread. The issue was placed among a diversified base of reference institutional investors after a speedy and successful execution.

BCP Share

The year 2024 was, above all, marked by geopolitical instability, both due to the continuation of the conflict in Ukraine and the war in Palestine. Another of the great events recorded in 2024 was the re-election of Donald Trump as the future President of the USA.

Global equity markets recorded a strong performance in 2024, supported by the corporate profits presented, which exceeded market agents' estimates, and by the resilience of macroeconomic data. The MSCI World index registered an appreciation of 20.2% in local currency (25.3% in Euros). The US stock market appreciated by 24.6% (32.9% in Euros), supported by economic growth exceeding market expectations. In the Euro area, the evolution in 2024 was less significant, with the MSCI index appreciating 9.4% in 2024.

In 2024, the global economy showed moderate growth. The US economy surpassed the most optimistic forecasts and the Euro area showed modest but positive growth, penalized by the lower strength of the German economy.

The year 2024 was also strongly marked by the beginning of the cycle of lowering reference interest rates by Central Banks, adopting, however, different rhythms and magnitudes depending on the economic and inflation context.

The North American Federal Reserve cut the reference interest rate by 100 bp for the year as a whole, to 4.25-4.5%, returning to the levels recorded in December 2022, but reduced forecasts for cuts for 2025, from four to just two rate cuts, as a result of the upward revision of projections for inflation and GDP growth.

During the year 2024, the ECB cut interest rates by 100 bp, setting the deposit rate at 3.0% and announced at the end of December its forecast of maintaining the downward trend in interest rates throughout 2025, albeit more gradually.

BCP SHARES INDICATORS

	Units	2024	2023
ADJUSTED PRICES			
Maximum price	(€)	0.4650	0.3309
Average price	(€)	0.3616	0.2379
Minimum price	(€)	0.2543	0.1529
Closing price	(€)	0.4647	0.2744
SHARES AND EQUITY			
Number of ordinary shares (outstanding)	(M)	15,114	15,114
Shareholder's Equity attributable to the group (1)	(M€)	7,095	6,303
VALUE PER SHARE			
Adjusted net income (EPS) (2) (3)	(€)	0.058	0.054
Book value (4)	(€)	0.469	0.417
MARKET INDICATORS			
Closing price to book value	(PBV)	0.99	0.66
Market capitalisation (closing price)	(M€)	7,023	4,147
LIQUIDITY			
Turnover	(M€)	5,991	5,049
Average daily turnover	(M€)	23.4	19.8
Volume	(M)	16,813	21,351
Average daily volume	(M)	65.7	83.7
Capital rotation (4)	(%)	111.2%	141.3%

(1) Includes Other Equity Instruments (400 million euros of AT1 in 2024 and 2023).
(2) Considering the average number of shares outstanding
(3) Considering the average number of shares minus the number of treasury shares in portfolio
(4) Total number of shares traded divided by the average number of shares issued in the period

BCP Share in 2024 appreciated by 69.4%, recording one of the best performances among the Banks components of the European Banking reference index, which appreciated by 26.0% in the same period.

The Bank's operational efficiency, improved profitability and strong organic capital generation were determining factors for the positive performance of the BCP share during 2024, encouraging analysts who follow the Bank to carry out several upward revisions to the price targets. Also noteworthy are the various reviews by the Rating Agencies of BCP's ratings throughout 2024, which resulted in 6 rating actions: 2 Outlook improvements and 4 upgrades.

Simultaneously with the Presentation of Earnings for the first nine months of 2024, the Bank presented the Strategic Plan 2025-28, called “Valorizar 28” which establishes a new benchmark for Millennium bcp's aspirations towards Customers, Employees and Shareholders. In the new plan presented, the Bank maintains its focus on organic growth, aiming to achieve a turnover of more than EUR 190 billion, reach more than 8 million active Customers with a mobile adoption share of more than 80%, maintain execution discipline with a Cost to Income ratio of less than 40% and a cost of risk of less than 50 pbs, reinforce the ESG commitment with the objective of achieving a position in the top quartile in the S&P Global CSA classification, maintain high levels of profitability aiming an ROE of more than 13.5%, a CET1 ratio of more than 13.5% and the distribution of up to 75% of the net income accumulated in the period between 2025-28 (which is estimated at between EUR 4.0 and 4.5 billion) to shareholders. The reception of the plan by market participants was very positive and boosted the positive behaviour of the share price until the end of the year.

Based on analysts who regularly follow BCP, at the end of December, purchase recommendations represented 79% of the total (11 analysts) and 21% of analysts (3 analysts) presented a neutral recommendation. The average price target for BCP shares at the end of 2024 was set at €0.56, representing an increase of 40% compared to the €0.40 observed in December 2023.

PERFORMANCE

Index	Change 2024
BCP share	69.4%
Eurostoxx 600 Banks	23.4%
PSI20	-0.3%
IBEX 35	14.8%
CAC 40	-2.2%
DAX XETRA	18.9%
FTSE 100	10.8%
MIB FTSE	12.6%
Dow Jones Indu Average	12.9%
Nasdaq	24.9%
S&P500	23.3%

Source: Euronext, Reuters, Bloomberg

Liquidity

During 2024, EUR 5,991 million in BCP shares were traded, which represented an average daily turnover of EUR 23.4 million. In 2024, 16,813 million shares were traded, corresponding to an average daily volume of 65.7 million shares. The capital rotation index stood at 111.2% of the average annual number of shares issued.

Follow-up with Investors

During 2024, the Bank participated in several events, having been present at 14 conferences and roadshows, through which it held more than 350 meetings with investors.

Indexes listing BCP shares

The BCP share is included in more than 50 national and international stock indices, including the Stoxx 600 Europe Banks, Euronext 150, the PSI and the PSI All-Share Index GR.

Additionally, at the end of 2024, BCP was also included in the “ISS STOXX Indices" and the “European Banks Index" of Standard Ethics.

Bank Millennium in Poland is part of the “WIG-ESG” of the Warsaw Stock Exchange.

Material information announced to the market and impact on the share price

The following table summarizes the relevant facts directly related to Banco Comercial Português that occurred during the year 2024, as well as the changes in the share price, both on the following day and in the 5 subsequent days, and the relative evolution vis-à-vis the main national reference indices and European banking sector in the periods mentioned.

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
1	1/Jan	Banco Comercial Português, S.A. informs about decision to call AT1	3.4%	2.4%	2.5%	6.3%	5.1%	3.8%
2	5/Jan	Banco Comercial Português, S.A. informs about the resignation of a member of the Board of Directors	0.0%	0.8%	-0.4%	5.2%	5.1%	7.9%
3	8/Jan	Banco Comercial Português, S.A. informs about estimated provisions against legal risk related to FX mortgage loans portfolio booked by Bank Millennium, S.A. in 4Q 2023	0.1%	0.3%	0.9%	2.3%	1.9%	6.1%
4	10/Jan	Banco Comercial Português, S.A. informs about potential issue of perpetual subordinated notes	1.0%	1.2%	2.9%	-6.3%	-2.1%	-2.2%
5	11/Jan	Banco Comercial Português, S.A. informs on the issuance of perpetual subordinated notes (Additional Tier 1)	0.4%	1.2%	0.1%	-5.1%	-1.1%	-3.6%
6	15/Jan	Banco Comercial Português, S.A. informs about notice of acquisition of securities	-4.0%	-2.6%	-2.9%	-3.7%	-1.1%	-3.7%
7	16/Jan	Banco Comercial Português, S.A. informs about notice of transaction of securities	-1.1%	0.4%	-0.4%	-6.5%	-4.2%	-7.5%
8	18/Jan	Banco Comercial Português, S.A. informs about notice of acquisition of securities	-1.5%	-1.4%	-1.4%	-6.6%	-6.2%	-8.5%
9	22/Jan	Banco Comercial Português S.A. informs about the result of the share offering announced by Chiado Luxembourg S.À.R.L.	-6.7%	-5.7%	-6.6%	-7.7%	-6.4%	-8.8%
10	22/Jan	Banco Comercial Português, S.A. ("Bank") informs about communication received from Chiado (Luxembourg) S.À.R.L regarding the sale of Bank shares through an Accelerated Bookbuilding process	-6.7%	-5.7%	-6.6%	-7.7%	-6.4%	-8.8%
11	24/Jan	Banco Comercial Português, S.A. informs about notice of acquisition of securities by Fidelidade	-2.2%	-1.7%	-1.9%	-2.5%	-2.4%	-3.9%

(Continues)

(Continuation)

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
12	26/Jan	Banco Comercial Português, S.A. informs on notice received from Chiado (Luxembourg) S.à r.l. about qualified shareholding	-0.6%	-0.2%	0.0%	-0.6%	-0.3%	-0.5%
13	30/Jan	Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 2023	-1.0%	-1.4%	-1.0%	-4.8%	-3.9%	-3.9%
14	12/Feb	Banco Comercial Português, S.A. informs about notices received from Bank of America	0.1%	1.1%	0.4%	3.8%	2.9%	1.9%
15	16/Feb	Banco Comercial Português, S.A. informs on a notice received from Bank of America Corporation	1.7%	1.0%	1.3%	4.1%	3.4%	2.3%
16	26/Feb	Millennium bcp Earnings release as at 31 December 2023	0.3%	-0.4%	-0.1%	-3.4%	-3.3%	-5.6%
17	11/Mar	Banco Comercial Português, S.A. informs on a notice received from Bank of America Corporation	2.9%	3.2%	1.0%	9.2%	9.0%	6.4%
18	8/Apr	Banco Comercial Português, S.A. informs about estimated provisions against legal risk related to FX mortgage loans portfolio booked by Bank Millennium, S.A. in 1Q 2024	-0.4%	-0.5%	0.7%	-2.6%	-2.7%	-0.4%
19	29/Apr	Banco Comercial Português, S.A. informs about the attribution of shares within the scope of the variable remuneration policy for Persons with Managing Responsibilities and Employees	0.9%	1.9%	1.3%	0.5%	0.9%	-0.3%
20	7/May	Banco Comercial Português, S.A. informs about expected negative impact of extension of credit holidays on 2nd quarter 2024 results of Bank Millennium S.A. Capital Group	-1.4%	-1.6%	-1.4%	3.8%	0.7%	2.7%
21	10/May	Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in Q1 2024	0.8%	1.4%	0.5%	3.5%	3.8%	1.6%
22	15/May	Millennium bcp Earnings release as at 31 March 2024	-1.8%	-1.0%	-1.6%	1.2%	1.5%	2.0%

(Continues)

(Continuation)

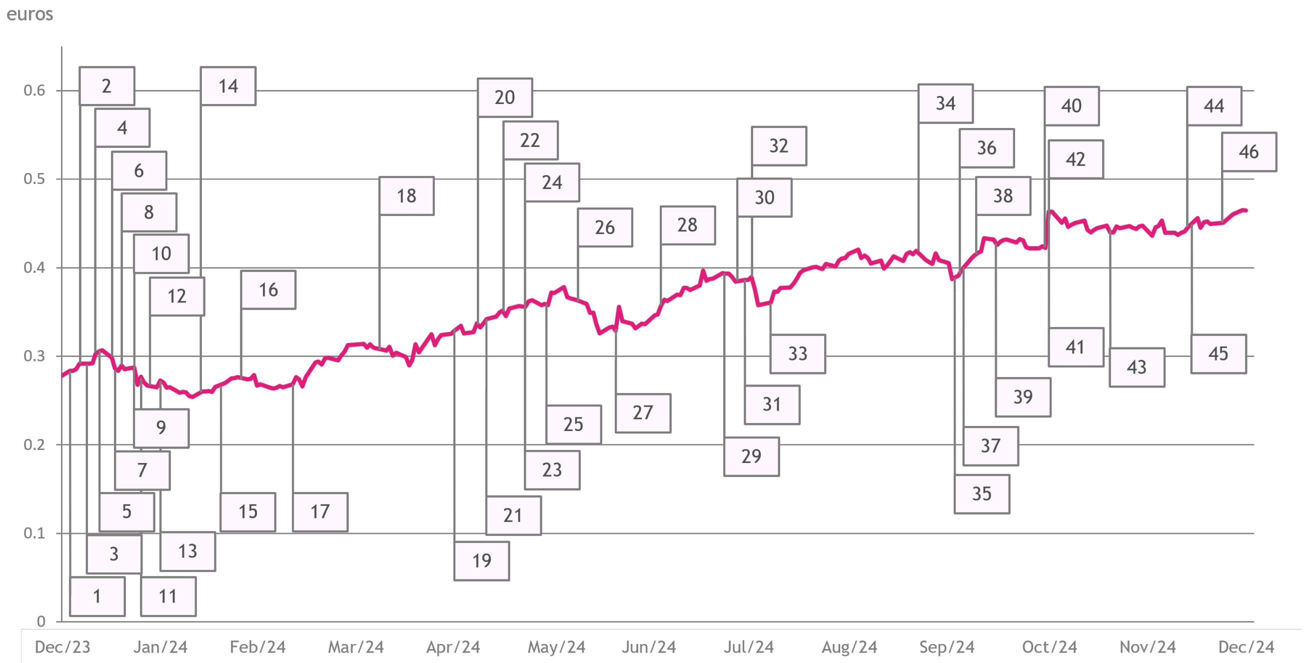
Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
23	22/May	Banco Comercial Português, S.A. informs about resolutions of the Annual General Meeting	1.7%	2.1%	1.7%	0.4%	2.6%	1.5%
24	22/May	Banco Comercial Português, S.A. informs about the election of the Statutory Auditor and of the External Auditor for the four-year period 2024/2027	1.7%	2.1%	1.7%	0.4%	2.6%	1.5%
25	28/May	Banco Comercial Português, S.A. informs on the payment of the dividend relating to the 2023 financial year	-0.4%	1.2%	0.9%	2.1%	3.1%	3.8%
26	7/Jun	Banco Comercial Português, S.A. informs about the attribution of shares within the scope of the variable remuneration policy for Persons with Managing Responsibilities	-1.2%	-1.1%	-0.4%	-10.3%	-7.4%	-4.8%
27	20/Jun	Banco Comercial Português, S.A. informs about completion of the implementation of the Recovery Plan by Bank Millennium in Poland	8.3%	6.7%	7.4%	1.6%	1.5%	1.6%
28	3/Jul	Banco Comercial Português, S.A. informs about estimated provisions against legal risk related to FX mortgage loans portfolio booked by Bank Millennium, S.A. in 2Q 2024	1.8%	1.6%	0.5%	5.5%	4.4%	5.3%
29	22/Jul	Banco Comercial Português, S.A. informs on notification by Banco de Portugal regarding MREL requirements	-0.1%	0.0%	-0.6%	-2.0%	0.4%	-1.6%
30	26/Jul	Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in H1 2024	0.4%	0.0%	0.4%	-6.9%	-5.8%	0.8%
31	29/Jul	Banco Comercial Português, S.A. informs about Millennium bim (Mozambique) results in H1 2024	0.1%	1.0%	-0.9%	-6.8%	-3.3%	3.2%
32	31/Jul	Millennium bcp Earnings release as at 30 June 2024	-3.6%	-2.9%	0.9%	-4.4%	-2.4%	4.3%
33	5/Aug	Banco Comercial Português, S.A. informs about notice of transaction of securities	0.1%	0.3%	0.5%	4.9%	3.6%	1.9%
34	20/Sep	Banco Comercial Português, S.A. informs about the ruling of the Competition, Regulation and Supervision Court	-2.4%	-2.7%	-1.5%	-2.4%	-3.8%	-3.9%

(Continues)

(Continuation)

Nr.	Date	Material Events	Chg. +1D	Chg. vs. PSI20 (1D)	Chg. vs. STOXX® Europe 600 Banks (1D)	Chg. +5D	Chg. vs PSI20 (5D)	Chg. vs STOXX® Europe 600 Banks (5D)
35	2/Oct	Banco Comercial Português, S.A. informs about specific items impact on financial results of Bank Millennium, S.A. in 3Q 2024	0.6%	1.3%	1.2%	7.1%	6.9%	5.7%
36	3/Oct	Banco Comercial Português, S.A. informs on the upgrade of senior unsecured debt and deposits ratings by Morningstar DBRS	1.6%	1.6%	-0.1%	7.0%	6.4%	4.6%
37	4/Oct	Banco Comercial Português, S.A. informs about the upgrade of senior debt ratings by S&P Global	3.2%	2.6%	2.3%	9.0%	7.4%	7.7%
38	8/Oct	Banco Comercial Português, S.A. informs about decision to call the currently outstanding Senior Preferred issue due October 2025 with an amount of EUR 350 million	0.7%	0.1%	0.4%	2.9%	2.4%	1.1%
39	14/Oct	Banco Comercial Português, S.A. informs about issue of senior preferred debt securities eligible for MREL	-1.4%	-1.1%	-1.5%	-0.8%	0.5%	-1.3%
40	29/Oct	Banco Comercial Português, S.A. informs about Bank Millennium (Poland) results in 9M 2024	-0.5%	0.2%	0.3%	7.3%	5.6%	5.5%
41	30/Oct	Banco Comercial Português, S.A. informs about Strategic plan 2025-28	9.7%	7.5%	9.9%	5.6%	6.5%	4.3%
42	30/Oct	Millennium bcp Earnings release as at 30 September 2024	9.7%	7.5%	9.9%	5.6%	6.5%	4.3%
43	19/Nov	Banco Comercial Português, S.A. informs about the upgrade of senior debt ratings by Fitch Ratings	0.0%	0.1%	0.1%	1.2%	0.3%	3.3%
44	12/Dec	Banco Comercial Português, S.A. informs about minimum prudential requirements	1.2%	1.3%	1.0%	2.7%	3.8%	4.1%
45	13/Dec	Banco Comercial Português, S.A. informs about the upgrade of senior unsecured debt rating by Moody's	2.4%	2.2%	2.2%	0.8%	2.0%	3.3%
46	23/Dec	Banco Comercial Português, S.A. informs about calendar of events in 2025	0.2%	-0.2%	-0.1%	3.3%	2.3%	1.7%

The following chart depicts BCP's share price performance in 2024:



Dividend policy

The BCP Group's dividend policy takes into account in particular: (i) the promotion of conditions for sustainable compliance with the capital ratios applicable to the Bank at any given time, as well as other applicable legal provisions, including the limitations applicable at any given time that result from the calculation of the maximum distributable amount; (ii) retention of own funds to promote consistency with the Risk Appetite Statement (RAS) and with the results of the internal capital adequacy self-assessment process (ICAAP); and (iii) safeguarding an appropriate safety margin over the values established by the regulator within the scope of its analysis and assessment regarding the adequacy of strategies, processes, capital and liquidity, to the risks to which the Bank is exposed (SREP). In the current context, it will naturally still be worth considering the guidance issued by the ECB mentioned above.

The decision on the application of profits for the year is the responsibility of the General Meeting, based on a proposal from the Board of Directors.

Bearing in mind the permanent consideration of the Bank's capital needs to meet its strategic objectives, it is the intention of the Board of Directors, in a context of macroeconomic stability, to re-establish a distribution of net profits, determined in the individual accounts for each year, that goes to meeting the legitimate expectations of its shareholders and that, in the medium term, it is in line with the best practices of the reference banking sector.

The Board of Directors will define the implications of these criteria in the maximum limit of prospective dividend payout resulting from the dividend policy, as well as the respective application period, which must be evidenced in the Bank's annual budgets.

Shareholder structure

According to information from Interbolsa, on December 31, 2024, the number of Shareholders of Banco Comercial Português reached 121,548.

At the end of December 2024, there were two Shareholders with qualified participation with a position greater than 5% of the Bank's share capital.

Shareholder structure	Number of Shareholders	% of share capital
INDIVIDUAL SHAREHOLDERS		
Group Employees	1,729	0.30%
Other	115,651	18.11%
COMPANIES		
Institutional	434	35.95%
Qualified Shareholders	2	39.52%
Other companies	3,732	6.12%
TOTAL	**121,548**	**100%**

It is worth highlighting the increase in the weight of institutional investors compared to the previous year, by around 8 p.p.

Shareholders with more than 5 million shares represented 79.35% of the capital.

Number of shares per Shareholder	Number of Shareholders	% of share capital
> 5,000,000	175	79.35%
500,000 a 4,999,999	1,037	8.35%
50,000 a 499,999	9,589	8.37%
5,000 a 49,999	30,206	3.47%
< 5,000	80,541	0.47%
TOTAL	**121,548**	**100%**

During 2024, the Bank's shareholder structure changed, in terms of geographic distribution, with a reduction in the weight of Portugal (-4 p.p.) and China (-6 p.p.), an increase in the United Kingdom/USA (+4 p.p.) and others (+6 p.p.). As of December 31, 2024, Shareholders in Portugal held 22.3% of the Bank's total number of shares.

	Nr. of Shares (%)
Portugal	22.3%
China	20.0%
Africa	19.9%
UK / EUA	20.8%
Other	17.0%
Total	**100%**

Qualified Holdings

The following Shareholders held more than 5% of the share capital of Banco Comercial Português, S.A. as of December 31, 2024:

	31 December 2024		
Shareholder	Nr. of shares	% of share capital	% of voting rights
Chiado (Luxembourg) S.à.r.l. (Fosun Group)	3,027,936,381	20.03%	20.03%
TOTAL FOR FOSUN GROUP	**3,027,936,381**	**20.03%**	**20.03%**
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	2,946,353,914	19.49%	19.49%
TOTAL FOR SONANGOL GROUP	**2,946,353,914**	**19.49%**	**19.49%**
Total of qualifying shareholdings	**5,974,290,295**	**39.52%**	**39.52%**

Regulatory, economic and financial system environment

Regulatory environment

The financial system exhibits a robust position in terms of capital and liquidity, with asset quality remaining resilient. Profitability has reached a historic high since the start of EU banking supervision. In the regulatory and supervisory framework, concerns are noted regarding the geopolitical environment, climate transition risks, environmental risks, and the effects of new technologies and digitalization, among others.

In June 2024, the new texts of the Capital Requirements Directive and Regulation (CRD6/ CRR3) were published, including a revised framework for assessing the adequacy of the top management of EU banks, along with other changes in EU banking governance rules. New provisions were also introduced regarding the management, communication, disclosure, governance, and prudential analysis of ESG risks. The new prudential rules of the Capital Requirements Regulation (CRR), aimed at implementing the Basel III reforms — including requirements related to credit risk, credit valuation adjustment risk, operational risk, market risk, and the minimum total risk exposure amount ("output floor") — came into effect on 1 January 2025, but with phased implementation for some situations. To align implementation dates and ensure a level playing field globally, EU authorities have proposed delaying the start date of the new trading book rules by one year.

The new package of rules against money laundering and terrorist financing has been published. The EBA will maintain the competencies and mandate for AML/CFT topics until December 2025, at which point these responsibilities will transition to the Anti-Money Laundering Authority (AMLA).

Regulation (EU) 2022/2554 (DORA) and Directive (EU) 2022/2556, both related to the digital operational resilience of the financial sector, are applicable from 17 January 2025. DORA includes mandates for the development of technical standards, some of which have already been published and others are in the process of adoption.

The European Supervisory Authorities (ESA) conducted simulation exercises, based on best efforts, to help banks prepare for the registration of contractual provisions with third-party ICT service providers.

The ECB and National Competent Authorities conducted stress tests to assess how banks respond to and recover from a cyberattack. Under the mandate of the European Commission, the EBA conducted a one-off analysis of a "fit-for-55" climate risk scenario and how its effects could create tensions in the financial system up to 2030. In 2025, an EU-wide stress test will be conducted to assess the resilience of banks to adverse economic conditions, providing essential data for the 2025 supervisory review and evaluation process (SREP). The EBA plans to publish the results of the exercise in early August 2025.

In Portugal, the countercyclical capital buffer remained at 0% of the total risk exposure amount, increasing to 0.75% from 1 January 2026. The capital buffer applicable to domestic banks using advanced methods (IRB) for exposures secured by residential real estate of 4% has been applicable since October 2024.

As one of the public measures to support the acquisition of first homes by young people up to 35 years old in Portugal, Decree-Law 44/2024, of 10 July, establishes the conditions under which the State can provide a personal guarantee to credit institutions.

Decree-Law No. 72/2024, of 16 October, limits the charging of fees on the value of debit card transactions or instant transfers, and Law 1/2025, of 6 January, extends until the end of 2025 the prohibition on charging fees for the early repayment of credit agreements for the acquisition or construction of permanent housing that are, at the time of repayment, in a variable interest rate period.

Notice No. 5/2024 of the Banco de Portugal establishes the principles and rules that must be observed in the advertising of financial products and services subject to the supervision of the Banco de Portugal, as well as in advertising of the activity and institutional advertising.

In Poland, a countercyclical capital buffer of 1% was established, applicable from September 2025. The Polish government intends to adopt a bill in the second quarter of 2025 to expedite the resolution of judicial processes and encourage out-of-court settlements involving loans denominated or indexed to the Swiss franc. Regarding support measures for families, credit moratoriums were extended in 2024, allowing the deferral of 4 instalments per year without additional costs. The Steering Committee of the National Working Group for the reform of reference interest rates in Poland selected the WIRF index to replace WIBOR. In July 2024 the Polish Financial Supervision Authority introduced the long-term financing requirement ("WFD requirement"), mandating commercial banks to cover 40% of their retail mortgage loans with funding with maturities over one year.

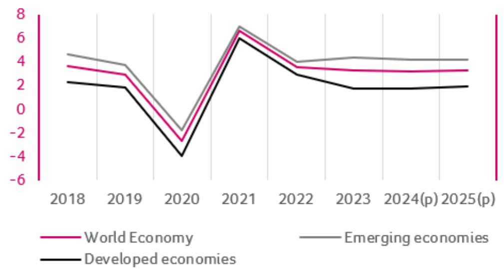
At the macroprudential level, the Bank of Mozambique (BdM) maintained the conservation buffers for Domestic Systemically Important and quasi-systemically important domestic banks at 2.0% and 1.0%, respectively, as well as other macroprudential requirements for credit granting, namely the LTV and DTI at a maximum of 100%. Millennium bim is classified by the Bank of Mozambique as a Domestic Systemically Important Institution. In March 2024, a regulation on cybersecurity risks was approved; in July, the Regulation of the Credit Institutions and Financial Companies Law was published; and in August 2024, the "Guidelines on the prevention and fight of money laundering, terrorist financing, and the financing of the proliferation of weapons of mass destruction" were published. Work continues on the revision of the organic law and the implementation of Basel III standards, which is expected to be completed by 2026.

Economic environment

Global Economic Environment

According to the International Monetary Fund (IMF), global economic growth remained solid in 2024 (3.2%). However, this evolution reflects divergent performances among the main economies, with the strong expansion of the United States (US) economy (2.8%) contrasting with the weakness of the euro area, whose GDP grew by only 0.7%. In turn, China recorded a GDP growth rate of 5.0%, in line with the target set by local authorities. Regarding prices, 2024 was marked by a continued downward trajectory of inflation rates to levels closer to the targets of central banks. In this sense, global monetary policy became less restrictive, with the US Federal Reserve lowering its reference rate from 5.50% to 4.50%, and the European Central Bank reducing the deposit facility rate from 4.0% to 3.0%. In 2025, the IMF foresees a moderate acceleration in global GDP, from 3.2% to 3.3%, driven by the dynamism of the US economy, which is expected to grow by 2.7%. However, the risks to this projection are tilted to the downside, mainly steaming from increasing trade tensions, and heightened geopolitical uncertainty.

THE GLOBAL ECONOMY CONTINUED TO GROW AT STEADY PACE
Annual growth rate of real GDP (in %)

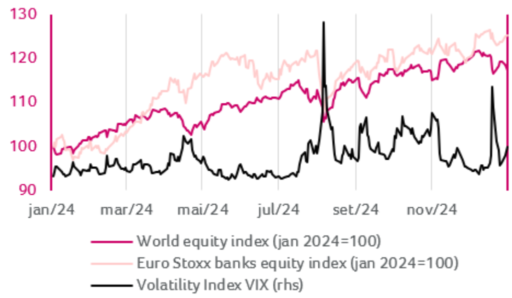


Source: IMF WEO (Jan 2025)

Global Financial Markets

In financial markets, the year of 2024 was characterised by an environment of optimism, benefiting from the resilience of economic activity in the United States. Against this backdrop, the major global equity indices recorded significant valuations, with the S&P 500 index rising by more than 20% for the second consecutive year. In the sovereign debt market, it is worth noting the increase in US government debt securities in the last months of the year, which also spillover to their German counterparts, despite the weakness of the German economic situation. The more favorable global environment was reflected in the performance of the asset classes in emerging markets, albeit to a lesser extent, and in a reduction of the risk premia of corporate debt as well as of peripheral euro area countries. In contrast, the risk premia for French public debt increased due to political instability and the deterioration of public finances. The strength of the US economy and the widening interest rate differential against the euro area contributed to a strong appreciation of the US Dollar against the Euro. Regarding money market interest rates, expectations of less restrictive monetary policy in the euro area led to a downward trajectory for Euribor rates throughout 2024. Despite the positive performance of the Portuguese economy and of the international financial markets, the domestic stock index recorded a marginal decline in 2024 (-0.3%).

THE WORLD EQUITY INDEX REGISTERED STRONG VALUATIONS IN 2024

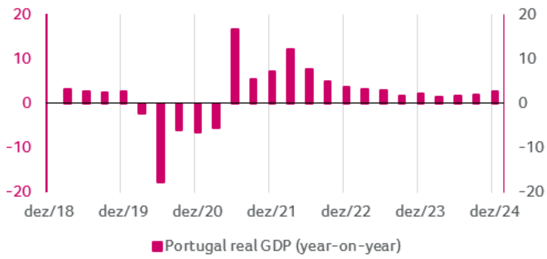


Source: Datastream; Bloomberg

Outlook for the Portuguese Economy

In Portugal, GDP grew by 1.9% in 2024, slightly above the forecasts of major domestic and international institutions. The positive performance of the Portuguese economy resulted from a strong contribution from private consumption, especially in the second half of the year, driven by an increase in households' real disposable income, in a context of decreasing inflation, lower financing costs, and a resilient labour market. The favourable performance of economic activity contributed to reinforce the downward trajectory of the public debt ratio as a percentage of GDP, which decreased from 97.9% in 2023 to 95.3% in 2024. In 2025, Banco de Portugal forecasts an acceleration of the Portuguese economy from 1.9% to 2.2%, driven by the expected implementation of the Recovery and Resilience Plan funds. Regarding the inflation rate, it is expected to decrease from 2.6% in 2024 to 2.1% in 2025.

THE PORTUGUESE ECONOMY GREW 1.9% IN 2024



Source: Datastream

International Operations

In Poland, economic activity accelerated in 2024, from 0.2% to 2.9%, boosted by private consumption that benefited from improved consumer sentiment in a context of strong wage growth and lower inflation, which decreased from 11.6% to 3.7% over the year. In 2025, the recovery trajectory is expected to continue, driven by the inflows of European funds associated with the Next Generation EU (NGEU) program, with the IMF forecasting a GDP growth of 3.5%. The better performance of economic activity, along with the persistence of inflation above the monetary policy target (2.5%), led the central bank to maintain the reference interest rate at 5.75% throughout 2024. In the whole year, the Zloty appreciated against the Euro.

In Mozambique, economic activity decelerated in 2024, from 5.4% to 1.9%, hindered by the fallout of the political and social unrest in the last quarter of the year. In 2025, the IMF forecasts a GDP growth rate of 4.3%, but the risks to this projection are tilted to the downside due to the uncertainty regarding the impact of the political tensions. The downward trajectory of the inflation rate allowed the central bank to lower its reference interest rates throughout the year, with the MIMO interest rate reaching 12.75% in November 2024. Over the year, the Metical remained relatively stable. The Angolan economy is expected to continue its recovery trajectory, with the IMF projecting an acceleration of the GDP growth from 1.1% in 2023 to 2.4% in 2024, and a growth rate of 2.8% in 2025. Regarding the exchange rate, the Kwanza depreciated, particularly in the second half of the year.

GROSS DOMESTIC PRODUCT

Annual growth rate (in %)

	2022	2023	2024	2025	2026
EUROPEAN UNION	3.7	0.6	1.1	1.6	1.7
Portugal	6.8	2.3	1.9	2.3	2.0
Poland	5.6	0.2	3.0	3.5	3.4
SUB-SAHARAN AFRICA	4.1	3.6	3.8	4.2	4.2
Angola	4.2	1.1	2.4	2.8	3.3
Mozambique	4.4	5.4	1.9	4.3	3.9

Source: National Statistics Institutes. Eurostat. IMF, WEO January 2025 for the EU, Poland and Sub-Saharan Africa. IMF, WEO October 2024 for Portugal, Mozambique and Angola.

Estimates

Financial system

The year 2024 continued to be strongly marked by the intensification of geopolitical risks, with still unpredictable political, social, economic, and financial consequences. Of particular note are the military conflicts in Ukraine and the Middle East, the unremitting of trade tensions between the US-China (and more recently between the US-EU), the increase in global protectionism, the slowdown in the main economies, with a resurgence of pressure on sovereign debt (e.g. France), and the increased political and commercial uncertainty emerging with the new US presidency. The global economy showed moderate growth in 2024, with the US surpassing the most optimistic forecasts and maintaining a strong growth rate, while the Euro Area continues to show modest growth, penalized by the weakness of Germany and the industrial sector.

The Central Banks started a new cycle of monetary policy with interest rate cuts since mid-2024, although differing in pace and magnitude, depending on the economic and inflation context, with the ECB and the Fed cutting reference rates by 100 bp in 2024. The ECB remains confident that inflation will move towards its medium-term objective of 2% in a sustained manner but is not committed to a specific rate path.

In December 2024, the ECB kept capital requirements for 2025 broadly stable, reflecting the strong performance of credit institutions in a context of intensified geopolitical risks. It notes that the Euro Area banking sector remained resilient in 2024, with banks maintaining solid capital and liquidity positions, well above regulatory requirements, with interest rates maintaining a positive contribution to the sector's profitability. The ECB's supervisory priorities for 2025-27 focus on banks' resilience to immediate macro-financial threats and severe geopolitical shocks, the importance of timely remediation of known material shortcomings and the need to tackle challenges stemming from digital transformation and new technologies.

In 2024, the Portuguese banking system continued to improve its profitability, with capital reaching historically high levels and above the Euro Area averages, while liquidity remained robust. Asset quality indicators are improving and more in line with European metrics following the measures taken in recent years to reduce NPEs and strengthen the coverage of these assets by impairments and provisions. The Portuguese banking system has strengthened its resilience and ability to continue to respond efficiently to the financing needs of the economy. However, the current level of profitability does not guarantee a return above the cost of capital in the medium term, given the high uncertainty regarding the current political, economic, financial, and regulatory context. A less restrictive monetary policy puts additional pressure on net interest income, requiring proactive and careful management of operating costs, asset risk and capital.

The evolution of the Portuguese banking system will continue to be influenced by various factors, namely the degree of Recovery and Resilience Plan's implementation, the investment level and demand for credit by corporates, and the disposable income, consumption behaviour and savings profile of households, although mitigated by state and corporate social support, sustained by employment that has remained resilient.

The Portuguese banking system continues to operate under very demanding supervision and regulation and also bearing very costly regulatory contributions, which distort competition in the banking union (e.g. contributions to the European and National Resolution Funds and contributions to the Banking Sector, in the latter two cases at a clear disadvantage compared to European peers). It should also be noted that the lack of a single regulatory framework applicable to all entities operating in a specific business segment, which would ensure a level playing field, continues to put supplementary pressure on the banking system to constantly innovate and improve efficiency levels, to mitigate the loss of business and revenues to unregulated competitors ('shadow banks').

The digital transformation of financial services with an increasing focus on AI/GenAI, adapting to new customer demands (adjusting the business and relationship model), to the transition to a sustainable economy with the integration of ESG (Environmental, Social & Governance) requirements in the daily management of institutions, and to the need to strengthen operational resilience in the face of threats arising from increasingly sophisticated cyber-attacks, are areas that have required strong investment in recent years and that have allowed the Portuguese banking system to show resiliencein a challenging economic context.

Business Model

Nature of operations and main activities

The Group provides a wide variety of banking services and financial activities in Portugal and abroad, where it is present in the following markets: Poland, Mozambique, Angola (through its associate BMA) and China (Macao). All its banking operations develop their activity under the Millennium brand. The Group also ensures its international presence through representation offices and/or commercial protocols.

The Bank offers a vast range of financial products and services: current accounts, payment systems, savings and investment products, private banking, asset management and investment banking, including mortgage loans, personal loans, commercial banking, leasing, factoring and insurance, among others. The back-office operations for the distribution network are integrated to benefit from economies of scale.

In Portugal, Millennium bcp is focused on the retail and companies markets, providing services to its Customers in a segmented manner. The Bank makes products available to Customers through its network of branches, offering a wide range of products and services.

Distinctive factors of the business model

Largest private sector banking institution

BCP is the largest private banking institution in terms of business volume in Portugal, assuming a leading and prominent position in various financial products and services as well as different market segments, with its activity based on a modern branch network with wide coverage at a national level. In addition, the Bank has remote banking channels (banking service by telephone, Mobile Banking and Internet), which act as distribution points for its financial products and services.

The activity in the domestic market focuses on Retail Banking and Companies, which is segmented in order to best serve Customer needs, through a value proposition based on innovation and speed, targeting Mass-market Customers, and through the innovation and customized management of service for Prestige, Business, Companies, Corporate and Large Corporate Customers. Retail Banking is also developed through ActivoBank, a bank aimed specifically at Customers who are young in spirit, intensive users of new technologies and prefer a banking relationship based on simplicity and offering innovative products and services.

At the end of December 2024, Millennium bcp continued to be the largest Portuguese privately-owned bank on business volumes and with a relevant position in the countries where it operates.

On 31 December 2024, operations in Portugal accounted for 65% of total assets, 67% of total loans to Customers (gross) and 69% of total customer funds. At the end of December 2024, the Bank, in Portugal, had more than 2.7 million active Customers and market shares of 15.7% of loans to Customers and 18.8% of customer deposits.

International presence as a platform for growth

At the end of December 2024, Millennium bcp had an international presence throughout the world through its banking operations, representative offices and/or commercial protocols, serving more than 6.9 million active Customers.

In Poland, Bank Millennium has a well distributed network of branches, supported by a modern multi-channel infrastructure.

In December 2024, Bank Millennium had a market share of 5.6% in loans to Customers and of 5.6% in deposits.

Concerning the operations in Africa, Millennium bcp operates through Millennium bim, a universal bank that has been operating since 1995 in Mozambique, where it has about 1.3 million Active Customers and is the reference bank in this country, with market shares of 16.0% in loans and advances to Customers and of 21.8% in deposits, in the end of December 2024. Millennium bim is a highly reputed brand in the Mozambican market, associated with innovation, strong penetration in terms of electronic banking and exceptional capacity to attract new Customers, as well as being a reference in terms of profitability.

On 22 April 2016, the deed of the merger of Banco Millennium Angola, S.A. with Banco Privado Atlântico, S.A. was signed. The bank resulting from the merger is an associate of Banco Comercial Português.

The Group also operates in the Far East since 1993. The activity of the existing branch in Macau was expanded in 2010, through the attribution of a full license (onshore) aimed at establishing an international platform for business operations between Europe, China and Portuguese-speaking African countries.

The Bank also has 6 representation offices (1 in the United Kingdom, 2 in Switzerland, 2 in Brazil and 1 in China, in Guangzhou) and 1 commercial protocol (France).

Growth based on digital/mobile banking

Since its incorporation, the Bank has been recognized by the innovation. The Bank was the first in Portugal to introduce specific innovative concepts and products, including direct marketing methods, branch formats based on Customer profiles, salary accounts, simplified branches ("NovaRede"), telephone banking services, through Banco 7, which later became the first online banking services platform, health insurance (Médis) and direct insurance, and a website dedicated to individual Customers and corporate banking. The Bank was also a pioneer in the launching of a new Internet Banking concept, based on the ActivoBank platform, which provides a simplified service to the Customer, including the opening of a current account using Mobile Banking solutions.

In 2024, the highlight will be the strong growth in the number of transactions on mobile, year-on-year:

- +20% in transactions (+30% P2P transfers; +47% national transfers; +11% payments);
- +32% in sales (+24% cards; +8% personal credit; +36% savings).

The number of digital interactions increased by 23% year-on-year, from 567 million to 700 million.

Digital transactions maintained a level of 99.6% and there continued to be a reduction in transactions in the ATM channel, offset by the increase in digital transactions.

Digital sales reinforced their weight in the number of operations, from 82% to 83%, with emphasis on the increase in sales made through the App.

App Millennium leads the ratings of technology platforms with scores very close to 5.

Closer to its Customers

At Group level, the Bank surpassed 6.9 million active Customers, with emphasis on mobile Customers which grew 10% (+456 thousand Customers), surpassing the threshold of 4.9 million Customers, representing a penetration rate of 71% of active Customers (compared to 68% compared to the same period last year).

In Portugal, BCP has almost 2.8 million Active Customers, which clearly demonstrates the trust placed in the Bank, and with regard to mobile Customers, the growth trend continued, having increased by 12% (+189 thousand Customers) compared to September 2023. the Bank reached more than 1.7 million mobile Customers, representing 63% of the active Customer base in Portugal, which compares with 58% compared to the same period last year.

Millennium bcp was distinguished, for the fifth consecutive year, with the “Consumer Choice” award in 2025, in the “Large Banks” category. Leadership in attributes such as “innovation” or “loyalty” contributed to this distinction. Among the strengths highlighted by consumers who participated in the study, in-person and online service and digital efficiency stand out. In 2025, Millennium bcp renewed its status as leader in the 'Large Banks' and 'banking apps' categories, for the third consecutive year, for the "Cinco Estrelas" Award.

In 2024 was named “Bank of the Year 2024” by The Banker magazine, a Financial Times Group publication specializing in banking and the financial services sector. This assessment was based on the strategic initiatives, technology, new products/services and sustainability carried out by the bank in the last twelve months.

For the seventh consecutive year, Millennium bcp was distinguished as the "Best Investment Bank in Portugal" , within the scope of the World’s Best Investment Banks Awards attributed by Global Finance magazine and also as “Best Private Bank in Portugal” by The Banker and Professional Wealth Management magazines, two publications of the Financial Times Group specialized in banking and the financial services sector, within the scope of the Global Private Banking Awards 2024.

Of note the distinction as “Best Bank for Sustainable Finance in Portugal” by Global Finance magazine.

Millennium bcp was considered, for the fourth consecutive year, the Best Digital Bank (Best Consumer Digital Bank) in Portugal, in the World’s Best Digital Bank Awards 2024, promoted by Global Finance magazine.

Millennium bcp was considered the Leading bank of the PME Líder program for the 6th consecutive year with a 33% market share and a Leading bank of the Inovadora COTEC program for the 4th consecutive year with a market share of 49%.

Finally, Millennium bcp was considered a Satisfaction Leader bank: Best Bank for companies, Bank closest to customers, Most innovative Bank, Most efficient Bank and Bank with the most suitable Products by the DATAE 2024 study.

Business Model Sustainability

Millennium bcp, with the aim of strengthening its proposal and performance in matters of Sustainability and responsible finance, continues to lead a transformative dynamic of adapting to new ESG (Environmental, Social and Governance) requirements that allow it to respond to the needs of Customers, the expectations of supervisors and, in general, the ambitions of Stakeholders in these areas of activity.

In this context and within the framework of its governance and decision-making model, the Bank has a Committee of the Board of Directors for the topics of Corporate Governance, Ethics and Sustainability, a Sustainability Committee dependent on the Executive Committee and led by the CEO and a Sustainability Master Plan (PDS), a management instrument that brings together in a coherent and articulated way the multidisciplinary actions to be developed within the scope of the ESG dimensions in all the operations integrated into the BCP Group.

Millennium bcp's intervention is thus divided into three fundamental axes: (i) Environmental, aiming to implement measures that promote a fair and inclusive transition to decarbonized economic development models, including the incorporation of the climate dimension in the Bank's risk models and in the commercial offer of solutions, products and services; (ii) Social, which ensures and promotes, together with the Millennium bcp Foundation, involvement with the external and internal communities in establishing lasting relationships of proximity and cooperation and in creating shared value; and (iii) corporate governance, promoting the integration of Sustainability principles in the Bank's decision-making and control processes, in the management of its supply chain and in the definition of its value proposition.

This alignment with Sustainability principles is central for Millennium bcp, and for organizations in general, remaining a privileged means of determining the social and environmental impact of the activity carried out and the expected corporate performance in these dimensions. The Bank is aware of the competitive, reputational and business advantage of incorporating environmental, social and governance factors, opportunities and risks into decision-making processes and reflecting them in the offering of solutions, products and services, a conviction that clearly results from the inclusion of Sustainability as one of the vectors of the "Valorize 28" Strategic Plan, a document that summarizes Millennium bcp's vision, objectives and value proposal for the 2025-2028 three-year period.

The deepening of a Responsible Business culture that promotes the creation of wealth, and its fair distribution, and positively influences the organization's long-term value proposition, in balance with the well-being of people, the company and the communities in which it operates and with respect for the preservation of natural resources, the climate and the environment, constitute the essence of the Sustainability strategy, policies and practices defined and implemented by the BCP Group in all its geographies.

Millennium network

Branches

PORTUGAL
397 Branches
● 136* ● 17 ● 343

POLAND
606 Branches
● 341 ● 85 ● 252

MOZAMBIQUE
195 Branches
● 29 ● 62 ● 187

MACAO (CHINA)
1 Branches (on-shore)

Representative offices

BRAZIL
2 Representative offices

UNITED KINGDOM
1 Representative office

SWITZERLAND
2 Representative offices

Partnership

FRANCE

ANGOLA

● Branches with differentiated schedule ● Branches opened on Saturday ● Branches with access conditions to people with reduced mobility

* Consider branches of different networks that share the same physical space.

	Customers (Thousands)	Internet	Call Centre	Mobile Banking	ATM [1]	POS [2]
Portugal	2,777	424,662	340,488	1,745,728	1,854	96,549
Poland	2,886	1,890,046	223,237	2,313,949	503	5,376
Mozambique	1,312	14,133	1,350	920,511	418	9,468
Macao (China)	2	-	-	-	-	-

Note: Considered Customers/active users those who used Internet, Call Centre or Mobile Banking at least once in the last 90 days
Do not include AtivoBank Customers. Internet Customers/active users Mozambique: Dec. 2020.

[1] Automated Teller Machines. [2] Points of Sale.

(Data as at 31st December 2024)

Financial information

Results and Balance Sheet

The consolidated Financial Statements were prepared under the terms of Regulation (EC) 1606/2002, of 19 July (in the version in force), and in accordance with the reporting model determined by Banco de Portugal (Banco de Portugal Notice 5/2005, in the version in force), following the transposition into Portuguese law of Directive 2003/51/EC, of 18 June, of the European Parliament and Council in the version currently in force.

To provide a better reading of the evolution of the Group's financial situation and to ensure comparability with the information from previous periods, a set of concepts are described in this analysis that reflect the management criteria adopted by the Group in the preparation of the financial information. The relation between these management criteria and the accounting information presented in the consolidated financial statements (referred to as "Balance sheet" or "P&L") is outlined in the glossary and throughout the document, where applicable.

Taking into the account that the Group owns 49% of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Mbcp Ageas), being accounted for under the equity method, as Investments in associates and that on 1 January 2023 Mbcp Ageas adopted simultaneously IFRS9 - Financial Instruments and IFRS17 - Insurance Contracts, whose initial adoption requires comparative information, the consolidated accounts were restated. In this sense, Mbcp Ageas made the transition exercise on 1 January 2022. The estimated impacts of the transition to IFRS 17 represent a reduction in the Equity of Mbcp Ageas, partially offset by the positive impact resulting from the adoption of IFRS9. During the first half of 2024, Mbcp Ageas reviewed the transition adjustments relating to the adoption of those IFRS, which resulted in a reduction in the amount of the participation by EUR 9 million against reserves. Given the immateriality of the amounts, the average balance sheet for 2022 was not restated.

In 2024, the investments in Lusofundo – Fundo de Investimento Imobiliário Fechado, Fundo Especial de Investimento Imobiliário Fechado Eurofundo and Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A., were reclassified from "'Financial assets at fair value through profit or loss" to "Investments in associates". Consequently, the balances of these items were restated accordingly at the end of 2023 and 2022, in the total amount of EUR 34 million and EUR 44 million, respectively. Additionally, TIICC S.A.R.L. previously recognised under the item "Financial assets at fair value through other comprehensive income" was also reclassified to "Investments in associates" (EUR 4,000 at the end of both 2023 and 2022). These accounting reclassifications also led to the reclassification of the respective results, from net trading income to equity accounted earnings (a negative amount of EUR 2 million at the end of 2023 and an income of EUR 2 million at the end of 2022).

Following the change in off-balance sheet customer funds accounting criteria by the Polish subsidiary in 2024, the respective balances were restated, resulting in an increase of EUR 33 million with reference to the end of 2023.

In 2024, with the exception of the situations previously mentioned, no other changes were introduced in the way information regarding previous financial years was presented.

In 2024, the consolidated net income of Millennium bcp amounted to EUR 906 million, corresponding to a 5.9% growth compared to the EUR 856 million achieved in the previous year and to a return on equity (ROE) of the Group of 13.8%.

This performance compared to the previous year was strongly influenced by the extraordinary gain recorded in that year, in the amount of EUR 139[1] million, resulting from the sale, by Bank Millennium, of 80% of the shares of Millennium Financial Services sp. z o.o., within the scope of the strategic partnership in the bancassurance business.

The growth of the net income of the Group compared to the previous year was determined by the favourable performance of both the activity in Portugal and the Polish subsidiary, with the results of Millennium bim in Mozambique being lower than that achieved in 2023. It should be noted, however, that the performance of the Mozambican subsidiary in the current year was strongly influenced by the impacts arising from the economic and financial situation of the country, namely by the sovereign debt rating downgrade.

[1] Before taxes and non-controlling interests.

Net income of the Group performance compared to the previous year benefited largely from the reduction in impairments and provisions, mainly reflecting the lower increase in the provision booked by the Polish subsidiary to face the legal risk associated with mortgage loans in foreign currency (EUR -163 million, to EUR 460 million, excluding the amount related to loans originated by Euro Bank S.A. operations, to be reimbursed by a third party, recognised in other net operating income), while loan impairment charges also evolved favourably (EUR -58 million to EUR 182 million at the end of 2024). The increase in core income (EUR +42 million to EUR 3,639 million at the end of the current year) also contributed to the growth of the net income of the Group compared to the previous year, mainly due to the performance of net commissions, which increased by EUR 37 million, totalling EUR 809 million in 2024.

These positive impacts were, however, offset by the increase in both operating costs (+12.4% to EUR 1,307 million) and by the costs associated with the foreign currency mortgage loan portfolio in the Polish subsidiary (excluding provisions).

Net income of the Group performance also continues to be influenced by extraordinary effects associated with the Polish subsidiary, such as the recognition of the costs arising from the moratoriums program (credit holidays) which had no significant influence on the results in the previous year, totalling EUR 26 million in the current year, as well as the cost borne by mandatory contributions (EUR +22 million), with the reduction recorded in the activity in Portugal being insufficient to offset the increase in the overall amount of contributions in the Polish subsidiary.

Millennium bcp's consolidated balance sheet total assets amounted to EUR 102,144 million as of 31 December 2024, showing an increase of 8.2% compared to the EUR 94,371 million recorded at the end of 2023, with this evolution being driven by the increases seen in assets in the international activity and in the activity in Portugal. This evolution is largely explained by the significant growth of the securities portfolio and also to a lesser extent, by the rise in deposits at central banks and loans to customers (net of impairment).

Millennium bcp's total consolidated liabilities stood at EUR 93,951 million at the end of 2024, up from the EUR 87,080 million recorded at the end of 2023, with this evolution being driven by the increase in deposits and other resources from customers and in non-subordinated debt securities.

Millennium bcp's consolidated shareholders' equity showed an increase, rising from EUR 7,290 million recorded at the end of the previous year to EUR 8,193 million at the end of 2024, with the positives impacts of the integration of net income for the year and the favourable evolution of the fair value reserve, influenced by the positive impact of cash flow hedging, being partially offset by the payment of dividends and by the negative evolution of actuarial deviations associated with the pension fund.

Millennium bcp's consolidated loans to customers portfolio (gross loans) amounted to EUR 57,203 million as of 31 December 2024, showing a slight increase of 0.7% compared to the EUR 56,814 million figure achieved at the end of the previous year. This evolution reflects the increase recorded in the international activity and a slight reduction in the activity in Portugal.

On 31 December 2024, the consolidated total customer funds amounted to EUR 102,938 million, showing a favourable evolution, increasing by EUR 7,611 million (+8.0%) compared to the EUR 95,328 million obtained on the same date of the previous year, benefiting from the increases in the activity in Portugal and in the international activity. Consolidated balance sheet customer funds amounted to EUR 85,334 million on 31 December 2024, showing an increase of EUR 6,118 million compared to the end of the previous year, with this evolution being explained mainly by the increase in deposits and other resources from customers of the Group. Consolidated off-balance sheet customer funds stood at EUR 17,605 million as of 31 December 2024, showing an increase of EUR 1,492 million compared to the figure posted in the same date in the prior year, with this evolution being explained by the increases recorded in assets placed with customers and assets under management and the decrease seen in insurance products (savings and investment).

PROFITABILITY ANALYSIS

NET INCOME

In 2024, the consolidated net income of Millennium bcp amounted to EUR 906 million, corresponding to a 5.9% growth compared to the EUR 856 million achieved in the previous year and to a return on equity (ROE) of the Group of 13.8%.

It should be noted that the results of the previous year had been influenced by the extraordinary gain, recorded in that year, in the amount of EUR 139[2] million resulting from the sale, by Bank Millennium, of 80% of the shares of Millennium Financial Services sp. z o.o., within the scope of the strategic partnership in the bancassurance business.

The growth of the net income of the Group compared to the previous year was determined by the favourable performance of both the activity in Portugal and the Polish subsidiary, with the results of Millennium bim in Mozambique being lower than those achieved in 2023. It should be noted, however, that the performance of the Mozambican subsidiary in the current year was influenced by the impacts arising from the economic and financial situation of the country, namely by the sovereign debt rating downgrade.

The performance of net income of the Group compared to the previous year largely benefited from the reduction in impairments and provisions, mainly reflecting the lower additional provision charges booked by the Polish subsidiary to face the legal risk implicit in foreign exchange mortgage portfolio, with loan impairment charges also showing a favourable evolution. The increase in core income also contributed to the growth of net income of the Group compared to the previous year.

These positive impacts were, however, offset by the increase in both operating costs and costs associated with foreign exchange mortgage portfolio in the Polish subsidiary (excluding provisions). The recognition in 2024 of costs resulting from the extension of credit holidays, associated with mortgage loans denominated in Zlotys, also in the Polish subsidiary, contributed unfavourably to the evolution of net income of the Group as well. The performance of the Group also continued to be influenced by the costs associated with mandatory contributions, with the reduction recorded in the activity in Portugal being insufficient to offset the increase in the overall amount of contributions in the Polish subsidiary.

[2] Before taxes and non-controlling interests.

Thus, other impairments and provisions contributed decisively to the favourable performance of net income of the Group by decreasing from EUR 860 million to EUR 675 million in the last year, mainly reflecting the decrease of EUR 169 million in the additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio in the Polish subsidiary (EUR -163 million, from EUR 623 million to EUR 460 million, excluding the amount related to loans originated by Euro Bank S.A., to be reimbursed by a third party recognised in other net operating income).

Although the amount of these provisions was significantly lower than the amount recognised in the previous year, the remaining costs associated with foreign exchange mortgage portfolio have increased last year, leading to a reduction of the overall cost amount of only EUR 30 million (from EUR 780 million, to EUR 750 million, both before taxes and non-controlling interests), and continue to strongly penalise the results of the Group.

On the other hand, the favourable performance of net income of the Group also resulted from the reduction in loan impairment charges (net of recoveries), which, in consolidated terms, decreased EUR 58 million (-24.0%), totalling EUR 182 million at the end of 2024, benefiting from the reversal of impairments recorded in the current year in the activity in Portugal.

Net income of the Group was also positively influenced by the EUR 42 million growth in core income, to EUR 3,639 million at the end of the current year (+1.2%), mainly due to the performance of net commissions, which grew EUR 37 million compared to the previous year, totalling EUR 809 million at the end of 2024. Net interest income of the Group, in turn, was in line (+0.2%) with the amount recorded in the previous year, rising to EUR 2,831 million at the end of 2024. This evolution was, however, due to different dynamics, since the impact of the increase in net interest income of the international activity was almost entirely offset by the reduction in net interest income of the activity in Portugal.

The positive impacts mentioned above were offset by the increase in operating costs, mainly regarding international activity. In fact, despite the disciplined management of costs by the Group, operating costs were 12.4% above the EUR 1,163 million recorded a year earlier, amounting to EUR 1,307 million at the end of 2024. Both staff costs and other administrative costs were higher than in the previous year, in the activity in Portugal and mainly in the international activity. Amortisations and depreciations, although higher than in the previous year, reflecting the performance of the international activity, had a less significant impact on the evolution of operating costs.

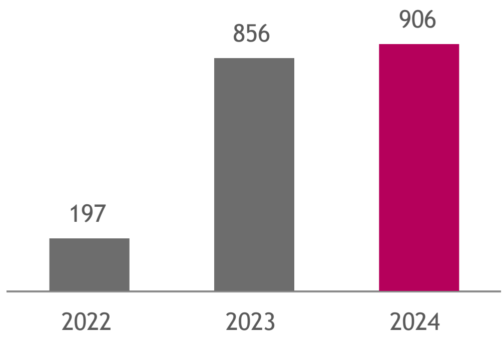
The performance of net income of the Group continues to be also influenced by extraordinary effects associated with the Polish subsidiary, such as the recognition of the costs arising from the moratoriums program (credit holidays), which had no significant influence on the results of the previous year, totalling EUR 26 million in the current year.

The evolution of net income of the Group also includes the increase of EUR 22 million in the costs borne with mandatory contributions, reflecting on the one hand the increase of EUR 55 million recorded in the Polish subsidiary and on the other the reduction of EUR 33 million recorded in the activity in Portugal.

Finally, despite the insignificant impact on net income of the Group, it is worth mentioning the evolution of net income from discontinued operations, from a negative amount of EUR 3 million in 2023, mainly due to the final adjustment of the sale price of Banque Privée BCP (Suisse) S.A. ("Banque Privée"), under previously agreed conditions, to a non-significant amount in 2024.

NET INCOME

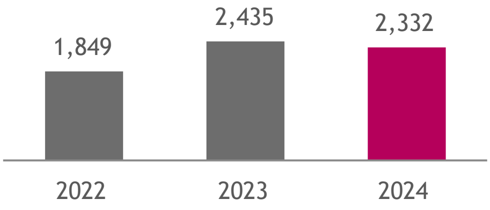
million EUR



In 2024, core operating profit of the Group amounted to EUR 2,332 million, standing 4.2% below the EUR 2,435 million achieved in the previous year, since the increase in core income was not sufficient to offset the increase in operating costs.

CORE OPERATING PROFIT

million EUR



The previous analysis does not exclude the impact of specific items considered in each year. In 2024, specific items had a negative impact of EUR 13 million (before taxes and non-controlling interests), recognised in staff costs in the activity in Portugal, while in 2023 the impact was positive in the amount of EUR 124 million (before taxes and non-controlling interests), including income of EUR 139 million recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. (EUR 128 million recognised as net trading income and EUR 11 million recognised as other net operating income) and costs of EUR 15 million recognised as staff costs in the activity in Portugal. In 2022, the impact of specific items was negative in the amount of EUR 16 million (before taxes and non-controlling interests), recognised in staff costs in the activity in Portugal.

Excluding the impact of specific items in both years, core operating profit of the Group amounted to EUR 2,345 million, 4.3% below the EUR 2,450 million reached in the previous year.

QUARTERLY INCOME ANALYSIS

million EUR

	2024						
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total	2023 restated	2022 restated
NET INTEREST INCOME	**696**	**701**	**713**	**720**	**2,831**	**2,826**	**2,150**
OTHER NET INCOME	**173**	**180**	**229**	**162**	**744**	**944**	**708**
Dividends from equity instruments	0	1	0	0	1	2	10
Net commissions	196	200	206	207	809	772	772
Net trading income	(3)	(2)	35	(24)	5	146	48
Other net operating income	(31)	(39)	(24)	(35)	(130)	(39)	(183)
Equity accounted earnings	10	21	12	15	59	63	60
NET OPERATING REVENUES	**869**	**881**	**942**	**882**	**3,575**	**3,770**	**2,857**
OPERATING COSTS	**308**	**311**	**327**	**361**	**1,307**	**1,163**	**1,073**
Staff costs	166	174	183	199	722	632	581
Other administrative costs	107	102	108	124	440	393	353
Amortisations and depreciations	35	36	36	37	145	137	139
PROFIT BEFORE IMPAIRMENT AND PROVISIONS	**561**	**570**	**615**	**522**	**2,267**	**2,607**	**1,784**
Results on modification	(7)	(54)	(1)	(6)	(69)	(19)	(310)
Loan impairments (net of recoveries)	74	23	69	16	182	240	301
Other impairment and provisions	145	148	168	214	675	860	756
INCOME BEFORE INCOME TAX	**335**	**345**	**376**	**286**	**1,341**	**1,488**	**418**
INCOME TAX	**78**	**60**	**125**	**78**	**341**	**537**	**304**
Current	27	44	34	34	139	180	110
Deferred	51	16	91	45	202	358	195
NET INCOME AFTER INCOME TAX FROM CONTINUING OPERATIONS	**257**	**285**	**251**	**207**	**1,000**	**950**	**114**
Income arising from discontinued operations	0	0	0	0	0	(3)	6
NET INCOME AFTER INCOME TAX	**257**	**285**	**251**	**207**	**1,000**	**948**	**120**
Non-controlling interests	22	34	22	15	94	92	(78)
NET INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE BANK	**234**	**251**	**229**	**192**	**906**	**856**	**197**

MAIN GEOGRAPHIES

million EUR

				International activity *								
	Portugal			Total Int Op			Bank Millennium			BIM		
	2024	2023 restated	2022 restated	2024	2023	2022	2024	2023	2022	2024	2023	2022
NET INTEREST INCOME	**1,335**	**1,467**	**951**	**1,496**	**1,359**	**1,199**	**1,292**	**1,157**	**996**	**204**	**202**	**202**
OTHER NET INCOME	**626**	**569**	**620**	**118**	**375**	**87**	**55**	**311**	**24**	**58**	**62**	**64**
Dividends from equity instruments	0	1	9	1	1	1	1	1	1	0	0	0
Net commissions	588	560	561	220	211	211	180	172	173	40	39	39
Net trading income	9	14	67	(4)	132	(19)	(20)	116	(40)	16	16	21
Other net operating income	(25)	(65)	(76)	(105)	26	(107)	(106)	22	(109)	1	5	2
Equity accounted earnings	53	58	59	5	5	1	0	0	0	2	2	2
NET OPERATING REVENUES	**1,962**	**2,035**	**1,571**	**1,613**	**1,734**	**1,286**	**1,347**	**1,468**	**1,020**	**262**	**264**	**266**
OPERATING COSTS	**673**	**617**	**602**	**634**	**546**	**471**	**503**	**420**	**357**	**132**	**126**	**113**
Staff costs	392	355	339	330	277	242	277	227	194	54	50	47
Other administrative costs	208	189	184	233	205	169	173	147	118	59	58	51
Amortisations and depreciations	74	73	79	71	64	60	53	47	45	19	18	16
RESULTS BEFORE PROVISIONS AND IMPAIRMENTS	**1,288**	**1,419**	**970**	**979**	**1,188**	**815**	**844**	**1,048**	**663**	**131**	**138**	**153**
Results on modification	0	0	0	(69)	(19)	(310)	(69)	(19)	(310)	0	0	0
Impairment for loans (net of recoveries)	119	208	218	63	32	82	60	57	74	3	(25)	8
Other impairment and provisions	114	161	205	561	699	550	512	682	435	48	14	7
INCOME BEFORE INCOME TAX	**1,055**	**1,050**	**546**	**287**	**437**	**(128)**	**203**	**289**	**(156)**	**80**	**149**	**138**
INCOME TAX	**274**	**331**	**208**	**68**	**206**	**97**	**36**	**162**	**61**	**31**	**44**	**36**
Current	12	13	17	127	167	92	97	135	56	30	32	36
Deferred	262	318	190	(60)	40	4	(61)	27	4	1	12	0
NET (LOSS) / INCOME AFTER INCOME TAX FROM CONTINUING OPERATIONS	**781**	**719**	**338**	**219**	**231**	**(224)**	**167**	**127**	**(217)**	**48**	**105**	**102**
Income from discontinued operations	0	0	0	0	(3)	6	0	0	0	0	0	4
NET INCOME AFTER INCOME TAX	**781**	**719**	**338**	**219**	**228**	**(219)**	**167**	**127**	**(217)**	**48**	**105**	**106**
Non-controlling interests	(5)	(6)	(5)	100	97	(73)	0	0	0	0	0	0
NET INCOME	**786**	**725**	**343**	**120**	**131**	**(146)**	**167**	**127**	**(217)**	**48**	**105**	**106**

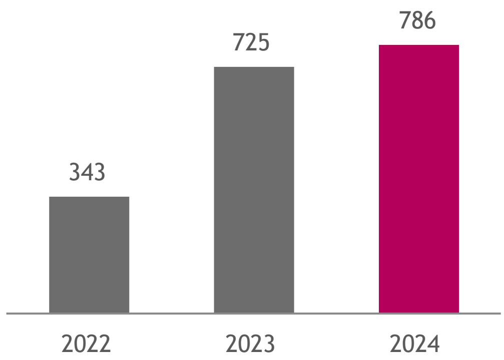
* International operations, in addition to the activity of Bank Millennium in Poland and Millennium Bim in Mozambique (BIM), also include the contribution of Banco Millennium Atlântico (BMA) in Angola and, until 2022, the activity of Millennium BCP Bank & Trust in the Cayman Islands. The aggregate of international operations also includes, in 2022 and 2023, under the heading results of discontinued operations, the adjustment of the sale price of the Swiss operation, under previously agreed conditions. In 2022, in addition to the correction of the gain, from the sale of the investment held in SIM (currently known as Fidelidade Moçambique - Companhia de Seguros S.A.) recognised in the Mozambican subsidiary, the heading results of discontinued operations in the international activity also includes the correction of this gain, recognised in the consolidated accounts. The aggregate international operations includes, as well, impairments and provisions associated with BMA, BIM and Bank Millennium in Poland, recognised in the consolidated accounts, with the recognition of impairment of the goodwill related to the Polish subsidiary, in 2022, being the most significant.
The presentation of the international operations above is in accordance with the Consolidated Accounts of the Group, and there may be differences in relation to the accounts disclosed locally. The net income shown in the columns relating to Bank Millennium and BIM corresponds to the consolidated result calculated by each of those entities. Thus, the non-controlling interests presented in those same columns relate to subsidiaries of those entities, where applicable.

In the activity in Portugal, net income of 2024 amounted to EUR 786 million, growing 8.5% from the EUR 725 million achieved in the previous year.

NET INCOME

Activity in Portugal

million EUR



The favourable performance of net income in the activity in Portugal was largely influenced by the reduction in impairments and provisions in 2024, with the reversal of impairments and the improvement in the risk profile of the credit portfolio allowing a reduction of 42.5% (EUR -88 million) in loan impairments (net of recoveries), to EUR 119 million at the end of the year. Other impairments and provisions, in turn, showed a reduction of 28.8% (EUR -46 million), totaling EUR 114 million at the end of December 2024.

The income recognised from loan sales in the current year, contrasting with the costs recorded in 2023, also positively influenced (EUR +37 million) the evolution of net income in the activity in Portugal.

The favourable evolution of net income of the activity in Portugal also benefits from the reduction of EUR 33 million in the costs associated with mandatory contributions borne by the Bank. This reduction was due, on the one hand, to the fact that no contribution to the Single Resolution Fund was collected in 2024 as the fund had reached its target level and, on the other, to the reduction of the Bank's liabilities that took place at the end of 2022, with an impact on the calculation of the amount of contributions in the current year.

Conversely, net income of the activity in Portugal was influenced by the evolution of core income, from EUR 2,027 million at the end of 2023 to EUR 1,924 million at the end of the current year, mainly reflecting the decrease of 9.0% (EUR -131 million) in net interest income, to EUR 1,335 million at the end of 2024. Net commissions, in turn, totalled EUR 588 million at the end of the current year, growing 5.0% (EUR +28 million) from 2023, reflecting the increase in commissions related to the bancassurance activity, arising from the update of the distribution fees paid by the insurance companies.

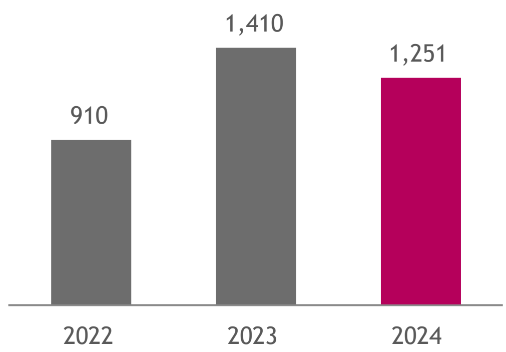
The performance of net income in the activity in Portugal was also influenced, albeit to a lesser extent, by the increase of 9.1% (EUR +56 million) recorded in operating costs, which totalled EUR 673 million at the end of 2024. The evolution of operating costs was due to the increase in both staff costs and other administrative costs, while amortisations and depreciations, in turn, remained in line with the amount recorded a year earlier.

The impact of the evolution of core income together with operating costs in the activity in Portugal resulted in a reduction of 11.3% in core operating profit, from EUR 1,410 million in 2023, to EUR 1,251 million in 2024.

CORE OPERATING PROFIT

Activity in Portugal

million EUR



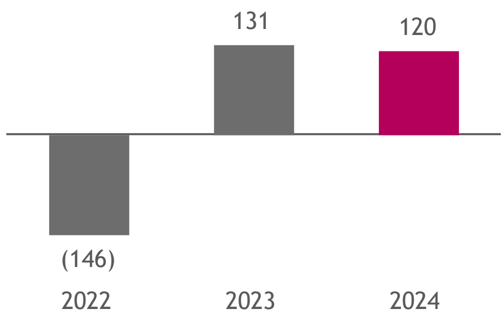
Excluding the specific items mentioned above (negative impacts of EUR 13 million in 2024 and EUR 15 million in 2023, both recognised in staff costs), core operating profit in the activity in Portugal decreased by 11.4% from EUR 1,426 million to EUR 1,263 million.

In the international activity, net income of 2024 amounted to EUR 120 million, 8.6% below the EUR 131 million recorded in the previous year.

NET INCOME

International activity

million EUR



This evolution reflects the reduction in the results obtained by Millennium bim in Mozambique, which was largely offset by the improved results obtained by Bank Millennium in Poland compared to 2023.

In fact, net income of Bank Millennium reached EUR 167 million in 2024, showing a strong growth of 31.7% from the EUR 127 million recorded in the previous year.

The reduction in the additional provisions booked to face the legal risk implicit in foreign exchange mortgage portfolio largely contributed to this performance as they were EUR 163 million lower than the amount recognised in the previous year (net of the amount related to loans originated by the operations of Euro Bank S.A.).

The evolution of net income of the Polish subsidiary was also strongly influenced by the increase in core income, namely by the growth in net interest income (EUR +135 million, +11.6%), arising largely from higher income generated by the securities portfolio.

On the other hand, compared with the previous year, this performance was also influenced by the recognition, that year, of the extraordinary gain (EUR 139 million) resulted from the sale of 80% of the shares of Millennium Financial Services sp. z o.o.

Costs associated with the portfolio of foreign exchange mortgage loans (excluding provisions), in turn, increased compared to the amount recognised in the previous year, continuing to strong penalise the results of the Polish subsidiary.

The results of Bank Millennium were also influenced by the increase in operating costs, mainly due to the evolution of staff costs and other administrative costs, constrained not only by the inflation levels over the previous years, but also by the characteristics of the labour market in Poland, with very low unemployment rates and significant increases in the minimum wage.

Following the completion of the implementation of Bank Millennium Recovery Plan which had been activated in 2022, this subsidiary was once again subject to the payment of the special tax on the banking sector in 2024, with the consequent negative impact on the evolution of results compared to the previous year.

It should also be noted the unfavourable impact on the evolution of the subsidiary's results in the last year of the recognition of the costs associated with the moratorium program (credit holidays), in the amount of EUR 26 million, which did not influence the results in the previous year.

Finally, the increase recorded in operating costs was more than offset by the increase in core income, namely in net interest income, leading the core operating profit of the Polish subsidiary to grow 6.6%, from EUR 909 million in 2023, to EUR 970 million in 2024.

Regarding the activity in Mozambique, Millennium bim’s net income amounted to EUR 48 million at the end of 2024, significantly below (-53.9%) the amount recorded in 2023.

This performance was strongly influenced, as already mentioned, by the impacts arising from the situation of the country, namely the downgrade of the sovereign debt rating, which resulted in a significant increase in the recognition of impairment of financial assets.

The comparison with net income recorded by the Mozambican subsidiary in the previous year was also influenced by the fact that in that year a positive impact resulting from the partial recovery of a credit in litigation, following an out-of-court settlement, was recorded, thus negatively influencing the evolution of loans impairment in 2024, compared to 2023.

Although to a lesser extent, the evolution of net income of Millennium bim in Mozambique also reflects the increase in operating costs. This increase was mainly due to the evolution of staff costs, reflecting the combined effect of the salary update and the increase in its headcount. Other administrative costs were also higher than the amount recognised a year earlier, with amortisations and depreciations, also increasing compared to 2023, but with a less significant impact on the evolution of operating costs.

Other net operating income and net trading income, in turn, also performed less favourably than a year earlier, while core income contributed positively to the evolution of the results of the Mozambican subsidiary in the last year.

Both net interest income and net commissions increased compared to the previous year, despite the negative impact on the net interest income of the increase in the local requirement for non-remunerated cash reserves to be maintained with the central bank, applied in February and May 2023, and, also, the significant reduction in reference interest rates by the central bank.

Despite the increase in core income, core operating profit of the Mozambican subsidiary was 2.9% below the EUR 115 million recorded in 2023, totalling EUR 112 million at the end of 2024, reflecting the increase in operating costs in the last year.

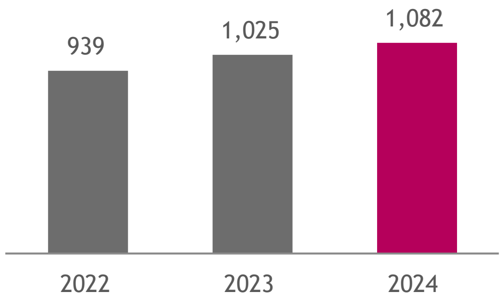
Despite its smaller relative weight within the scope of this analysis, it is worth mentioning the contribution of the Angolan operation to the results of the international activity, through the appropriation of the results of Banco Millennium Atlântico recognised in equity accounted earnings, that went from EUR 3 million in 2023, to EUR 4 million in the current year.

Core operating profit of the international activity grew 5.6%, from EUR 1,025 million in 2023 to EUR 1,082 million in 2024, as the increase in core income more than offset the increase in operating costs.

CORE OPERATING PROFIT

International activity

million EUR



NET INCOME OF INTERNATIONAL ACTIVITY

million EUR

	2024	2023	2022	Chg. 24/23
Bank Millennium in Poland (1)	167	127	(217)	31.7 %
Costs associated with foreign exchange mortgage loans	596	735	505	(18.9)%
Bank Millennium in Poland (exc. costs associated with foreign exchange mortgage loans)	763	862	288	(11.5)%
Millennium bim in Mozambique (1)(2)	48	105	102	(54.2)%
Banco Millennium Atlântico (BMA) (3)	4	3	(7)	44.7 %
Other (4)	—	(3)	(102)	100.0 %
Income from discontinued operations (5)	—	(3)	6	111.3 %
Banque Privée BCP (Suisse) S.A.	—	(3)	2	100.0 %
Fidelidade Moçambique - Companhia de Seguros S.A.	—	—	4	— %
Non-controlling interests	100	97	(73)	2.4 %
NET INCOME OF INTERNATIONAL ACTIVITY	**120**	**131**	**(146)**	**(8.6)%**

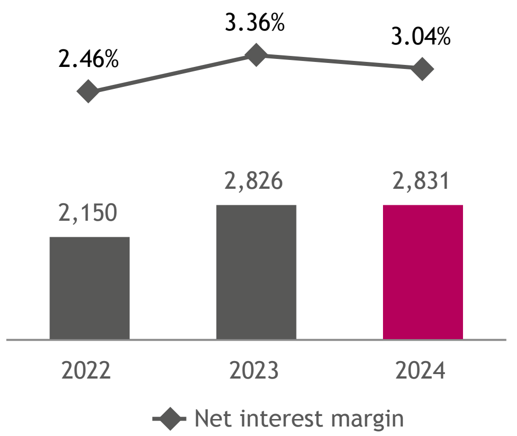
(1) The amounts showed are not deducted from non-controlling interests.
(2) Corresponds to net income after income taxes from continuing operations. Net income does not include the correction of the gain recognised with the disposal, in 2021, of 70% of the stake that the Group held in SIM (now designated Fidelidade Moçambique - Companhia de Seguros S.A.) recorded in 2022 and 2024, which are accounted for in Income arising from discontinued operations.
(3) Corresponds to the proportion of the results of Banco Millennium Atlântico appropriated by the Group, considering the equity method. In 2022, the amount presented includes provisions associated with the investment in this associate, also including the impairment of goodwill.
(4) In 2023, includes provisions associated with BIM, recognised in the consolidated accounts. In 2022, includes the total impairment of the goodwill associated with the acquisition by the BCP Group of the percentage of control over Bank Millennium SA. and the net income of the operation in Cayman Islands, fully attributable to the Bank.
(5) Income from discontinued operations includes the adjustment of the gains generated with the disposal, in 2021, of the participation in Banque Privée and of the sale of 70% of the stake that the Group held in SIM (whether they have been reflected in Millennium bim accounts or in consolidated accounts).

NET INTEREST INCOME

In 2024, net interest income of the Group reached EUR 2,831 million, in line (+0.2%) with the amount posted in the previous year, with the reduction recorded in the activity in Portugal being offset by the increase in the international activity.

NET INTEREST INCOME

million EUR



In fact, net interest income, in the activity in Portugal, totalled EUR 1,335 million in 2024, standing 9.0% below the EUR 1,467 million recorded in 2023.

The performance of net interest income in the activity in Portugal, in the last year, reflects above all, the increase in cost of funding, partially offset by the higher income generated by both the customer loan portfolio and the securities portfolio.

Thus, the increase in costs associated with the remuneration of the deposit portfolio stands out, mainly due to the evolution of interest rates in the last year, but also influenced, albeit to a lesser extent, by the increase in the average balance of interest-bearing deposits compared to 2023.

Influenced not only by the increase in interest rates, but also by the impact of two issues of senior preferred debt securities, in the amount of EUR 500 million each, launched in September 2023 and October 2024, the costs incurred with issued debt and subordinated debt were also higher than a year earlier. Both issues, under the Bank's Euro Note Programme, increase the capacity to meet the requirements known as “MREL” (Minimum Requirements for Own Funds and Eligible Liabilities). On the other hand, the decision of the Bank to exercise, in October 2024, its option to early redeem in whole its EUR 350 million senior preferred issue had a favourable impact on the evolution of net interest income.

In the last year, the evolution of net interest income mainly benefited from the increased contribution of the income generated by the securities portfolio, with particular emphasis on the income generated by the sovereign debt portfolio, reflecting on the one hand, the evolution of interest rates and on the other, the increased size and turnover of the portfolio.

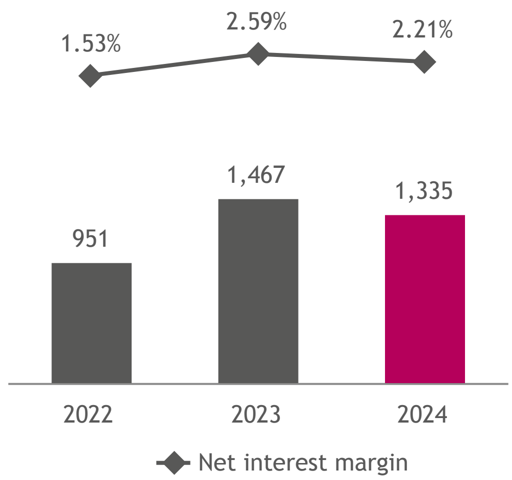
The income generated by the customer loan portfolio also increases compared to the previous year, reflecting the interest rates increase, despite the decrease in the average balance of the portfolio recorded this year.

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

NET INTEREST INCOME

Activity in Portugal

million EUR



In the international activity, net interest income amounted to EUR 1,496 million at the end of 2024, showing a growth of 10.0% from the EUR 1,359 million accounted in 2023.

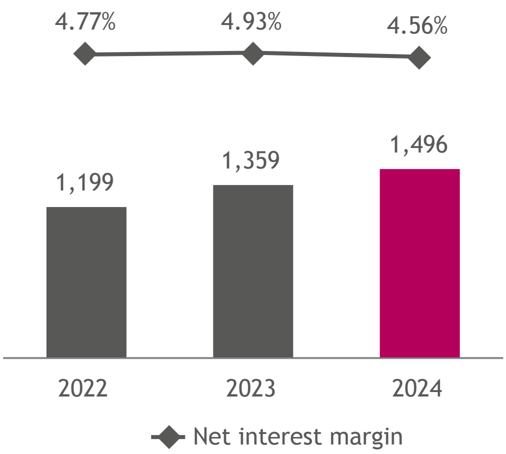
This evolution was mainly due to the performance of the Polish subsidiary, associated largely to the higher income generated by the securities portfolio.

Despite its limited impact within the scope of this analysis, it is important to mention the performance of net interest income of the subsidiary in Mozambique, that despite being influenced by the significant increases in the local requirement for non-remunerated cash reserves to be maintained with the central bank, in February and May of 2023, and, also, by the significant reduction in reference interest rates by the central bank, was slightly above the amount reached in 2023.

NET INTEREST INCOME

International activity

million EUR



In consolidated terms, net interest margin went from 3.36% in 2023 to 3.04% in 2024, reflecting the performance of both the activity in Portugal and the international activity.

In fact, in the activity in Portugal, net interest margin evolved from 2.59% in 2023, to 2.21% in the current year, mainly influenced by the increase in interest rates underlying interest-bearing deposits.

Net interest margin in the international activity, in turn, evolved from 4.93% in 2023, to 4.56% in 2024, year in which the central bank of Poland kept interest rates unchanged, after the first cuts in September and October 2023. As mentioned above, the increase in the local requirement for non-remunerated cash reserves to be maintained with the central bank of Mozambique and the reduction in reference interest rates, in turn, also contributed unfavourably to this evolution.

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

AVERAGE BALANCES

million EUR

	31 Dec. 24		31 Dec. 23 (restated)		31 Dec. 22	
	Average Balance	Yield %	Average Balance	Yield %	Average Balance	Yield %
Deposits in banks	4,921	3.78	4,379	4.05	9,575	1.34
Financial assets	31,228	3.67	22,979	3.29	19,742	1.79
Loans and advances to customers	55,423	5.49	55,672	5.43	56,731	3.77
INTEREST EARNING ASSETS	**91,572**	**4.78**	**83,031**	**4.76**	**86,048**	**3.04**
Non-interest earning assets	7,453		8,000		9,837	
	99,025		**91,031**		**95,884**	
Amounts owed to credit institutions	994	4.75	1,295	3.90	8,805	-0.20
Deposits and other resources from customers	81,537	1.49	75,906	1.16	72,995	0.56
Debt issued and other financial liabilities	4,457	4.95	3,468	3.81	3,263	1.05
Subordinated debt	1,405	8.07	1,388	7.81	1,377	5.09
INTEREST BEARING LIABILITIES	**88,393**	**1.80**	**82,057**	**1.42**	**86,439**	**0.58**
Non-interest bearing liabilities	2,875		2,345		3,127	
Shareholders' equity and non-controlling interests	7,757		6,628		6,318	
	99,025		**91,031**		**95,884**	
Net interest margin (1)		**3.04**		**3.36**		**2.46**

(1) Net interest income as a percentage of average interest earning assets.
Note: Average balance calculated based on monthly average of end of month balances, accumulated in the period. Interest related to hedge derivatives were allocated, each year, to the respective balance item.

The Group's interest earning assets totalled EUR 91,572 million in 2024, standing above the EUR 83,031 million recorded in 2023. This evolution was mainly due to the increase in financial assets, from EUR 22,979 million in 2023, to EUR 31,228 million in 2024, driven by the increase in public debt portfolio. Although on a much smaller scale, deposits in credit institutions, were also higher than the amount recorded a year earlier, amounting to EUR 4,921 million (EUR 4,379 million in 2023). Loans to customers, in turn, did not change materially compared to the previous year, amounting to EUR 55,423 million in the current year. In terms of profitability, there was an increase in the average amount of interest-earning assets, with the implicit rate remaining stable, as a result of opposite trends between the activity in Portugal, where the rate was higher compared to 2023, and the international activity with a lower average rate than in the previous year.

Regarding non-interest earning assets, there was a decrease compared to the EUR 8,000 million recorded in 2023, totalling EUR 7,453 million in 2024.

In terms of average balance sheet structure, interest earning assets represented 92.5% of average net assets in 2024, that compares to 91.2% in the previous year.

Although showing an average balance in line with that recorded a year earlier, loans to customers decreased its relative weight in the balance sheet structure from 61.2% to 56.0%, and from 67.1% to 60.5% in the interest-earning assets portfolio, remaining however the main aggregate in this portfolio.

Financial assets portfolio, in turn, reinforced its weight in the balance sheet structure, increasing from 25.2% in 2023, to 31.5% in 2024, while deposits in credit institutions went from 4.8% to 5.0% in the last year.

Interest bearing liabilities evolved from EUR 82,057 million in 2023, to EUR 88,393 million in 2024, mainly reflecting the increase of average balance of customer deposits from EUR 75,906 million to EUR 81,537 million in the last year. The relative weight of customer deposits in interest bearing liabilities stood at 92.2% (92.5% in 2023), thus remaining the main financing instrument supporting the activity of the Group.

The average balance of debt issued and other financial liabilities, together, increased in the last year, from EUR 3,468 million to EUR 4,457 million, due to two issues of senior preferred debt securities placed on the market by Banco Comercial Português in September 2023 and in October 2024, both in the amount of EUR 500 million, and to a green issue of non-preferred senior debt by Bank Millennium, in September 2024, also in the amount of EUR 500 million. The combined impact on the average balance of issued debt securities of these issues was partially offset by the early repayment, in October 2024, of another senior preferred issue in the amount of EUR 350 million. The relative weight of issued debt securities and other financial liabilities in the average balance of interest-bearing liabilities increased from 4.2% in 2023 to 5.0% in 2024.

On the other hand, there was a reduction in the relative weight of amounts owed to credit institutions in the average balance of interest-bearing liabilities, from 1.6% in 2023 to 1.1% in 2024, while subordinated debt represented 1.6% of the same aggregate (1.7% in 2023).

OTHER NET INCOME

Other net income, that aggregates dividends from equity instruments, net commissions, net trading income, other net operating income and equity accounted earnings, totalled EUR 744 million in 2024, corresponding to a decrease of 21.2% compared to the EUR 944 million recorded in the previous year.

The contribution of the Polish subsidiary was decisive in this performance due to the recognition, in the previous year, of the gains obtained with the sale of 80% of the shares of Millennium Financial Services sp. z o.o., as part of the strategic partnership in bancassurance business (EUR 128 million recognised in net trading income and EUR 11 million associated with the revaluation of the 20% minority stake held by Bank Millennium after the completion of the operation, recognised in other net operating income) thus having an unfavourable influence on the evolution of other net income compared to the previous year.

Likewise, the impacts associated with the mortgage loan portfolio in foreign currency and the increase in costs of mandatory contributions, both in the Polish subsidiary, largely influenced the unfavourable evolution of this aggregate, which in return benefited from the greater contribution from the activity in Portugal compared to 2023.

In fact, in the activity in Portugal, other net income increased 10.1% (EUR +58 million) compared to the EUR 569 million posted in 2023, totalling EUR 626 million at the end of 2024. This performance largely reflects the favourable performance of other net operating income (EUR +40 million) benefiting in particular from the reduction in mandatory contributions to which the Bank is subject in the domestic operation. The increase in net commissions (EUR +28 million), mainly due to the update of bancassurance distribution fees, also contributed largely to the favourable performance of other net income in the activity in Portugal. On the other hand, and albeit to a lesser extent, the performance of other net income in the activity in Portugal was also influenced by the reduction in net trading income (EUR -5 million), in equity accounted earnings (EUR -5 million) and in dividends from equity instruments (EUR -1 million).

In the international activity, other net income amounted to EUR 118 million in 2024, considerably below the EUR 375 million posted in the previous year, due to the contribution of the Polish subsidiary, influenced by the already mentioned impacts.

OTHER NET INCOME

million EUR

	2024	2023 restated	2022 restated	Chg. 24/23
Dividends from equity instruments	1	2	10	(43.0 %)
Net commissions	809	772	772	4.8 %
Net trading income	5	146	48	(96.6 %)
Other net operating income	(130)	(39)	(183)	<-200%
Equity accounted earnings	59	63	60	(6.1 %)
	744	**944**	**708**	**(21.2 %)**
of which:				
Activity in Portugal	626	569	620	10.1 %
International activity	118	375	87	(68.7 %)

DIVIDENDS FROM EQUITY INSTRUMENTS

Dividends from equity instruments, which incorporates dividends and income from equity shares received from investments classified as financial assets at fair value through other comprehensive income and as financial assets held for trading, evolved from EUR 2 million at the end of 2023, to EUR 1 million in 2024.

This evolution mainly reflects the reduction of income associated with investments that are part of the shares portfolio of the activity in Portugal, which corresponded to an irrelevant amount in 2024 compared to EUR 1 million recorded in the previous year. In the international activity, dividends from equity instruments, arising exclusively from the activity of the Polish subsidiary, did not change materially compared to the amount recorded in 2023, standing at EUR 1 million at the end of the current year.

NET COMMISSIONS

Net commissions include commissions related to the banking business and commissions more directly related to financial markets.

In 2024, net commissions, as a whole, totalled EUR 809 million, showing a growth of 4.8% compared to the EUR 772 million recorded in the previous year.

This evolution reflects the favourable performance of both the activity in Portugal and the international activity, in the first case mainly resulting from the increase of bancassurance activity commissions, arising from the update of the distribution fees paid by the insurance companies.

In consolidated terms, the favourable performance of net commissions was due to the growth of both banking commissions and market related commissions.

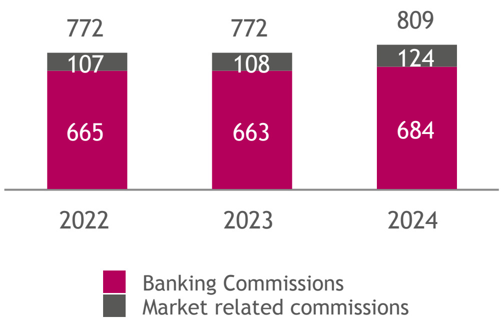
In fact, banking commissions of the Group amounted to EUR 684 million at the end of the current year, standing EUR 21 million (+3.1%) above the amount recorded in the previous year, while commissions related to financial markets totalled EUR 124 million, increasing EUR 16 million (+14.8%) from the amount recorded a year earlier.

The growth in banking commissions was largely influenced by the impact of bancassurance distribution fees update in the activity in Portugal and, although to a lesser extent, also by the increase recorded in commissions related to cards and transfers, in this case due to the performance of the international activity. Commissions associated with credit and guarantees and other banking commissions, in turn, were at a lower level compared to that achieved a year earlier, reflecting the performance of both activity in Portugal and international activity. Commissions associated with the management and maintenance of accounts recorded smaller changes in the last year both in the activity in Portugal and in the international activity.

Regarding commissions related to financial markets, there was a favourable evolution in both activity in Portugal and international activity, in both cases reflecting the performance of both commissions associated with asset management and distribution and commissions associated with securities.

NET COMMISSIONS

million EUR



In the activity in Portugal, net commissions amounted to EUR 588 million at the end of 2024, corresponding to a growth of 5.0% from the EUR 560 million recorded in 2023.

Both banking commissions, which amounted to EUR 491 million at the end of 2024, and commissions related to markets, which totalled EUR 97 million at the same date, evolved favourably in the last year, showing increases of 4.2% (EUR +20 million) and 9.5% (EUR +8 million), respectively.

The performance of net commissions related to the banking business in the activity in Portugal was determined by the growth of commissions associated with the bancassurance activity (+31.2%, EUR +26 million), largely due to the update of the distribution fees paid by the insurance companies. At the end of 2024, these commissions totalled EUR 111 million in activity in Portugal.

Commissions associated with management and maintenance of accounts also performed favourably compared to the previous year, albeit more modestly (EUR +1 million, +0.6%), amounting to EUR 143 million at the end of 2024.

On the other hand, the performance of commissions related to banking business, in the activity in Portugal, was influenced by the reduction in commissions associated with credit and guarantees which had a combined reduction of 2.4% (EUR -2 million) compared to the previous year, totalling EUR 80 million at the end of 2024. This evolution reflects, among other causes, the lower production in loans to companies and the legal restrictions imposed.

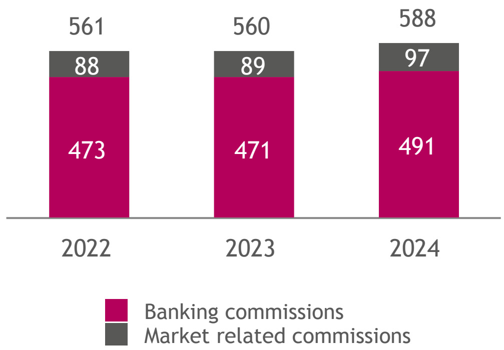
Commissions related to cards and transfers which include amounts charged for transactions carried out with cards and the respective payment networks, for bank transfers and for the use of points of sale (POS), also stand below the amount reached in 2023 (-0.9%; EUR -1 million), totalling EUR 157 million, at the end of 2024. Other banking commissions in the activity in Portugal, amounted to EUR 1 million at the end of 2024, well below the EUR 5 million record a year earlier.

Regarding market-related commissions in the activity in Portugal, both commissions related to securities and commissions arising from asset management and distribution reached a higher level than at the end of 2023, with the growth of the former contributing more significantly to the performance of this aggregate. In fact, commissions related to securities amounted to EUR 40 million at the end of the current year, EUR 6 million (+17.5%) above the amount recorded in 2023, while commissions arising from asset management and distribution totalled EUR 57 million, EUR 3 million (+4.6%) above the amount recorded a year earlier.

NET COMMISSIONS

Activity in Portugal

million EUR



In the international activity, net commissions amounted to EUR 220 million at the end of the current year, increasing by 4.2% (EUR +9 million) from the amount recorded in the previous year. This evolution was determined by the performance of the Polish subsidiary, although in the subsidiary in Mozambique, net commissions also had a favourable performance compared to the previous year, but with a less significant impact on the evolution of this item.

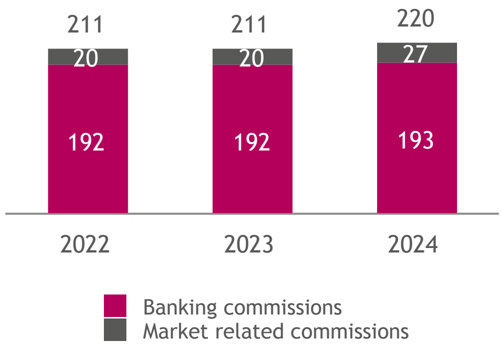
Commissions related to banking business in the international activity totalled EUR 193 million at the end of 2024, increasing 0.7% (EUR +1 million) from the amount recorded in the previous year. This evolution resulted from different dynamics with regard to the several types of commissions comprised in these items, with the increase of EUR 10 million, to EUR 100 million at the end of 2024, recorded in commissions related to cards and transfers being largely offset by the reduction recorded in other items. Of particular note is the reduction of EUR 6 million, to EUR 28 million, recorded in bancassurance commissions, reflecting the impact of the sale of 80% of the shares of Millennium Financial Services sp. z o.o., as part of the strategic partnership in this business area. Commissions related to credit and guarantees, in turn, were 3.3% (EUR -2 million) below the amount recorded in 2023, standing at EUR 46 million at the end of 2024. Commissions related to management and maintenance of accounts and other banking commissions, in the international activity, did not change significantly in the last year, totalling EUR 16 million and EUR 3 million respectively in 2024.

With regard to commissions related to financial markets, still in the international activity, there was a significant increase (+38.6%, EUR +8 million), to EUR 27 million at the end of 2024. This performance was determined by the increase of commissions associated with asset management and distribution, since the growth in commissions associated with securities, although relevant, had a small impact on the scope of this analysis. Asset management and distribution commissions and securities commissions totalled, respectively, EUR 24 million and EUR 3 million at the end of the current year.

NET COMMISSIONS

International activity

million EUR



NET COMMISSIONS

million EUR

	2024	2023	2022	Chg. 24/23
BANKING COMMISSIONS	**684**	**663**	**665**	**3.1 %**
Cards and transfers	257	248	228	3.4 %
Credit and guarantees	125	129	141	(2.8 %)
Bancassurance	139	119	119	17.0 %
Management and maintenance of accounts	159	159	165	0.2 %
Other commissions	4	9	11	(53.7 %)
MARKET RELATED COMMISSIONS	**124**	**108**	**107**	**14.8 %**
Securities	43	36	39	18.1 %
Asset management and distribution	82	72	68	13.1 %
	809	**772**	**772**	**4.8 %**
Of which:				
Activity in Portugal	588	560	561	5.0 %
International activity	220	211	211	4.2 %

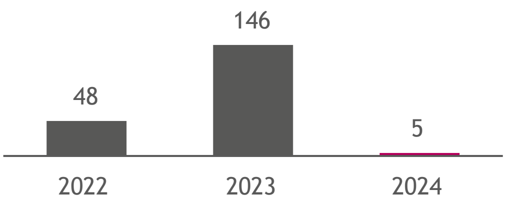
NET TRADING INCOME

Net trading income includes gains/(losses) on financial operations at fair value through profit or loss, foreign exchange gains/(losses), gains/(losses) on hedge accounting and gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

In 2024, net trading income amounted to EUR 5 million, well below the EUR 146 million achieved in the previous year. This performance was determined by the recognition, in the previous year, of the gains obtained by the Polish subsidiary with the sale of 80% of the shares of Millennium Financial Services sp. z o.o., which, as previously mentioned, totalled EUR 128 million under this heading.

NET TRADING INCOME

million EUR



In the activity in Portugal, net trading income evolved from EUR 14 million in 2023 to EUR 9 million at the end of 2024.

Although its impact was offset by other effects, it is important to mention the income recognised in the current year from the sale of credits, in contrast with the costs recorded in 2023, resulting in an increase of EUR 37 million compared to the previous year.

In the international activity, the evolution of net trading income, from gains of EUR 132 million to a marginal cost of EUR 4 million at the end of the current year, was determined by the already mentioned gains obtained in 2023 with the sale of 80% of the shares of Millennium Financial Services sp. z o.o., considered as specific items.

The performance of this item was also influenced by the increase in costs incurred by the Polish subsidiary in converting mortgage loans granted in Swiss francs, following the agreements with customers holding these loans, that in 2024 penalised net trading income in EUR 94 million compared to EUR 60 million recognised in 2023.

In the operation in Mozambique, net trading income did not change materially compared to the previous year.

NET TRADING INCOME

million EUR

	2024	2023 restated	2022 restated	Chg. 24/23
Gains/(losses) on financial operations at fair value through profit or loss	(55)	(5)	26	<-200%
Foreign exchange gains/(losses)	42	17	19	138.1 %
Gains/(losses) on hedge accounting	6	22	(2)	(73.5 %)
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	13	112	5	(88.6 %)
	5	**146**	**48**	**(96.6 %)**
of which:				
Activity in Portugal	9	14	67	(36.7 %)
International activity	(4)	132	(19)	(103.1 %)

OTHER NET OPERATING INCOME

Other net operating income includes other operating income, net of other operating costs, which includes, among others, the costs associated with the resolution and the deposit guarantee funds as well as with the other mandatory contributions, both in the activity in Portugal and in the international activity. In addition, other net operating income also includes gains/(losses) on disposal of subsidiaries and other assets.

In 2024, other net operating income totalled a negative amount of EUR 130 million, that compares to the also negative amount of EUR 39 million recorded in the previous year. This evolution was mainly driven by the contribution of the Polish subsidiary, whose performance was strongly influenced by the increase in costs associated with foreign exchange mortgage loan portfolio recognised under this heading, and by the increase in costs with mandatory contributions to which the subsidiary was subject in the last year, which offset the impact of the favourable performance of the activity in Portugal.

In fact, in the activity in Portugal, other net operating income improved significantly, evolving from a negative amount of EUR 65 million in 2023 to an also negative amount of EUR 25 million at the end of 2024. In this evolution, the overall reduction in the costs with mandatory contributions stands out. The gains recognised with the sale of non-current assets held for sale were also higher compared to the amount recognised a year earlier, but with a less significant impact on the evolution of other net operating income in the activity in Portugal.

The overall amount of mandatory contributions, including the supervisory fee charged by the ECB, decreased from EUR 75 million in 2023 to EUR 42 million in 2024, corresponding to a 43.8% reduction compared to the previous year. This evolution stems largely from the fact that the Single Resolution Board determined that in 2024, as the Single Resolution Fund had reached its target level, no ex-ante contributions would be levied, contrasting with EUR 18 million recorded in 2023. On the other hand, the liabilities reduction, after the repayment of the financing obtained from the European Central Bank (ECB) at the end of 2022, only produced its favourable impact in full on the cost with mandatory contributions this year, since both the contributions for the National Resolution Fund (NRF) and the cost incurred with the contribution on the banking sector and the additional solidarity contribution on the banking sector consider the average values of the balance sheet of the previous year to which the contribution relates, considering end-of-month observations.

Thus, despite the increase in the contribution rate (from 0.029% to 0.032%), the contribution to the NRF decreased by around 30%, from EUR 9 million to EUR 6 million, while the cost incurred with the contribution on the banking sector decreased from EUR 38 million to EUR 28 million. The additional solidarity contribution on the banking sector amounted to EUR 5 million, compared to EUR 7 million recorded in the previous year. The contribution to the deposit guarantee fund, in turn, despite being higher than a year before, stood at EUR 1 million, with a non-material impact in the scope of this analysis. Although the Management Committee of the Deposit Guarantee Fund ("Fundo de Garantia de Depósitos") has requested the settlement in 2024 of 50% of the irrevocable commitments assumed by the Bank, the total amount of which amounted to EUR 95 million, the settlement of that amount had no material impact on other net operating income in the current year, as it was covered by provisions booked for contingencies. The supervisory fee charged by the ECB, although lower than the amount recorded in 2023, did not change materially, amounting to EUR 2 million in 2024.

In the current year, of the total amount of costs recognised with mandatory contributions in the activity in Portugal, EUR 39 million refer to contributions for national entities (EUR 54 million in 2023).

In the international activity, other net operating income evolved from an income of EUR 26 million recognised in 2023 to a negative amount of EUR 105 million at the end of 2024.

This performance of other net operating income was determined by the impacts associated to foreign exchange mortgage loan portfolio and by the increase in costs associated with mandatory contributions, both in the Polish subsidiary.

In fact, the impacts associated with foreign exchange mortgage loan portfolio, as far as this item is concerned, went from an income of EUR 16 million in 2023 to costs of EUR 48 million in 2024. This performance mainly reflects the increase in court costs related to the counterclaims filed by Bank Millennium for reimbursement of the amounts owed by customers. On the other hand, the income to be reimbursed from a third party, as compensation for costs incurred with the booking of provisions to address the legal risk implicit in foreign exchange mortgage loans, following the indemnity clauses and contractual guarantees provided for in the acquisition contract of Euro Bank S.A., fell from EUR 52 million in 2023, to EUR 46 million in 2024, following the evolution of those provisions.

The costs associated with mandatory contributions borne by the Polish subsidiary, in turn, increased from EUR 13 million to EUR 68 million last year, mainly due to the special tax on the Polish banking sector, the payment of which had been suspended after the activation of the Bank Millennium Recovery Plan at the beginning of the second half of 2022. With the completion, last June, of the implementation of the aforementioned Recovery Plan, Bank Millennium was again subject to the payment of this tax, which in 2024 totalled EUR 54 million. The contribution to the resolution fund was also higher compared to the amount recognised in 2023, although with a less significant impact on the performance of this item (EUR 14 million in 2024 vs EUR 13 million in 2023). The contribution of Bank Millennium to the deposit guarantee fund remained suspended following the contribution, in 2022, to IPS (Institutional Protection Scheme), with the Bank bearing costs with this fund only until the first quarter of that year, inclusive.

On the other hand, the evolution of other net operating income in the international activity was influenced by the fact that in the previous year a gain of EUR 11 million, considered as a specific item, was recognised, associated with the revaluation of the minority stake (20%) that Bank Millennium in Poland held following the sale of 80% of the shares of Millennium Financial Services sp. z o.o.

EQUITY ACCOUNTED EARNINGS

Equity accounted earnings from associates include the results appropriated by the Group related to the entities in which, despite exercising some influence, it does not have control over their financial and operating policies.

In 2024, equity accounted earnings of the Group totalled EUR 59 million, standing 6.1% below the EUR 63 million posted in the previous year.

In the activity in Portugal, equity accounted earnings evolved from EUR 58 million in 2023, to EUR 53 million at the end of the current year. This evolution includes, on one hand, the decrease in results from Millenniumbcp Ageas, largely influenced by the impact of the update of the distribution fees paid by the insurance company for the placement of insurance products through the Bank's distribution networks, and on the other, the higher income generated by the contribution of the shareholding in SIBS.

In the international activity, equity accounted earnings evolved favourably in the last year (+17.5%), totalling EUR 5 million at the end of the current year. Decisive for this evolution was the appropriation of the results generated by Banco Millennium Atlântico in Angola, that went from EUR 3 million in 2023 to EUR 4 million in 2024. The appropriation of the results generated by Fidelidade Moçambique - Companhia de Seguros S.A., in turn, did not change materially compared to the previous year.

EQUITY ACCOUNTED EARNINGS

million EUR

	2024	2023 restated	2022 restated	Chg. 24/23
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	28	40	30	(29.8 %)
Unicre - Instituição Financeira de Crédito, S.A.	5	7	12	(18.6 %)
SIBS, S.G.P.S., S.A.	15	10	12	56.2 %
Banque BCP, S.A.S.	3	3	5	9.1 %
Banco Millennium Atlântico, S.A.	4	3	(1)	44.7 %
Fidelidade Moçambique - Companhia de Seguros S.A.	2	2	2	(20.4 %)
Other companies	1	(2)	2	184.1 %
	59	**63**	**60**	**(6.1 %)**

OPERATING COSTS

Operating costs include staff costs, other administrative costs and amortisations and depreciations.

Despite the disciplined management of costs followed by the Group, operating costs totalled EUR 1,307 million at the end of 2024, standing 12.4% above the EUR 1,163 million recorded in the previous year, mainly due to the performance of the international activity, namely the Polish subsidiary.

The amounts presented do not exclude the impact of specific items considered in each year in staff costs in the activity in Portugal. In both 2024 and 2023, the impact was negative in the amount of EUR 13 million and EUR 15 million, respectively.

Excluding specific items mentioned above, operating costs of the Group amounted to EUR 1,295 million, standing 12.8% above the EUR 1,147 million accounted in 2023. This performance was determined by the increase in both staff costs (+15.1%, EUR +93 million) and other administrative costs (+12.0%, EUR +47 million), in both cases more significant in the international activity. Amortisations and depreciations, in turn, though exceeding the amount recorded a year earlier (+5.3%, EUR +7 million), due to the performance of the international activity, were not very significant in the evolution of operating costs of the Group in the last year.

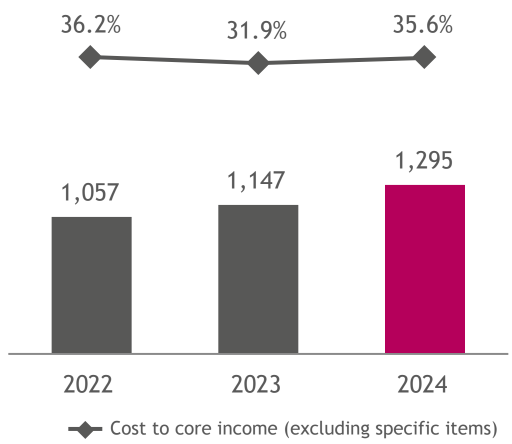
Excluding the specific items mentioned above and also excluding the positive impact of EUR 139 million, recognised in 2023, in the international activity, associated with the sale of 80% of the shares in Millennium Financial Services sp. z o.o. also considered specific items, cost to income ratio evolved from 31.6% to 36.2% and cost to core income from 31.9% to 35.6% in the last year.

Cost to income and cost to core income stated ratios evolved, respectively, from 30.8% to 36.6% and from 32.3% to 35.9%.

OPERATING COSTS

(excluding specific items)

million EUR



In the activity in Portugal, operating costs totalled EUR 673 million in 2024, standing 9.1% above the EUR 617 million posted in 2023. Excluding the specific items mentioned above, operating costs increased 9.8%, from EUR 601 million to EUR 660 million.

This evolution of operating costs in the activity in Portugal, not considering the effect of specific items, reflects the increases of 11.6% (EUR +39 million) and 10.1% (EUR +19 million) recorded in staff costs and other administrative costs, respectively. Amortisations and depreciations, in turn, remained stable compared to the amount recorded a year earlier.

Excluding the impact of specific items, cost to income ratio in the activity in Portugal evolved from 29.5% to 33.7%, while cost to core income ratio went from 29.7% to 34.3% in the last year.

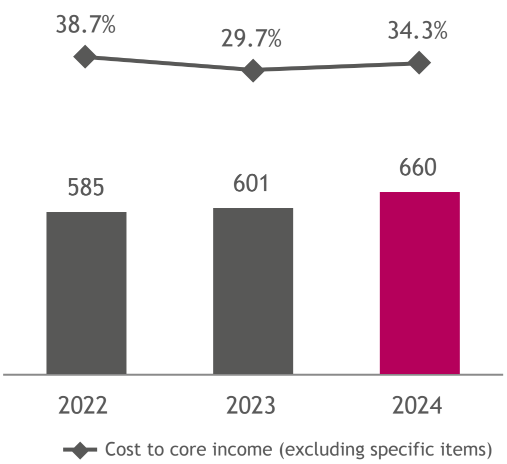
Cost to income and cost to core income stated ratios stood at 34.3% and 35.0% in 2024, levels that compare respectively with 30.3% and 30.4% in the previous year.

OPERATING COSTS

(excluding specific items)

Activity in Portugal

million EUR

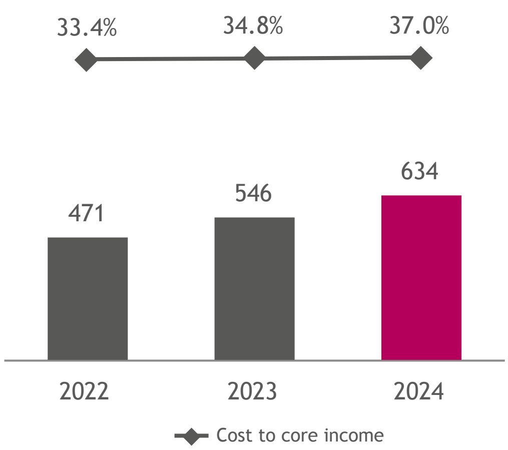


In the international activity, operating costs totalled EUR 634 million at the end of 2024, standing 16.2% above the EUR 546 million accounted in the previous year. This evolution was mainly due to the performance of the Polish subsidiary, although in the subsidiary in Mozambique operating costs were also higher than those recorded in 2023.

OPERATING COSTS

International activity

million EUR



In the Polish subsidiary, the increase in operating costs resulted, above all, from the evolution of staff costs and other administrative costs, with amortisations and depreciations showing a less significant increase. In addition to the inflation levels over the previous years, it is also important to mention the impact that the characteristics of the labour market in Poland, with very low unemployment rates and significant increases in the minimum wage, had in operating costs, namely the increase in staff costs.

Likewise, in the operation in Mozambique, the increase in operating costs also reflects largely the increase recorded in staff costs and other administrative costs, and to a lesser extent, in amortisations and depreciations.

The evolution of operating costs in the international activity was thus due to the increases of 19.3% (EUR +53 million) in staff costs, of 13.7% (EUR +28 million) in other administrative costs and of 10.7% (EUR +7 million) in amortisations and depreciations.

The cost to income ratio of the international activity evolved from 31.5% (34.2%, excluding the already mentioned positive impact of specific items) in 2023 to 39.3% in 2024, while cost to core income ratio in turn, went from 34.8% to 37.0% in the last year.

OPERATING COSTS

million EUR

	2024	2023	2022	Chg. 24/23
ACTIVITY IN PORTUGAL (1)	**660**	**601**	**585**	**9.8 %**
Staff costs	379	340	322	11.6 %
Other administrative costs	208	189	184	10.1 %
Amortisations and depreciations	74	73	79	0.6 %
INTERNATIONAL ACTIVITY	**634**	**546**	**471**	**16.2 %**
Staff costs	330	277	242	19.3 %
Other administrative costs	233	205	169	13.7 %
Amortisations and depreciations	71	64	60	10.7 %
CONSOLIDATED (1)	**1,295**	**1,147**	**1,057**	**12.8 %**
Staff costs	709	617	564	15.1 %
Other administrative costs	440	393	353	12.0 %
Amortisations and depreciations	145	137	139	5.3 %
Specific items	**13**	**15**	**16**	**(17.3 %)**
	1,307	**1,163**	**1,073**	**12.4 %**

(1) Excludes the impact of specific items previously mentioned.

STAFF COSTS

In 2024, staff costs totalled EUR 722 million, standing 14.3% above the EUR 632 million accounted in the previous year. Both in the activity in Portugal and in the international activity, staff costs were higher than in the previous year.

These amounts include the impact of specific items recognised in each year in the activity in Portugal. In 2024, specific items, related to staff costs, had a negative impact of EUR 13 million, including costs with employment terminations, namely indemnities and early retirements, income recognised after an agreement related to liabilities with former directors of the Bank and reversal of costs with mortgage financing to former employees.

In 2023, the impact was also negative in the amount of EUR 15 million, including costs associated to the compensation for temporary reduction in employees remunerations in 2014-2017 as distribution of part of the Bank's results obtained in 2022 by the employees, costs with employment terminations, namely early retirements, costs with mortgage financing to former employees and an income recognised after an agreement related to liabilities with former directors of the Bank.

Excluding the impact of specific items, staff costs of the Group increased 15.1% from the EUR 617 million accounted for in the previous year, amounting to EUR 709 million, at the end of the current year.

In the activity in Portugal, stated staff costs amounted to EUR 392 million at the end of 2024, standing 10.4% above the EUR 355 million recorded in the previous year. Not considering the impact of the specific items, the increase was 11.6%, from EUR 340 million in 2023 to EUR 379 million at the end of 2024.

Despite the hiring of new employees with specific skills, namely on digital, new technologies and internal control areas, the number of employees in the activity in Portugal remained stable, standing at 6,203 employees at the end of 2024 (39 employees fewer than on 31 December 2023).

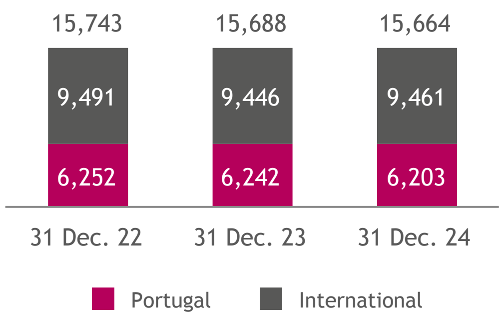
In the international activity, staff costs amounted to EUR 330 million at the end of 2024, standing 19.3% above the EUR 277 million recorded a year before. The Polish subsidiary was mainly responsible for this evolution, although the subsidiary in Mozambique also contributed to the increase in staff costs compared to the previous year, albeit to a lesser extent.

In the Polish subsidiary, the evolution of staff costs continued to be determined by the strong pressure on basic wages, resulting both from levels of inflation over the previous years and the current scenario of the Polish labour market, with very low unemployment rates in the country. During this year, there was a slight reduction in the total number of employees of this subsidiary, which in the last year went from 6,872 employees (6,747 FTE - full-time equivalent) at the end of 2023, to 6,836 employees (6,714 FTE - full-time equivalent) on 31 December 2024.

The operation in Mozambique, in turn, increased its headcount, from 2,574 employees on 31 December 2023 to 2,625 employees at the end of 2024, an increase that, together with the salary update, contributed to the growth in staff costs in the last year.

As of 31 December 2024, the headcount of the international activity consisted of 9,461 employees, which compares to 9,446 employees at the end of 2023.

EMPLOYEES



STAFF COSTS

million EUR

	2024	2023	2022	Chg. 24/23
Salaries and remunerations	577	508	462	13.7 %
Social security charges and other staff costs	132	109	103	21.6 %
STAFF COSTS (excluding specific items)	**709**	**617**	**564**	**15.1 %**
Of which:				
Activity in Portugal	379	340	322	11.6 %
International activity	330	277	242	19.3 %
Specific items	13	15	16	(17.3 %)
	722	**632**	**581**	**14.3 %**

OTHER ADMINISTRATIVE COSTS

In 2024, notwithstanding the disciplined management of costs followed by the Group, other administrative costs were 12.0% above the EUR 393 million recorded in the previous year, totalling EUR 440 million at the end of the current year. This evolution reflects the increase in costs both in the activity in Portugal and in the international activity.

In the activity in Portugal, other administrative costs amounted to EUR 208 million, corresponding to an increase of 10.1% from the EUR 189 million recorded in 2023.

Despite the implementation of a series of recurrent measures to optimise the cost structure of the Bank, this performance largely reflects the increase in costs associated with other specialised services, as for example data services costs. Costs associated to outsourcing and independent labour, particularly those related to banking operations, were also higher than a year before. The investment in technology and cybersecurity inevitably led to an increase in the respective costs, particularly maintenance of hardware and software, with an impact on information technology services and maintenance and related services. Among other costs with a less significant impact on the evolution of this item in the activity in Portugal, it is also worth mentioning the increase in costs with rents and leases, costs associated with advertising, communications (particularly data services), legal expenses and advisory services, in the latter case including support on regulatory matters.

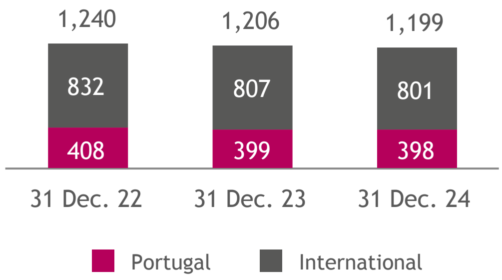
Conversely, the reduction in costs with water, electricity and fuel, resulting from the reduction in energy prices and from an efficient management of these consumptions, stands out.

In the international activity, other administrative costs amounted to EUR 233 million in 2024, representing a 13.7% increase from the EUR 205 million posted in the previous year, largely reflecting the increase recorded in the Polish subsidiary.

The evolution of other administrative costs in the Polish subsidiary was influenced by the inflation in previous years, also reflecting the increase in legal advice costs associated with foreign exchange mortgage loan portfolio.

The Group maintains a process of optimisation of its branch network in order to efficiently serve the markets in which it is present. At the end of 2024, the activity in Portugal had a network of 398 branches, one less than at the end of 2023, while in the Polish subsidiary, the number of branches decreased from 612 branches at the end of 2023 to 606 branches on 31 December 2024. The subsidiary in Mozambique, in turn, ended 2024 with 195 branches, unchanged from the previous year.

BRANCHES



OTHER ADMINISTRATIVE COSTS

million EUR

	2024	2023	2022	Chg. 24/23
Water, electricity and fuel	14	15	18	(6.0 %)
Consumables	8	8	8	8.7 %
Rents and Leases	30	27	24	12.6 %
Communications	27	25	24	9.3 %
Travel, hotel and representation costs	10	7	5	42.8 %
Advertising	31	28	25	12.3 %
Maintenance and related services	20	18	17	10.4 %
Credit cards and mortgage	13	9	9	47.3 %
Advisory services	54	44	32	21.3 %
Information technology services	28	26	28	7.8 %
Outsourcing and independent labour	116	112	93	4.2 %
Other specialised services	36	29	29	25.3 %
Training costs	2	1	1	49.7 %
Insurance	5	5	5	8.3 %
Legal expenses	5	5	4	5.5 %
Transportation	12	11	10	6.3 %
Other supplies and services	27	24	21	15.2 %
	440	**393**	**353**	**12.0 %**
Of which:				
Activity in Portugal	208	189	184	10.1 %
International activity	233	205	169	13.7 %

AMORTISATIONS AND DEPRECIATIONS

Amortisations and depreciations amounted to EUR 145 million at the end of 2024, standing 5.3% above the amount recorded in 2023, reflecting the performance of the international activity, namely the Polish subsidiary.

In the activity in Portugal, amortisations and depreciations remained in line (+0.6%) with the amount recorded in 2023, totalling EUR 74 million at the end of the current year, despite the investment made in hardware and software, given the Bank's commitment to the digital transformation process.

In the international activity, amortisations and depreciations amounted to EUR 71 million in 2024, standing 10.7% above the EUR 64 million recorded in 2023, mainly reflecting, as already mentioned, the performance of the Polish subsidiary.

RESULTS ON MODIFICATION

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

In 2024, results on modification totalled a negative amount of EUR 69 million, which compares with an also negative amount of EUR 19 million recorded in the previous year.

This evolution reflects, on the one hand, the recognition, in 2024, of the costs arising from the aforementioned moratorium program (credit holidays) in the amount of EUR 26 million, which did not influence the results in the previous year, and, on the other, the increase in costs associated with contractual modifications negotiated with customers with foreign exchange mortgage loans, in the Polish subsidiary, which increased from EUR 12 million in 2023 to EUR 34 million in 2024.

Following the signing by the President of the Republic of Poland and announcement in the Journal of Laws of the Republic of Poland of an act of 12 April 2024 on changes to the act on support for mortgage borrowers who are in challenging financial situation and the act on crowdfunding for business ventures and assistance to borrowers, introducing, among others, an extension of credit holidays for Zloty mortgage borrowers by four more months in 2024, Bank Millennium estimated the preliminary impact of the implementation of this act on the results of the Group, recognising, in the first half of 2024 a cost with credit holidays in the amount of EUR 47 million. Subsequently, in the third and fourth quarters of the year, taking into account the participation of borrowers with mortgage eligible for credit holidays, Bank Millennium reduced the estimated cost to a final amount of EUR 26 million.

LOAN IMPAIRMENTS

Impairment of loans to customers includes impairment of financial assets at amortised cost for loans granted to customers and for debt securities associated with credit operations, net of reversals and recoveries of credit and interest.

The reconciliation of the impairment of financial assets at amortised cost presented in the consolidated income statement ("P&L") with the impairment of loans to customers considered for the purposes of this analysis is presented as follows:

Loan impairments (P&L)

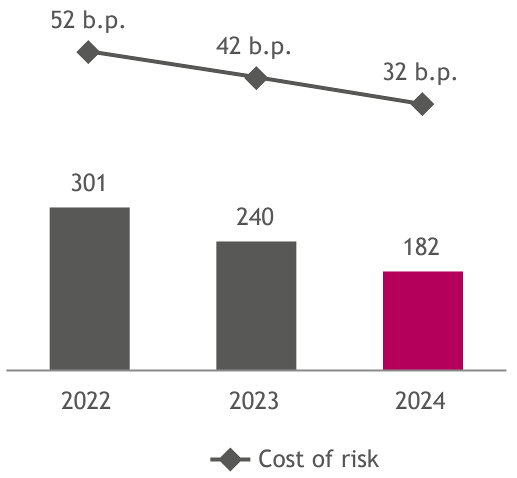
million EUR

	2024	2023	2022
Impairment of financial assets at amortised cost (P&L) (1)	215	248	301
Impairment of Loans and advances to credit institutions (at amortised cost) (2)	0	(1)	0
Impairment of financial assets at amortised cost not associated with credit operations (3)	33	9	1
Loan impairments considering management criteria (4)=(1)-(2)-(3)	**182**	**240**	**301**

In 2024, impairment for loan losses (net of recoveries) totalled EUR 182 million, showing a reduction of 24.0% compared to the EUR 240 million accounted for in the previous year, mainly reflecting the favourable evolution recorded in the activity in Portugal, the impact of which was partially offset by the increase in the international activity.

LOAN IMPAIRMENTS (NET)

million EUR

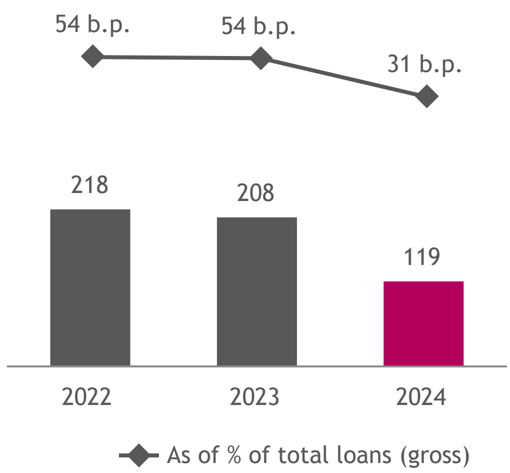


In fact, loan impairment charges (net of recoveries), in the activity in Portugal, decreased 42.5% from the EUR 208 million recognised in 2023, totalling EUR 119 million in 2024. The lower level of provisioning, compared to the previous year, largely reflects the reversal of impairments in the second quarter of the current year, also benefiting from the improvement in the risk profile of the credit portfolio.

LOAN IMPAIRMENTS (NET)

Activity in Portugal

million EUR



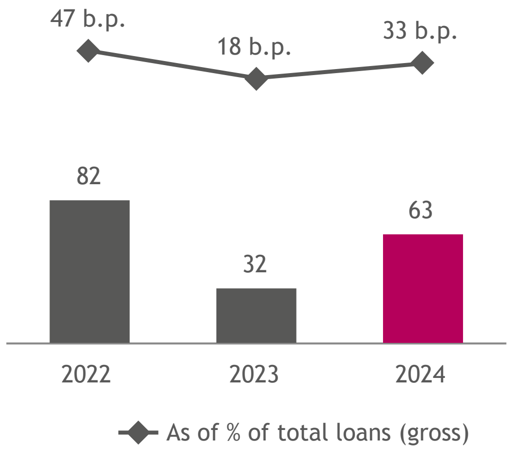
In the international activity, impairment charges (net of recoveries) stood significantly above the EUR 32 million recognised in 2023, standing at EUR 63 million at the end of 2024. This evolution mainly reflects the performance of the Mozambican subsidiary, but also, although to a lesser extent, the performance of the subsidiary in Poland.

The evolution of loan impairments in the subsidiary in Mozambique was influenced by the partial recovery in the previous year of a credit in litigation, following an out-of-court settlement.

LOAN IMPAIRMENTS (NET)

International activity

million EUR



The evolution of impairment charges (net of recoveries), in consolidated terms, allowed the cost of risk of the Group, net of recoveries, to record a significant improvement in relation to the 42 basis points observed in 2023, standing at 32 basis points in 2024. Excluding the previously mentioned impact, in 2023, of the recovery associated with the out-of-court settlement in the subsidiary in Mozambique, and also excluding the impact of certain impairments reversal in the activity in Portugal in the second quarter of the year, the cost of risk (net of recoveries) of the Group evolved from 48 basis points to 40 basis points in the last year.

In the activity in Portugal, strongly influenced by the aforementioned reversal of impairments in the current year, cost of risk (net of recoveries) decreased from 54 basis points to 31 basis points. Excluding this reversal, the cost of risk in the activity in Portugal also decreased, standing at 43 basis points in the current year.

The evolution of the cost of risk net of recoveries in the international activity, from 18 basis points to 33 basis points in the last year, was strongly influenced by the positive impact, in 2023, of the recovery associated with the aforementioned out-of-court settlement in the subsidiary in Mozambique.

Excluding this impact, the cost of risk in the international activity, in 2023, stood at 37 basis points, thus implying a favourable evolution in the last year.

LOAN IMPAIRMENTS (NET OF RECOVERIES)

million EUR

	2024	2023	2022	Chg. 24/23
Loan impairment charges (net of reversals)	253	298	321	(15.0 %)
Credit recoveries	71	58	21	22.3 %
	182	**240**	**301**	**(24.0 %)**
Of which:				
Activity in Portugal	119	208	218	(42.5 %)
International activity	63	32	82	93.9 %
COST OF RISK OF THE GROUP				
Impairment charges (net of recoveries) as a % of total loans (gross)	32 b.p.	42 b.p.	52 b.p.	

OTHER IMPAIRMENT AND PROVISIONS

Other impairment and provisions include (i) impairment, net of reversals, for loans and advances of credit institutions classified at amortised cost; (ii) impairment for financial assets (classified at fair value through other comprehensive income and at amortised cost not associated with credit operations); (iii) impairment for other assets, namely assets received as payment in kind, investments in associates and goodwill of subsidiaries; and (iv) other provisions.

In 2024, other impairment and provisions totalled EUR 675 million, which represents a reduction of 21.5% from the EUR 860 million recorded in the previous year. This evolution was determined by the lower additional provision charges booked by the Polish subsidiary to face the legal risk of foreign exchange mortgage loans, which amounted to EUR 506 million in the current year vs EUR 675 million recognised in the previous year.

In the activity in Portugal, other impairments and provisions also contributed favourably to the performance of this heading, as there was a reduction of 28.8% from the previous year, from EUR 161 million to EUR 114 million, mainly reflecting the reduction in provisions, namely for other risks and for guarantees and other commitments. The lower impairment to non-current assets held for sale, namely the foreclosed assets portfolio, also contributed to the favourable evolution of other impairment and provisions in the activity in Portugal.

Following the request, by the Management Committee of the Deposit Guarantee Fund, for the settlement of the irrevocable commitments assumed by the Bank, amounting to EUR 95 million, of which 50% had already been settled in 2024 through provisions booked for contingencies, the Bank increased these provisions in the current year so that the remaining amount was fully covered.

In the international activity, other impairment and provisions amounted to EUR 561 million at the end of 2024, standing 19.8% below the EUR 699 million recorded a year earlier, mainly reflecting the reduction of EUR 169 million in the provision booked by the Polish subsidiary to face the legal risk associated with foreign exchange mortgage loans, as already mentioned. On the other hand, the income, reflected in the heading of other net operating income, corresponding to the amount receivable from a third party, following the indemnity clauses and contractual guarantees provided for in the acquisition contract of Euro Bank S.A., evolved from EUR 52 million in 2023 to EUR 46 million in 2024.

The performance of other impairments and provisions, in the international activity was also influenced by the recognition, in the subsidiary in Mozambique, of EUR 35 million in impairments to face the impacts of the sovereign debt rating downgrade in that country.

INCOME TAX

Income tax (current and deferred) amounted to EUR 341 million in 2024, which compares to EUR 537 million posted in 2023.

These expenses include, in 2024, current tax of EUR 139 million (EUR 180 million in 2023) and deferred tax of EUR 202 million (EUR 358 million in 2023).

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

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

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

As a result of the analysis of the NSA's judgment, the Bank recognised in 2024 a deferred tax asset in the amount of PLN 187 million (EUR 43 million) based on estimates of future adjustments of interest income, FX gains, commissions and fees earned on mortgage loans indexed to Swiss francs and foreign currency loans in this currency which are the subject of court disputes for their cancellation.

NON-CONTROLLING INTERESTS

Non-controlling interests are the part attributable to third parties of the net income of the subsidiary companies consolidated under the full method in which the Group Banco Comercial Português does not hold, directly or indirectly, the entirety of their share capital.

Non-controlling interests record mainly the income for the year attributable to third parties related to the shareholdings in Bank Millennium in Poland (49.9%) and in Millennium bim in Mozambique (33.3%).

In 2024, non-controlling interests totalled EUR 94 million, compared to EUR 92 million recorded in the previous year. Although the change compared to 2023 was not very significant, it resulted from contrasting performances regarding the contribution of the two main subsidiaries that influence the evolution of this item. In fact, the income for the year attributable to third parties via the consolidation of the Polish subsidiary, went from EUR 63 million in 2023 to EUR 83 million in the current year, following the better results obtained by Bank Millennium compared to the previous year, while the lower results recorded in the subsidiary in Mozambique resulted in an evolution of the income for the year attributable to third parties via the consolidation of this subsidiary from EUR 34 million in 2023, to EUR 16 million in 2024.

In the activity in Portugal, in turn, non-controlling interests totalled a negative amount of EUR 5 million in 2024, in line with the amount recorded a year earlier.

REVIEW OF THE BALANCE SHEET

Following the entry into force of the IFRS 9 – Financial Instruments on 1 January 2018 and the consequent impacts on the structure of the financial statements of Millennium bcp versus previous periods, some indicators were defined based on concepts that translate the management criteria adopted by the Group within the scope of preparation of financial information. The correspondence between the management approaches and the accounting information is described in the glossary and throughout the document, when applicable, especially the concepts related with loans to customers, balance sheet customer funds and the securities portfolio.

BALANCE SHEET

million EUR

	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22 restated	Chg. 24/23
ASSETS				
Cash and deposits at central banks and loans and advances to credit institutions (1)	5,840	4,883	6,235	19.6 %
Financial assets at amortised cost				
Loans and advances to credit institutions	798	908	963	(12.2 %)
Loans and advances to customers	53,907	53,305	54,676	1.1 %
Debt securities	21,345	17,579	13,036	21.4 %
Financial assets at fair value through profit or loss				
Financial assets held for trading	1,763	823	767	114.3 %
Financial assets not held for trading mandatorily at fair value through profit or loss	355	434	508	(18.1 %)
Financial assets designated at fair value through profit or loss	34	32	0	5.9 %
Financial assets at fair value through other comprehensive income	12,899	10,834	7,462	19.1 %
Investments in associates	429	381	350	12.8 %
Non-current assets held for sale	45	80	499	(43.7 %)
Other tangible assets, goodwill and intangible assets	895	830	757	7.9 %
Current and deferred tax assets	2,275	2,575	2,957	(11.7 %)
Other (2)	1,558	1,706	1,657	(8.7 %)
TOTAL ASSETS	**102,144**	**94,371**	**89,868**	**8.2 %**
LIABILITIES				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	778	829	1,468	(6.2 %)
Deposits from customers and other funds	82,085	75,607	75,430	8.6 %
Non-subordinated debt securities issued	3,529	2,713	1,482	30.1 %
Subordinated debt	1,427	1,397	1,333	2.1 %
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	180	207	242	(13.4 %)
Financial liabilities designated at fair value through profit or loss	3,249	3,608	1,818	(10.0 %)
Other (3)	2,704	2,718	2,167	(0.5 %)
TOTAL LIABILITIES	**93,951**	**87,080**	**83,940**	**7.9 %**
EQUITY				
Share capital	3,000	3,000	3,000	0.0 %
Share premium	16	16	16	0.0 %
Other equity instruments	400	400	400	0.0 %
Reserves and retained earnings (4)	2,772	2,030	1,532	36.5 %
Net income for the year attributable to Bank's Shareholders	906	856	197	5.9 %
Non-controlling interests	1,098	987	782	11.2 %
TOTAL EQUITY	**8,193**	**7,290**	**5,928**	**12.4 %**
TOTAL LIABILITIES AND EQUITY	**102,144**	**94,371**	**89,868**	**8.2 %**

(1) Includes Cash and deposits at central banks and Loans and advances to credit institutions repayable on demand.
(2) Includes Hedging derivatives, Investment property and Other assets.
(3) Includes Hedging derivatives, Provisions, Current and deferred income tax liabilities and Other liabilities.
(4) Includes Legal and statutory reserves and Reserves and retained earnings.

The reconciliation between the management criteria defined and the accounting values published in the consolidated financial statements (Balance sheet) are presented below.

Loans to customers (gross) includes loans to customers at amortised cost before impairment, the debt securities at amortised cost associated with credit operations before impairment and loans to customers at fair value through profit or loss before fair value adjustments. The amount of balance sheet impairment considered for the purpose of calculating loans to customers (net) and the coverage ratio of the loan portfolio includes the balance sheet impairment associated with loans to customers at amortised cost, the balance sheet impairment related with debt securities at amortised cost associated with credit operations and the fair value adjustments associated with loans to customers at fair value through profit or loss.

Loans to customers

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22
Loans and advances to customers at amortised cost (Balance Sheet)	53,907	53,305	54,676
Debt securities at amortised cost associated to credit operations	1,799	1,908	1,501
Balance sheet amount of loans to customers at fair value through profit or loss	0	4	21
Loans to customers (net) considering management criteria	**55,707**	**55,218**	**56,198**
Balance sheet impairment related to loans to customers at amortised cost	1,487	1,583	1,502
Balance sheet impairment associated with debt securities at amortised cost related to credit operations	7	9	5
Fair value adjustments related to loans to customers at fair value through profit or loss	3	5	8
Loans to customers (gross) considering management criteria	**57,203**	**56,814**	**57,713**

Balance sheet customer funds include, apart from deposits and other resources from customers, debt securities placed with customers either classified at amortised cost or designated at fair value through profit or loss. Deposits and other resources from customers aggregates deposits from customers and other funds at amortised cost and customer deposits at fair value through profit and loss.

Balance sheet customer funds

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22
Financial liabilities designated at fair value through profit or loss (Balance sheet) (1)	3,249	3,608	1,818
Debt securities at fair value through profit or loss and certificates (2)	1,292	1,287	1,341
Customer deposits at fair value through profit or loss considering management criteria (3)=(1)-(2)	**1,957**	**2,321**	**477**
Deposits from customers and other funds at amortised cost (Balance sheet) (4)	82,085	75,607	75,430
Deposits and other resources from customers considering management criteria (5)=(3)+(4)	**84,042**	**77,928**	**75,907**
Non-subordinated debt securities issued at amortised cost (Balance sheet) (6)	3,529	2,713	1,482
Debt securities at fair value through profit or loss and certificates (7)	1,292	1,287	1,341
Non-subordinated debt securities placed with institutional customers (8)	3,529	2,713	1,480
Debt securities placed with customers considering management criteria (9)=(6)+(7)-(8)	**1,292**	**1,287**	**1,343**
Balance sheet customer funds considering management criteria (10)=(5)+(9)	**85,334**	**79,215**	**77,250**

The securities portfolio includes debt securities at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding amounts related to credit operations and trading derivatives) and financial assets at fair value through other comprehensive income.

Securities portfolio

million EUR

	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22 restated
Debt securities at amortised cost (Balance sheet) (1)	21,345	17,579	13,036
Debt securities at amortised cost associated to credit operations net of impairment (2)	1,799	1,908	1,501
Debt securities at amortised cost considering management criteria (3)=(1)-(2)	**19,546**	**15,671**	**11,535**
Financial assets not held for trading mandatorily at fair value through profit or loss (Balance sheet) (4)	355	434	508
Balance sheet amount of loans to customers at fair value through profit or loss (5)	0	4	21
Financial assets not held for trading mandatorily at fair value through profit or loss considering management criteria (6)=(4)-(5)	**355**	**429**	**487**
Financial assets held for trading at fair value through profit or loss (Balance sheet) (7)	1,763	823	767
of which: trading derivatives (8)	387	414	376
Financial assets designated at fair value through profit or loss (Balance sheet) (9)	34	32	0
Financial assets at fair value through other comprehensive income (Balance sheet) (10)	12,899	10,834	7,462
Securities portfolio considering management criteria (11)=(3)+(6)+(7)-(8)+(9)+(10)	**34,210**	**27,375**	**19,874**

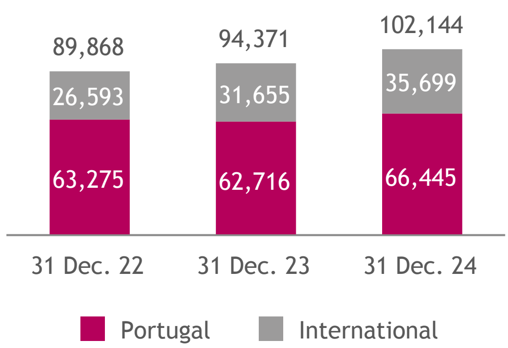
The year 2024 was characterised by the growth of Millennium bcp's consolidated balance sheet, driven on the liability side by the increase in deposits and other resources from customers and in non-subordinated debt securities, which had, as a counterpart, a significant growth in the securities portfolio. Consolidated shareholders' equity also recorded a positive evolution.

The robust growth observed in deposits and other resources from customers on a consolidated basis, combined with the slight growth observed in consolidated loans to customers (net of impairment) led to an increase of the commercial gap surplus and, consequently, to the reduction of the loans-to-deposits ratio (measured by the ratio between net loans and deposits and other resources from customers), which evolved from 70.9% at the end of 2023 to 66.3% on 31 December 2024.

Millennium bcp’s consolidated balance sheet total assets amounted to EUR 102,144 million as of 31 December 2024, showing an increase of 8.2% compared to the EUR 94,371 million recorded at the end of 2023, with this evolution being driven by the increases seen in assets in the international activity (EUR +4,044 million compared to the end of the prior year) and in the activity in Portugal (EUR +3,729 million compared to the end of the previous year). This evolution is largely explained by the significant growth of the securities portfolio and, also, to a lesser extent, by the rise in deposits at central banks and loans to customers (net of impairment).

TOTAL ASSETS

million EUR



Millennium bcp's total consolidated liabilities stood at EUR 93,951 million at the end of 2024, up from the EUR 87,080 million recorded at the end of 2023. Deposits and other resources from customers stood at EUR 84,042 million on 31 December 2024, EUR 6,114 million above the figure recorded at the end of 2023, with this evolution being driven by the positive contributions of the activity in Portugal and the international activity. The non-subordinated debt securities issued also contributed to the aforementioned evolution of liabilities, increasing from EUR 2,713 million at the end of 2023 to EUR 3,529 million at the end of 2024, mainly due to two senior debt issues (senior preferred issue of Banco Comercial Português in the amount of EUR 500 million carried out in October and a green senior non-preferred issue of Bank Millennium also in the amount of EUR 500 million carried out in September, with both issues contributing to comply with MREL - Minimum Requirements for Own Funds and Eligible Liabilities objectives). Conversely, there was an early repayment of an entire senior debt issue (senior preferred issued by Banco Comercial Português in the amount of EUR 350 million in 2022, which was due to mature in 2025).

Millennium bcp's consolidated shareholders' equity showed an increase, rising from EUR 7,290 million recorded at the end of the previous year to EUR 8,193 million at the end of 2024, with the positive impacts of the integration of net income for the year and the favourable evolution of the fair value reserve, influenced by the positive impact of cash flow hedging, partially offset by the payment of dividends and by the negative evolution of actuarial deviations associated with the pension fund.

MAIN GEOGRAPHIES

million EUR

	Portugal			International activity * Total Int Op			Bank Millennium **			BIM		
	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22 restated	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22	31 Dec. 24	31 Dec. 23	31 Dec. 22
TOTAL ASSETS	**66,445**	**62,716**	**63,275**	**35,699**	**31,655**	**26,593**	**32,574**	**28,897**	**23,697**	**3,077**	**2,711**	**2,824**
LOANS TO CUSTOMERS (GROSS)	**38,370**	**38,625**	**40,149**	**18,833**	**18,190**	**17,564**	**18,119**	**17,535**	**16,881**	**714**	**654**	**683**
Mortgage	19,547	18,763	19,014	9,187	9,218	9,110	9,177	9,207	9,099	10	10	11
Personal	2,533	2,324	2,180	4,915	4,509	3,862	4,654	4,308	3,700	261	201	161
Companies	16,291	17,538	18,955	4,731	4,463	4,593	4,288	4,020	4,082	443	443	511
CUSTOMER FUNDS	**70,540**	**66,672**	**68,262**	**32,398**	**28,655**	**24,546**	**30,020**	**26,580**	**22,315**	**2,378**	**2,075**	**2,232**
BALANCE SHEET CUSTOMER FUNDS	**55,539**	**52,450**	**54,077**	**29,795**	**26,765**	**23,173**	**27,417**	**24,690**	**20,941**	**2,378**	**2,075**	**2,232**
Deposits and other resources from customers	54,247	51,163	52,734	29,795	26,765	23,173	27,417	24,690	20,941	2,378	2,075	2,232
Debt securities placed with customers	1,292	1,287	1,343	0	0	0	0	0	0	0	0	0
OFF BALANCE SHEET CUSTOMER FUNDS	**15,002**	**14,222**	**14,185**	**2,603**	**1,891**	**1,373**	**2,603**	**1,891**	**1,373**	**0**	**0**	**0**
Assets under management	4,329	4,351	4,307	1,779	1,210	806	1,779	1,210	806	0	0	0
Assets placed with customers	6,417	5,516	4,803	608	397	299	608	397	299	0	0	0
Insurance products (savings and investment)	4,256	4,355	5,075	216	283	268	216	283	268	0	0	0

* The presentation of the international operations is in accordance with the Consolidated Accounts of the Group, and there may be differences in relation to the accounts disclosed locally.
** In Poland, loans to customers (gross) include: buy-sell back transactions (i.e. reverse repos) (31 December 2023: EUR 3 million; 31 December 2022: EUR 1 million).

In the activity in Portugal, there was a 5.9% increase in total assets, compared to the EUR 62,716 million recorded on 31 December 2023, standing at EUR 66,445 million at the end of 2024. Regarding the evolution of balance sheet items, there was a more significant increase in the securities portfolio (mainly in public debt portfolio), arising from the liquidity resulting from the increase in balance sheet customer funds and a less significant increase in deposits at central banks. Conversely, there were reductions in deferred taxes assets and in other assets. Loans to customers (net of impairment) remained practically unchanged compared to the amount recorded at the end of the previous year.

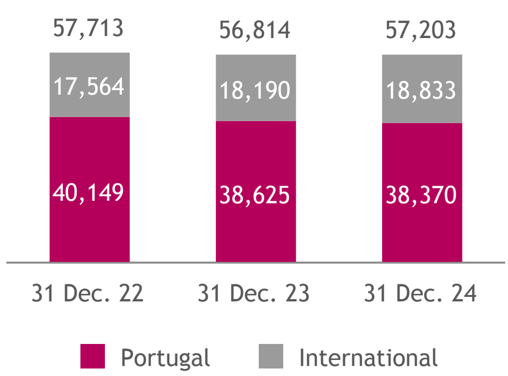
In the international activity, total assets amounted to EUR 35,699 million as of 31 December 2024, showing a growth of 12.8% compared to the EUR 31,655 million posted at the end of the previous year. This evolution largely reflects the increase in the total assets of the Polish subsidiary, driven mainly by the increase recorded in the securities portfolio (mainly in local public debt) and also, to a lesser extent, by the rise in loans to customers (net of impairment). Additionally, total assets of the subsidiary in Mozambique also recorded an increase mainly due to the increase in deposits and loans and advances to central banks. The investment of the liquidity deriving from the increase in balance sheet customer funds also explains the most significant changes in the balance sheets reported by both subsidiaries.

LOANS TO CUSTOMERS

Millennium bcp's consolidated loans to customers portfolio (gross loans), as previously defined, amounted to EUR 57,203 million as of 31 December 2024, showing a slight increase of 0.7% compared to the EUR 56,814 million figure achieved at the end of the previous year. This evolution reflects the increase recorded in the international activity and a slight reduction in the activity in Portugal.

LOANS TO CUSTOMERS (*)

million EUR

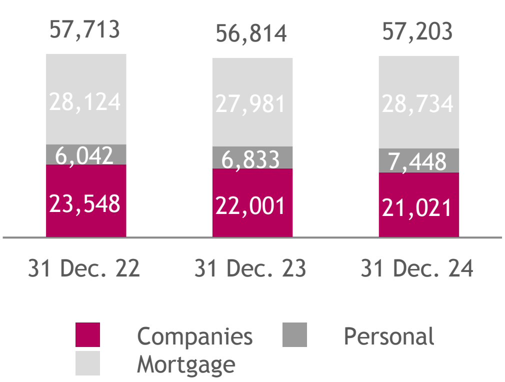


(*) Before impairment and fair value adjustments

The evolution of the consolidated loans to customers portfolio, compared to 31 December 2023, was mainly due to greater dynamism observed in mortgage loans and personal loans, partly offset by the reduction recorded in the companies segment.

LOANS TO CUSTOMERS (*)

million EUR

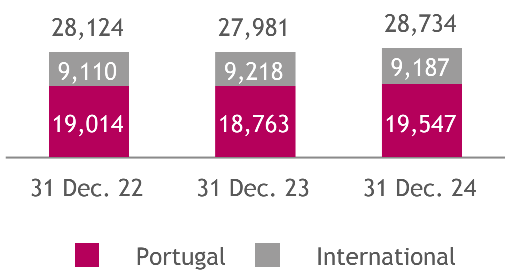


(*) Before impairment and fair value adjustments

Consolidated mortgage loan portfolio stood at EUR 28,734 million on 31 December 2024, showing an increase of EUR 753 million compared to the same date of the last year (EUR 27,981 million on 31 December 2023), driven by the growth recorded in the activity in Portugal. In the international activity, there was a stabilisation of the amount of the mortgage loans.

MORTGAGE LOANS (*)

million EUR

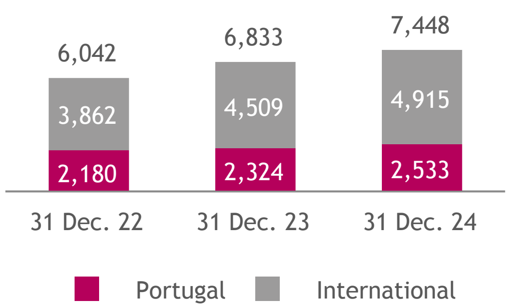


(*) Before impairment and fair value adjustments

Consolidated personal loans recorded an increase of EUR 615 million compared to the end of the previous year, reaching EUR 7,448 million at the end of 2024, driven by the increases recorded mainly in the international activity and also in the activity in Portugal.

PERSONAL LOANS (*)

million EUR

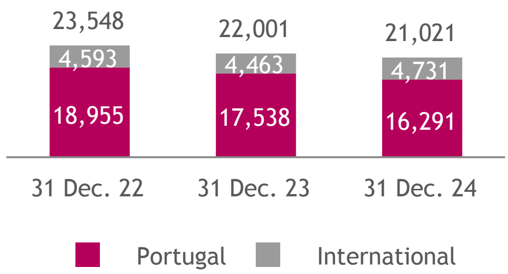


(*) Before impairment and fair value adjustments

Consolidated loans to companies totalled EUR 21,021 million on 31 December 2024, below the EUR 22,001 million recorded at the end of 2023, with this evolution being influenced by the reduction observed in the activity in Portugal, partially offset by the increase recorded in the international activity.

LOANS TO COMPANIES (*)

million EUR



(*) Before impairment and fair value adjustments

In the activity in Portugal, loans to customers (gross) amounted to EUR 38,370 million as of 31 December 2024, 0.7% below the EUR 38,625 million recorded at the end of 2023. This slight reduction in the portfolio incorporates, on the one hand, a reduction in non-performing exposures (NPE) (EUR -134 million compared to the same date of the last year) and, on the other, a decrease in performing credit (EUR -121 million compared to the same date of the previous year).

Mortgage loans in the activity in Portugal stood at EUR 19,547 million on 31 December 2024, recording an increase of 4.2% compared to the same date in the previous year, due to a growing demand for this type of credit, as interest rates are on a downward trajectory.

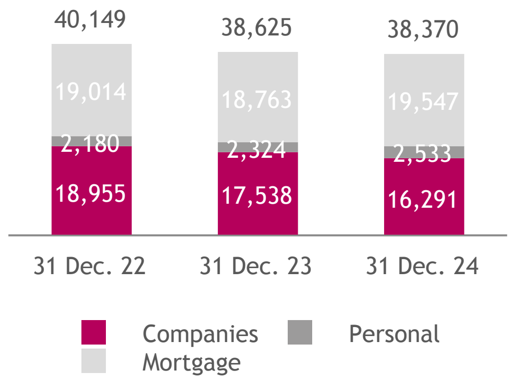
Personal loans in the activity in Portugal also recorded an increase of 9.0% (EUR +209 million) compared to the figure recorded at the end of 2023, standing at EUR 2,533 million on 31 December 2024.

In turn, loans to companies in the activity in Portugal fell by 7.1% compared to the end of 2023, reaching EUR 16,291 million at the end of 2024, mainly due to lower demand, reduction of NPE in this segment and repayment of Covid facilities, as the Bank had assumed a leading role in granting this financing during the pandemic.

LOANS TO CUSTOMERS (*)

Activity in Portugal

million EUR



(*) Before impairment and fair value adjustments

In the international activity, loans to customers (gross) amounted to EUR 18,833 million as of 31 December 2024, 3.5% above the EUR 18,190 million recorded at the end of 2023. By geographies, there was a more significant growth in the Polish subsidiary (driven by the increase of loans in local currency and by the favourable evolution of the Zloty) and a smaller increase in the Mozambican subsidiary.

Mortgage loans in the international activity totalled EUR 9,187 million on 31 December 2024, remaining almost unchanged compared to the amount recorded at the end of the previous year (EUR 9,218 million as of 31 December 2023). By geographies, there was a stabilisation both in the Polish subsidiary (in this case the appreciation of the Zloty was offset by the reduction in mortgage loans in local currency) and in the Mozambican subsidiary.

The amount of the mortgage loans portfolio in foreign currency in the Polish subsidiary deducted from the portion concerning Euro Bank S.A.[3] decreased by EUR 366 million (31 December 2024: EUR 273 million; 31 December 2023: EUR 640 million), representing 1.5% of the total amount of loans to customers recorded on the balance sheet of Bank Millennium (3.6% on the same date of the previous year) and less than 1% of the consolidated loans to customers portfolio.

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

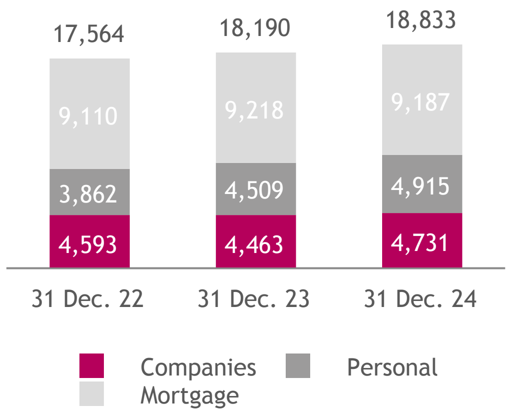
Personal loans in the international activity stood at EUR 4,915 million at the end of the current year, an increase of EUR 406 million compared to the figure recorded at the end of the previous year, driven mainly by the growth recorded in the Polish subsidiary, benefiting also from the positive contribution of the Mozambican subsidiary.

In turn, loans to companies in the international activity rose by 6.0% compared to the EUR 4,463 million recorded on 31 December 2023, standing at EUR 4,731 million at the end of 2024. By geographies, there was an increase in the Polish subsidiary and a stabilisation in the Mozambican subsidiary.

LOANS TO CUSTOMERS (*)

International activity

million EUR



(*) Before impairment and fair value adjustments

The structure of the consolidated (gross) loans to customers portfolio maintained balanced patterns of diversification, with an increase in loans to individuals (greater weight of mortgage loans and personal loans) and a decrease in loans to companies compared to the end of the last year. In effect, the relative weight of loans to individuals in the total amount of portfolio stood at 63.3% as of 31 December 2024, 2 pp above the 61.3% recorded at the end of 2023 and loans to companies stood at 36.7% at the end of 2024, 2 pp below the 38.7% recorded as of 31 December 2023. Still regarding loans to individuals, at the end of the year 2024, mortgage loans represented 79.4% of that aggregate vis-à-vis 80.4% recorded at the end of the previous year and personal loans represented 20.6% vis-à-vis 19.6% recorded on the same date of 2023.

LOANS TO CUSTOMERS (GROSS)

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22	Chg. 24/23
INDIVIDUALS	**36,182**	**34,813**	**34,165**	**3.9 %**
Mortgage loans	28,734	27,981	28,124	2.7 %
Personal loans	7,448	6,833	6,042	9.0 %
COMPANIES	**21,021**	**22,001**	**23,548**	**(4.5 %)**
Services	7,185	7,528	8,037	(4.6 %)
Commerce	3,794	3,834	4,055	(1.1 %)
Construction	1,546	1,500	1,532	3.1 %
Others	8,496	9,139	9,923	(7.0 %)
	57,203	**56,814**	**57,713**	**0.7 %**
Of which:				
Activity in Portugal	38,370	38,625	40,149	(0.7 %)
International activity	18,833	18,190	17,564	3.5 %

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

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

As part of this monitoring process and with an impact on other complementary procedures adopted, the Bank defines a list of sectors considered to be more vulnerable to the macroeconomic environment and climate impacts, which is reviewed periodically (at least annually), supporting a set of reports on the evolution of the risk profile of the exposures associated with these sectors.

In order to incorporate an additional level of conservatism in the impairment values, the Bank implemented a methodology of complementary identification of significant increase in credit risk situations and potential signs of impairment. This approach adopts differentiated criteria in relation to the base methodologies in force, with distinct processes having been adopted for the calculation of overlays for the corporate and individual customers segments. The overlays currently in force seek in particular to address the uncertainty that continues to prevail, associated with a context of multiple geopolitical conflicts, instability in several relevant European countries, constraints on economic growth and potential measures affecting international trade. This positioning is in line with the guidelines on this matter issued by the supervisors in what regards the identification and measurement of credit risk in contexts of uncertainty, so that the release of overlays initially constituted in the context of the pandemic should be carried out with prudence and taking into account the possible need for new overlays to respond to the current context.

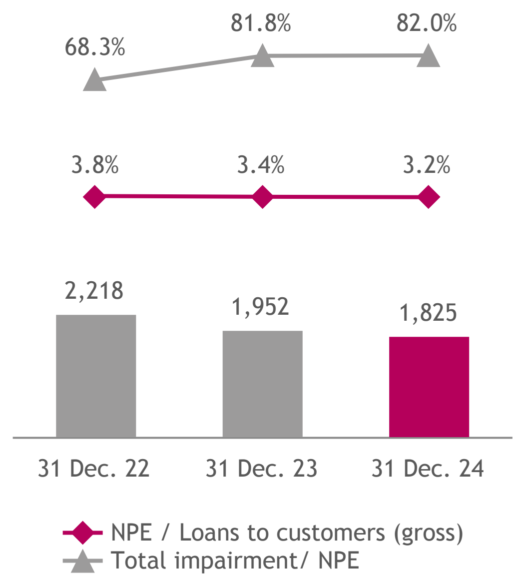
The NPE stock, in consolidated terms, decreased to EUR 1,825 million on 31 December 2024, showing a reduction of EUR 127 million compared to the end of 2023. In the activity in Portugal, the NPE stock totalled EUR 973 million at the end of 2024, with a reduction of EUR 134 million being recorded over the last year.

Regarding credit quality indicators, the NPL ratio for more than 90 days, on a consolidated basis, stood at 1.4% at the end of the current year, slightly above the ratio of 1.3% recorded at the end of the previous year. In turn, NPE ratio in percentage of the total credit portfolio, on a consolidated basis, decreased from 3.4% on 31 December 2023 to 3.2% on 31 December 2024. In the activity in Portugal, the NPE ratio as a percentage of the total credit portfolio dropped from 2.9% at the end of 2023 to 2.5% at the end of 2024.

In consolidated terms, the ratio of total impairments to NPL by more than 90 days evolved from 213.0% at the end of 2023 to 188.1% on 31 December 2024. The ratio between total impairment and the stock of NPE showed stability in consolidated terms (82.0% at the end of 2024 vis-à-vis 81.8% recorded on 31 December 2023) and a slight increase in the activity in Portugal (90.4% on 31 December 2024 vis-à-vis 89.3% on 31 December 2023). Additionally, on 31 December 2024, the ratio between specific NPE impairment and NPE stock stood at 54.0% in consolidated terms (52.7% on 31 December 2023) and 54.8% in the activity in Portugal (54.7% on 31 December 2023).

NON-PERFORMING EXPOSURES (STOCK)

million EUR



CREDIT QUALITY INDICATORS

	Group				Activity in Portugal			
	31 Dec. 24	31 Dec. 23	31 Dec. 22	Chg. 24/23	31 Dec. 24	31 Dec. 23	31 Dec. 22	Chg. 24/23
STOCK (M€)								
Loans to customers (gross)	57,203	56,814	57,713	0.7 %	38,370	38,625	40,149	(0.7 %)
Restructured loans	1,530	1,729	1,866	(11.5 %)	979	1,186	1,341	(17.5 %)
NPL > 90 days	795	750	725	6.1 %	373	360	333	3.8 %
NPE (Loans to customers)	1,825	1,952	2,218	(6.5 %)	973	1,107	1,361	(12.1 %)
Total loan impairments (Balance sheet)	1,497	1,596	1,515	(6.2 %)	880	989	935	(11.0 %)
Impairments allocated to NPE (Balance sheet)	985	1,028	1,011	(4.2 %)	533	606	592	(12.1 %)
RATIOS AS A PERCENTAGE OF LOANS TO CUSTOMERS								
Restructured loans / Loans to customers (gross)	2.7%	3.0%	3.2%		2.6%	3.1%	3.3%	
NPL > 90 days / Loans to customers (gross)	1.4%	1.3%	1.3%		1.0%	0.9%	0.8%	
NPE / Loans to customers (gross)	3.2%	3.4%	3.8%		2.5%	2.9%	3.4%	
NPE ratio - EBA (includes debt securities and off-balance exposures)	1.9%	2.2%	2.6%		1.7%	2.0%	2.4%	
COVERAGE BY IMPAIRMENTS								
Total impairment / NPL > 90 days	188.1%	213.0%	208.9%		235.6%	274.8%	280.4%	
Total impairment / NPE	82.0%	81.8%	68.3%		90.4%	89.3%	68.6%	
Impairments allocated to NPE / NPE	54.0%	52.7%	45.6%		54.8%	54.7%	43.5%	

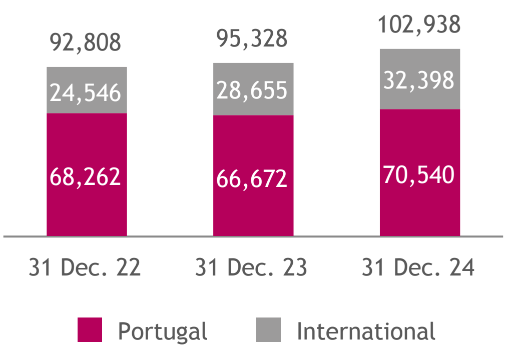
Note: NPE include loans to customers only, as defined in the glossary.

CUSTOMER FUNDS

On 31 December 2024, the consolidated total customer funds amounted to EUR 102,938 million, representing an increase of EUR 7,611 million (+8.0%) compared to the EUR 95,328 million obtained on the same date of the previous year, benefiting from the growth in the activity in Portugal (EUR +3,868 million than on the same date of the previous year) and the increase in the international activity (EUR +3,742 million than on the same date of the previous year). The evolution of total customer funds reflects the good performance of the majority of areas, with emphasis on the increase in deposits and other resources from customers (EUR +6,114 million compared to 31 December 2023) in respect of balance sheet customers funds and in assets placed with customers (EUR +1,112 million compared to the end of the previous year) in respect of off-balance sheet customer funds.

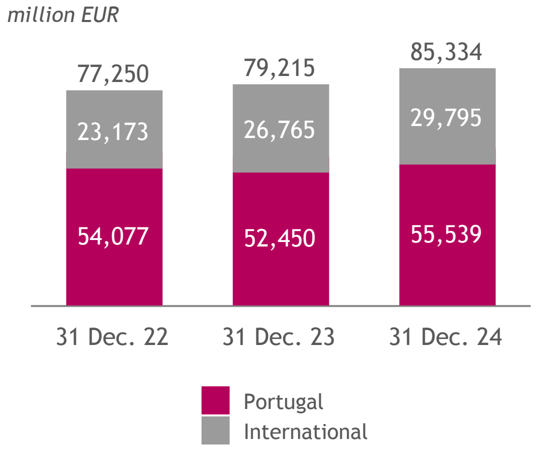
TOTAL CUSTOMER FUNDS

million EUR



Consolidated balance sheet customer funds, as defined previously, amounted to EUR 85,334 million on 31 December 2024, showing an increase of EUR 6,118 million (+7.7%) compared to the EUR 79,215 million achieved at the end of the previous year. This favourable evolution is due to the dynamism recorded both in the activity in Portugal (EUR +3,088 million compared to the same date in the previous year) and in the international activity (EUR +3,030 million compared to the same date in the previous year).

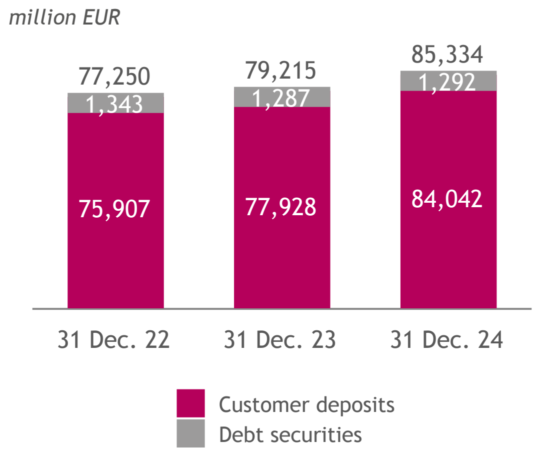
BALANCE SHEET CUSTOMER FUNDS



Consolidated deposits and other resources from customers totalled EUR 84,042 million at the end of 2024, which compares with EUR 77,928 million on 31 December 2023. This favourable evolution is due to the growth both in the activity in Portugal and in the international activity.

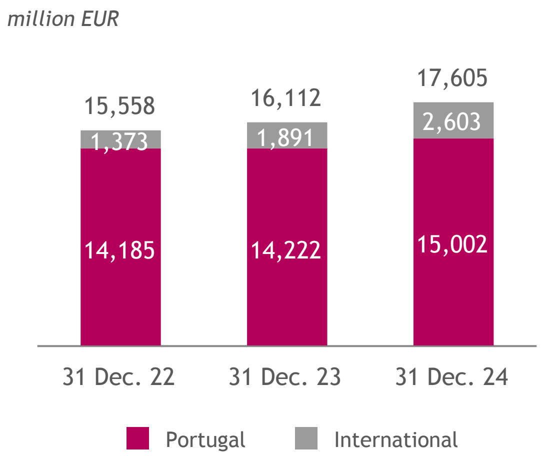
Consolidated debt securities, which corresponds to the Group's issues of debt securities subscribed by clients (existing only in the activity in Portugal) recorded a slight increase of EUR 5 million compared to the end of 2023, standing at EUR 1,292 million on 31 December 2024.

BALANCE SHEET CUSTOMER FUNDS



As of 31 December 2024, consolidated off-balance sheet customer funds, which include assets under management, assets placed with customers and insurance products (savings and investment), amounted to EUR 17,605 million, representing an increase of EUR 1,492 million compared to the figure posted on the same date in the prior year. Off-balance sheet customer funds recorded increases both in the activity in Portugal and in the international activity (EUR +780 million and EUR +712 million compared to the same date in the previous year, respectively).

OFF-BALANCE SHEET CUSTOMER FUNDS



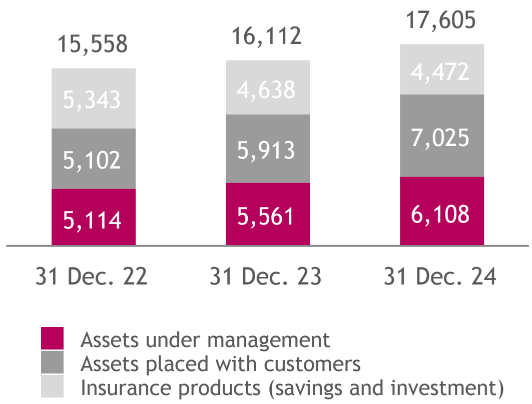
Assets under management, which result from the provision of the service of managing portfolios of clients under existing agreements for their placement and administration, amounted to EUR 6,108 million on 31 December 2024, having shown an increase of 9.8% compared to the figure of EUR 5,561 million recorded at the end of 2023, benefiting from the dynamism of the international activity. In the activity in Portugal, assets under management remained almost unchanged compared to the amount recorded at the end of the previous year.

Assets placed with customers, which in turn correspond to the amounts held by customers within the scope of placing third-party products that contribute to the recognition of commissions, also recorded an increase of 18.8% compared to the EUR 5,913 million recorded as of 31 December 2023, amounting to EUR 7,025 million on 31 December 2024, benefiting from the dynamism of the activity in Portugal and also from the international activity, though in the latter case to a lesser extent.

Insurance products (savings and investment) amounted to EUR 4,472 million on 31 December 2024, representing a reduction of 3.6% compared to the EUR 4,638 million posted on the same date of the previous year, with this evolution being explained by the reductions recorded in the activity in Portugal and in the international activity.

OFF-BALANCE SHEET CUSTOMER FUNDS

million EUR



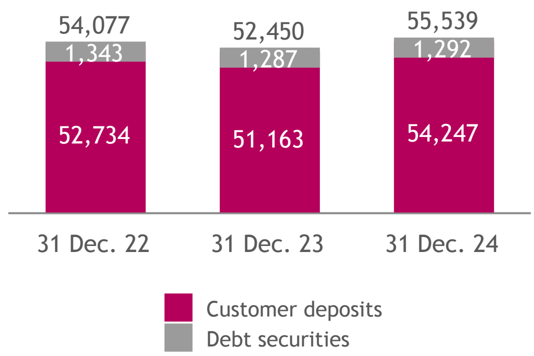
In the activity in Portugal, total customer funds reached EUR 70,540 million on 31 December 2024, compared with the EUR 66,672 million recorded at the end of the previous year (+5.8%), with this evolution being mainly justified by the increase in deposits and other resources from customers in respect of balance sheet customer funds and by the increase in assets placed with customers in respect of off-balance sheet customer funds.

Balance sheet customer funds in the activity in Portugal reached EUR 55,539 million on 31 December 2024, compared with EUR 52,450 million recorded on the same date of the previous year, with this evolution being justified by the increase in deposits and other resources from customers (EUR +3,084 million compared to the end of the previous year), reflecting a higher level of savings by families and companies. Debt securities recorded a slight increase (+0.4%) compared to the amount observed in the same date of the previous year.

BALANCE SHEET CUSTOMER FUNDS

Activity in Portugal

million EUR

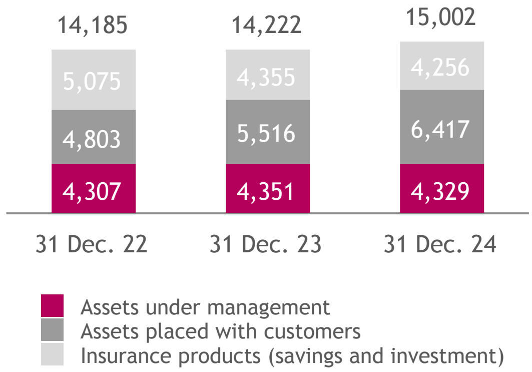


Off-balance sheet customer funds in the activity in Portugal recorded an increase of EUR 780 million compared to the end of the previous year, standing at EUR 15,002 million on 31 December 2024, with an increase in assets placed with customers, partially offset by the decrease observed in insurance products (savings and investment). Assets under management remained stable compared to the value recorded at the end of the previous year.

OFF-BALANCE SHEET CUSTOMER FUNDS

Activity in Portugal

million EUR



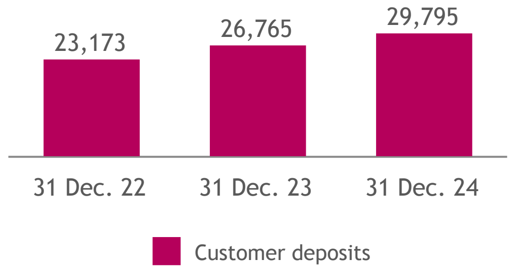
In the international activity, total customer funds increased by EUR 3,742 million (+13.1%) compared to the EUR 28,655 million recorded on 31 December 2023, standing at EUR 32,398 million at the end of 2024, driven by the good performance of the balance sheet customer funds due to the rise of deposits and other resources from customers and also to a lesser extent by the favourable evolution of the off-balance sheet customer funds. By geographies, good performances were recorded by the Polish and Mozambican subsidiaries, with a smaller increase being recorded in the latter case.

Balance sheet customer funds in the international activity, entirely composed of deposits and other resources from customers stood at EUR 29,795 million on 31 December 2024, EUR 3,030 million above the EUR 26,765 million recorded at the end of 2023, benefiting from the rising volumes of resources in the Polish operation (influenced mainly by the increase in resources in local currency and also by the appreciation of the Zloty). The subsidiary in Mozambique also recorded an increase, but on a smaller scale.

BALANCE SHEET CUSTOMER FUNDS

International activity

million EUR

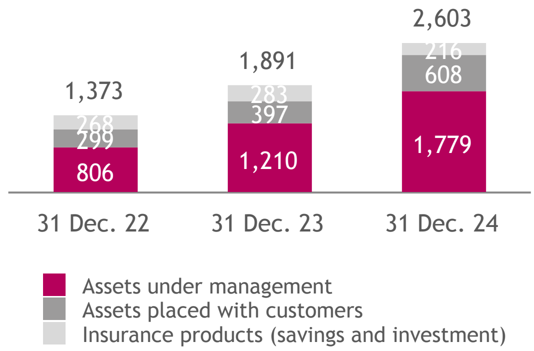


Off-balance sheet customer funds in the international activity increased by EUR 712 million compared to the end of the previous year, standing at EUR 2,603 million on 31 December 2024, driven mainly by the increase recorded in assets under management and also due to the smaller increase in assets placed with customers. Conversely, insurance products (savings and investment) recorded a decrease compared to the end of the previous year.

OFF-BALANCE SHEET CUSTOMER FUNDS

International activity

million EUR



On 31 December 2024, balance sheet customer funds, on a consolidated basis, represented 82.9% of total customer funds (83.1% at the end of 2023), with deposits and other resources from customers representing 81.6% of total customer funds (percentage almost unchanged comparing to the one recorded at the end of 2023).

TOTAL CUSTOMER FUNDS

million EUR

	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22	Chg. 24/23
BALANCE SHEET CUSTOMER FUNDS	**85,334**	**79,215**	**77,250**	**7.7%**
Deposits and other resources from customers	84,042	77,928	75,907	7.8%
Debt securities	1,292	1,287	1,343	0.4%
OFF-BALANCE SHEET CUSTOMER FUNDS	**17,605**	**16,112**	**15,558**	**9.3%**
Assets under management	6,108	5,561	5,114	9.8%
Assets placed with customers	7,025	5,913	5,102	18.8%
Insurance products (savings and investment)	4,472	4,638	5,343	(3.6%)
	102,938	**95,328**	**92,808**	**8.0%**
Of which:				
Activity in Portugal	70,540	66,672	68,262	5.8%
International activity	32,398	28,655	24,546	13.1%

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale recorded a decrease of 43.7% on 31 December 2024 compared to the same date of the last year, amounting to EUR 45 million at the end of the current year (EUR 80 million at the end of 2023; amounts net of impairment in both cases).

Other assets (which mainly include equipment and financial assets) amounted to EUR 15 million, with a decrease of 6.3% being recorded compared to 31 December 2023.

NON-CURRENT ASSETS HELD FOR SALE

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22	Chg. 24/23
REAL ESTATE	**30**	**64**	**470**	**(53.1%)**
Arising from recovered loans	25	48	236	(47.9%)
From investment funds and real estate companies	4	14	220	(71.4%)
For own use	1	2	14	(50.0%)
OTHER ASSETS	**15**	**16**	**29**	**(6.3%)**
Equipment	4	4	16	0.0%
Other assets	11	12	13	(8.3%)
	45	**80**	**499**	**(43.7%)**

The Group's properties received under customer credits recovery (foreclosed assets), held directly and held by investment funds and real estate companies, are classified under non-current assets held for sale and also under the heading of other assets. The aggregate value of these properties net of impairment evolved from

EUR 188 million at the end of 2023 to EUR 112 million at the end of 2024, as a result of the divestment strategy in this type of non-productive assets.

SECURITIES PORTFOLIO

The securities portfolio, as defined previously, stood at EUR 34,210 million as of 31 December 2024, showing an increase of 25.0% compared to the EUR 27,375 million recorded on the same date of the previous year, representing 33.5% of total assets at the end of 2024 (29.0% at the end of 2023). This increase is essentially the result of the liquidity arising from the growth of balance sheet customer funds.

The EUR 6,384 million increase in the consolidated public debt securities portfolio was determinant for the aforementioned evolution, with total amount of public debt increasing from EUR 22,093 million at the end of 2023 to EUR 28,477 million at 31 December 2024, representing 83.2% of the total amount of portfolio at the end of 2024, above the 80.7% recorded at the end of 2023.

There were increases in the different portfolios, with investments in financial assets measured at amortised cost and in financial assets measured at fair value through other comprehensive income being the most significant ones in absolute terms.

The portfolio allocated to the activity in Portugal increased from EUR 17,238 million at the end of 2023 to EUR 20,866 million existing on 31 December 2024, with this increase being explained by the increase in public debt portfolio.

The securities portfolio allocated to the international activity also showed an increase, rising from EUR 10,138 million at the end of the previous year to EUR 13,344 million on 31 December 2024, driven mainly by the activity in the Polish subsidiary, following the reinforcement of investment in local public debt and also in public debt from other euro zone countries.

SECURITIES PORTFOLIO

million EUR

	31 Dec. 24	31 Dec. 23 restated	31 Dec. 22 restated	Chg. 24/23
Financial assets measured at amortised cost (1)	19,546	15,671	11,535	24.7 %
Financial assets measured at fair value through profit or loss (2)	1,765	870	878	102.8 %
Financial assets measured at fair value through other comprehensive income	12,899	10,834	7,462	19.1 %
	34,210	**27,375**	**19,874**	**25.0 %**
Of which:				
Activity in Portugal	20,866	17,238	14,517	21.1 %
International activity	13,344	10,138	5,357	31.6 %

(1) Corresponds to debt instruments not associated to credit operations.
(2) Excluding the amounts related to loans to customers and trading derivatives.

CENTRAL BANKS AND CREDIT INSTITUTIONS

Cash and deposits at central banks and credit institutions and loans and advances to credit institutions (31 December 2024: EUR 6,638 million; 31 December 2023: EUR 5,792 million) net of deposits from credit institutions, including central banks (31 December 2024: EUR 778 million; 31 December 2023: EUR 829 million) totalled a positive amount of EUR 5,860 million at the end of 2024, which compares with an equally positive amount of EUR 4,963 million at the end of 2023.

OTHER ASSET ITEMS

Other asset items, which include hedging and trading derivatives, investments in associates, investment property, other tangible assets, goodwill and intangible assets, current and deferred taxes assets and other assets, stood at EUR 5,544 million on 31 December 2024, representing 5.4% of total consolidated assets. At the end of 2023, other asset items represented 6.3% of total consolidated assets, totalling EUR 5,906 million.

EQUITY

On 31 December 2024, total equity amounted to EUR 8,193 million, EUR 902 million above the equity of EUR 7,290 million recorded at the end of the previous year. Non-controlling interests increased from EUR 987 million at the end of the previous year to EUR 1,098 million at the end of the current year, in this case motivated mainly by the increase in the equity of the subsidiary in Poland, justified by the positive results generated in the year.

The increase in equity was mainly due to the integration of the net income for the year which amounted to EUR 906 million, to the positive impact of the fair value reserve net of income taxes, which decrease its negative balance by EUR 331 million and to the positive exchange rate consolidation differences, totalling EUR 35 million. Conversely, equity was impacted by the payment of dividends in the amount of EUR 257 million, by the negative actuarial deviations associated with the pension fund in the net amount of EUR 194 million and by the interest from coupons of the Additional Tier 1 instruments, which amounted to EUR 34 million.

Business Areas

Activity per Segments

Millennium bcp conducts a wide range of banking activities and financial services in Portugal and abroad, with special focus on Retail Banking, Companies Banking and Private Banking business.

BUSINESS SEGMENT	PERIMETER
Retail Banking	Retail Network of Millennium bcp (Portugal) Retail Recovery Division Banco ActivoBank
Companies and Corporate	Companies and Corporate Network of Millennium bcp (Portugal) Specialised Recovery Division Large Corporate Network of Millennium bcp (Portugal) Investment Banking (*) Interfundos (*) Specialized Credit and Real Estate Division (*) Treasury and Markets International Division (*)
Private Banking	Private Banking Network of Millennium bcp (Portugal)
International Business	Bank Millennium (Poland) BIM - Banco Internacional de Moçambique Banco Millennium Atlântico (**)
Other	Comprises the activity carried out by Banco Comercial Português, S.A. not included in the commercial business in Portugal which corresponds to the segments identified above, including the activity carried out by Macao branch. Also includes all other business and unallocated values in particular centralized management of financial investments, corporate activities and insurance activity.

(*) Units all together that serve mainly customers in the Companies & Corporate segment, but also customers in other segments, in which the corresponding income is recognized. The operating costs of those units are attributed to the Other segment.
(**) Consolidated by the equity method.

The figures reported for each segment resulted from aggregating the subsidiaries and business units integrated in each segment. For the business units in Portugal, the aggregation process reflects the impact from capital allocation and balancing process in the balance sheet and income statement, based on average figures. The balance sheet headings for each business unit in Portugal was re-calculated, considering the replacement of the equity book values by the amounts assigned through the allocation process, based on the regulatory solvency criteria.

As the process of capital allocation complies with the regulatory criteria of solvency in force, the risk weighted assets, and consequently the capital allocated to the business segments, are determined in accordance with the Basel III framework, pursuant to the CRD IV/CRR. The capital allocated to each segment resulted from the application of a target capital ratio to the risks managed by each segment, reflecting the application of the Basel III methodology previously referred. Each operation is balanced through internal transfers of funds, with impact on the net interest income and income taxes of each segment, hence with no impact on consolidated accounts.

Commissions and other net income, as well as operating costs calculated for each business area, are based on the amounts accounted for directly in the respective cost centres, on the one hand, and the amounts resulting from internal processes for allocating revenues and costs, for another. In this case, the allocation is based on the application of pre-defined criteria and subject to periodic review, related to the level of activity of each business area.

Each segment's income includes the non-controlling interests, when applicable. Therefore, the values of net income presented incorporate the individual net income of the business units, regardless of the percentage stake held by the Group, and the impacts of the transfers of funds described above.

The information presented below for the individually more relevant business areas in Portugal and aggregately for the international activity was based on the financial statements prepared in accordance with IFRS and on the organization of the Group's business areas as at 31 December 2024

RETAIL

Mass Market

Throughout 2024, the Mass Market Segment focused its commercial attitude on strengthening relationships with Customers with the aim of increasing penetration as the first Bank, as well as growing the Customer base.

The focus on the University Segment was reinforced, developing several actions to promote and boost the value proposition and improve the commercial offer. In the youth segment, the launch of new features on the App stands out.

As salary domiciliation is very important for establishing first-bank relationships, campaigns to capture salaries for current and new Customers were maintained throughout 2024.

Recognizing the importance of the segment of Customers over 65, a set of initiatives were promoted with advantages in the areas of Health, Insurance, Investments, Travel and Digital.

In 2024, in this segment, the strategy of increasing Customers' digital engagement was also reinforced, through actions to encourage the opening of an account on the App with a Digital Mobile Key; activating/encouraging the use and development of new Functionalities and Services, in order to simplify the Customer's interaction with the Bank.

Prestige

In 2024, the Prestige segment continued to show significant growth in its Customer base.

The continuous improvement of the Prestige Customer experience continued to be a priority, with emphasis on the offer of the Local or Remote Personalized Management Service.

Seeking to provide specialized and exclusive services to this segment in 2024, a new Risk Insurance Advisory service was launched.

In the Investment component, the Bank sought to constantly adjust the offer of different Investment Instruments to the needs of its Customers, adapting the offer to different profiles and objectives, through the Personalized Investment service.

Portuguese Diaspora & Foreigners

In 2024, this segment maintained its strategy of expanding and renewing its Customer base, strengthening proximity and relationships.

In order to guarantee greater support to Customers abroad, Millennium bcp maintains a physical presence through the local Network of Representative Offices in Brazil (Rio de Janeiro and São Paulo), the United Kingdom (London) and Switzerland (Geneva and Zurich).

Businesses

The commercial dynamics that characterize the business segment continued throughout 2024. A set of initiatives associated with the continuous improvement of the experience of corporate Customers were developed with the aim of guiding and defining the intensity of contacts.

The credit portfolio showed a positive evolution with greater dynamics and the evolution of resources also registered a positive trend throughout 2024.

With regard to attracting Customers in the business segment, the growth trend continued, demonstrating consistency in the development of actions focused on attracting new business customers.

Products

Loans to individuals

In 2024, the Bank continued to consolidate its position as a partner for Customers, adjusting the commercial offer for Individuals and introducing significant innovations.

In Personal Credit, the Bank continued to boost its digital offer through various promotional actions and invest in the digital journey, in order to make the process faster, simpler and more intuitive. The Bank expanded the scope of some Personal Credit solutions, especially for Health and Automobile purposes.

In Real Estate Credit, the Bank maintained a very competitive and comprehensive product offer, for example, the offer of mixed and fixed rates was reinforced, allowing instalments to be fixed with flexible terms, between 2 and 30 years.

It is also worth highlighting the campaign for transfers of Home Credit from Other Credit Institutions and the benefits attributed to Customers within the scope of the protocols established with companies that are Customers of the Bank.

For the younger segment, and as a complement to the tax exemptions implemented by the Government, a commercial offer was launched with total exemption from initial commissions for all types of Credit.

In the last quarter of the year, considering the Bank's adherence to the “State Guarantee for Young People” measure, the simulator was made available in advance to the Customer so that they could simulate the impact on the provision.

The Customers' digital experience was also a priority on this business front, with the implementation of new functionalities that, in a simple, practical and agile way, allow the Customer to simulate, formalize the request, deliver documentation and interact and monitor the entire contracting process.

Investment solutions

In 2024, the Bank demonstrated high dynamism in making savings and investments available, adjusting the commercial offer to market conditions.

In parallel, and with a view to making the savings of Millennium bcp Customers profitable, a comprehensive and diversified commercial offer of investment alternatives continued to be made available, including structured deposits, the launch of financial insurance, retirement savings plans, investment plans in certificates, as well as the Bank's participation in the placing of eight Public Subscription Offers.

It is also worth highlighting the continuation of a strong investment in innovation in the digital channel with the availability of several products.

Insurance

In the year in which the 20th anniversary of the partnership with the Ageas Group was marked, Millennium bcp consolidated its leadership in the sale of insurance through the bancassurance channel, continuing to focus on the provision of products and services aligned with the protection needs of Customers, with increasing use of new technological tools, and the availability of insurance products on digital channels was reinforced.

Integrated Solutions

In 2024, the Bank celebrated 20 years after the launch of the first Integrated Solution, the Frequent Customer, having presented many new features, commercial offers and campaigns aimed at Millennium Customers holding Integrated Solutions.

Current Accounts

Millennium bcp made available, during 2024, new features to provide greater convenience and flexibility to Customers when managing their accounts.

In order to increase knowledge of its Customer base, Millennium bcp reinforced ongoing data updating actions. Given the recurrence of this type of actions, a set of initiatives were implemented to simplify the process of updating information, either using the Millennium App or with the implementation of automatic reading of citizen card data in branches.

Microcredit

Millennium bcp began very early supporting Microcredit projects, with teams dedicated to training and promoting communities in this matter. For a decade and a half, it has associated guarantees from the European Investment Fund with Microcredit operations, thus leveraging this business component.

Millennium bcp has distinctive conditions available for Microcredit operations, with the possibility of better terms and amounts.

ActivoBank

In 2024, ActivoBank maintained its focus on the young digital segment, seeking to reinforce its positioning as the first bank through the development of a complete commercial offer and digital functionalities that respond to the financial needs of this segment. The bank attracted approximately 80 thousand new customers, which allowed it to reach a base of 580 thousand customers, with a degree of digitalization of 75%.

These results are the result of the development of several campaigns throughout the year, focused on the brand's central value proposition and the development of the paycheck domiciliation product in order to stimulate positioning as the first bank.

In 2024, ActivoBank intensified its digital marketing initiatives. This strategic approach not only strengthened the bank's digital presence, but also consistently supported new business capture.

In 2024, ActivoBank launched Activo Viagem, an innovative service designed to meet the needs of customers carrying out transactions abroad. This solution reinforces the bank's value proposition, providing convenience, security and cost reduction for customers travelling abroad.

Within the scope of savings and investment products, the strategy remained focused on term deposits with the creation of new products to support the aspects of capturing and retaining resources. Furthermore, in terms of the ActivoBank application, a term deposit hub was created that allows the customer to have an aggregated view of their assets applied to these products and also access to the products that are available to them at all times in a personalized way.

In terms of investments, it must be highlighted the reformulation of the offer of investment funds with the reinforcement of thematic investment funds and SRI Funds (Socially Responsible Investing).

With regard to credit, Auto and Electric Motorcycle Credit was made available for contracting on the ActivoBank app and the scope of training credit was reinforced to include new student accommodation and travel expenses.

As part of strengthening the digital experience, ActivoBank reinforced its digital offer with the launch of FinCare, an innovative feature integrated into the ActivoBank App, developed to help Customers better manage their personal finances.

Still within the scope of the digital experience, ActivoBank reinforced its commitment to the Customer experience through the launch of ABot, an intelligent virtual assistant integrated into its digital channels.

Within the scope of Financial Literacy, ActivoBank provided a set of content that was disseminated on Facebook, YouTube, Instagram, LinkedIn and TikTok, such as conferences, podcasts or videos and informative content.

During 2024, ActivoBank developed 12 social solidarity actions through its monthly item “Give Credits”, associating a project or social cause that was supported with an amount of up to EUR 3,000. In total, 13 institutions were supported.

ActivoBank's net profit in 2024 was EUR 34 million, which represented a reduction of 13.7% compared to the previous year.

million EUR

RETAIL BANKING in Portugal	Dec 31, 2024	Dec 31, 2023	Chg. 24/23
PROFIT AND LOSS ACCOUNT			
Net interest income	1,153	882	30.8%
Other net income	482	450	7.1%
	1,635	1,332	22.8%
Operating costs	328	356	-8.0%
Impairment and provision	75	45	70.0%
Income before tax	1,232	931	32.3%
Income taxes	386	291	32.3%
Income after tax	846	640	32.3%
SUMMARY OF INDICATORS			
Allocated capital	971	1,001	-3.0%
Return on allocated capital	87.1%	63.9%	
Risk weighted assets	7,419	7,251	2.3%
Cost to income ratio	20.1%	26.8%	
Loans to Customers (net of impairment charges)	26,701	25,894	3.1%
Balance sheet Customer funds	41,293	39,079	5.7%

Notes:
Allocated capital, Loans to customers (net of recoveries) and Balance sheet Customer funds figures based on average balance.

Financial performance

As at 31 December 2024, income after tax from Retail Banking segment of Millennium bcp in Portugal totalled EUR 846 million, showing a 32.3% increase compared to EUR 640 million in 2023, reflecting higher net interest income. Regarding the evolution of the main income statement headings, the following aspects should be highlighted:

- Net interest income reached EUR 1,153 million as at 31 December 2024, increasing 30.8% compared with the previous year (EUR 882 million), mainly benefiting from the net interest income arising from the deposit portfolio, reflecting the impact of the higher income from the internal placements of the excess liquidity following the normalization of interest rates.
- Other net income reached EUR 482 million on December 31, 2024, increasing 7.1% compared with 2023. This performance reflects essentially the higher level of commissions, mostly from bancassurance, resulting from the update of the distribution fees to be supported by the insurance company for the remuneration of the Bank's role as distributor, and investment funds.
- Operating costs were 8.0% lower than the amounts recognized in 2023.
- Impairment charges amounted to EUR 75 million at the end of December 2024, remaining at a low level relative to the loan portfolio size of this segment, despite the increase compared to the amount of EUR 45 million recorded in the same period of the previous year.
- In December 2024, loans to customers (net) totalled EUR 26,701 million, increasing 3.1% from December 2023 (EUR 25,894 million), mainly from the increase in mortgage loans, while balance sheet customer funds increased by 5.7% in the same period, amounting to EUR 41,293 million in December 2024 (EUR 39,079 million in December of the previous year), mainly explained by the increase in customer deposits.

COMPANIES AND CORPORATE

During 2024, Millennium bcp maintained its focus on credit solutions for companies, reinforcing the Sustainability aspect.

The Bank maintained the distribution of financial instruments from the European Investment Bank and the European Investment Fund, which make it possible to leverage credit for all types of companies, across all sectors.

Cooperation with national entities such as Banco Português de Fomento, Mutual Guarantee Societies, Turismo de Portugal, IFAP, among others, was also highlighted. Millennium bcp subscribed and made available all types of BPF InvestEU guarantees, paving the way for supporting the economy during the years this European program is in force.

In 2024, Millennium bcp launched its own credit lines in order to meet the treasury and investment needs of Portuguese companies.

Within the scope of Sustainable business credit solutions, Millennium bcp ensured the implementation of products with eligibility criteria aligned with the taxonomy and encouraged, among its customers, the response to ESG Questionnaires, so that the climate transition path can be followed.

With the acceleration of application opportunities and approvals under the Portugal 2030 Community Framework, in 2024 the Bank maintained its focus on supporting Business Investment, encouraging the sharing of information, knowledge and financial solutions adjusted to the specific needs of Businessmen who are investing with community support.

In the Recovery and Resilience Plan, the Bank maintains a strong contribution to the execution of the Plan, contributing to support the Entities that are responsible for executing their investments until the end of the year 2026.

In 2024, the Bank maintained a very relevant dynamic of proximity initiatives aimed at sharing practical information and knowledge with Customers and other Stakeholders about the main business investment opportunities and challenges in the country.

Highlight is the Millennium Talks Events, which since their launch in 2022 have brought together more than 3000 entities and continue to place issues such as innovation, company financing, but also how they can grow on sustainable foundations at the centre of the discussion.

At the same time, the Bank is holding Volta Portugal 2030, workshops that tour the main district capitals, giving voice to the success stories of its business Clients and sharing best practices and opportunities in investment supported by European Funds.

In supporting the primary sector, Millennium bcp maintains a specialized team with the capacity to monitor and respond to the specific financial needs of entrepreneurs, has dedicated financial solutions and maintains regular presence in the main national agriculture and livestock events.

In Leasing, Millennium bcp maintains its leadership, with EUR 742 million of new production in 2024 and a 25% market share[4]. The Bank has carried out several operational optimization initiatives with an impact on the Customer experience. The Leasing offer is now an integral part of the European Investment Bank and European Investment Fund guarantee lines provided by Millennium bcp.

As for Factoring and Confirming, in 2024, Millennium bcp once again led this line of business with almost EUR 10 billion of invoicing taken, thus supporting the short-term financing needs of its Customers. According to the most recent statistics from ALF - Portuguese Association of Leasing, Factoring and Renting, the Bank had a market share of 22.0% in September 2024.

In the Trade Finance business, Millennium bcp reinforced its positioning as a partner bank for exporting and importing companies:

- Best Trade Finance Bank with the Best Service and Market Leader, according to Euromoney.
- Global market share of 25.6% in import and export operations, namely Trade Finance operations (based on the number of SWIFT messages);
- Organization of the largest event dedicated to foreign trade in Portugal, the "Millennium Portugal Exportador".

[4] Source: ALF (September 2024)

Investment banking

The Bank participated in a wide range of projects both in Portugal and in international markets.

- In the Corporate Finance, the Bank provided financial advice to its Customers and to the Bank itself in dossiers involving the study, development and execution of M&A operations, company valuations, corporate restructuring and reorganizations, as well as economic-financial analyzes and studies of projects. In the mergers and acquisitions segment, Fairness Opinion stands out as part of the OPA process launched by the KKR Fund to Greenvolt.
- Regarding the Project Finance, we participate in the analysis, structuring, negotiation and assembly of financing operations, highlighting participation in the financing of infrastructure projects and sustainable energy projects as well as the management of a vast portfolio of ESG financing.
- In the area of Structured Finance, the Bank assumed an important role in structuring, negotiating and setting up various national and international financing operations.
- Regarding Capital Markets activity, the highlight is participation in 10 bond subscription market operations, four of which as co-leader. We participated in several other bond issuance operations and in the setting up of around a hundred commercial paper programs. Our activity includes the management of the commercial paper program portfolio made up of more than 3 hundred operations and with a total amount of more than EUR 3 billions.
- Millennium bcp was distinguished as the "Best Investment Bank in Portugal" for the seventh consecutive year, within the scope of the World's Best Investment Banks Awards attributed by Global Finance magazine.

Greenvolt
January 2024
Undisclosed
Renewable Power
Fairness Opinion for the Greenvolt
Financial Advisory

TECLENA JUNCOR
January 2024
€ 17,000,000
Industry
Medium-long term syndicated loan
Mandated Lead Arranger

Greenvolt
February 2024
€ 100,000,000
Renewable Power
Green Bonds 2024-2029
Joint Global Coordinator

REN
February 2024
€ 300,000,000
Power
Green Bonds 2024-2030
Joint Lead Manager

March 2024
€ 50,000,000
Sports & Entertainment
Public Bond Offer 2024-2027
Joint Manager

April 2024
€ 50,000,000
Sports & Entertainment
Public Bond Offer 2024-2027
Joint Manager

AA
April 2024
€ 90,000,000
Industry
Commercial Paper Programme
Lead Manager

tecpoles
April 2024
€ 10,000,000
Industry
Medium-long term loan
Mandated Lead Arranger

VISTA ALEGRE 1824
May 2024
€ 60,000,000
Industry
Sustainability-Linked Bonds 2024-2029
Joint Global Coordinator

Região Autónoma da Madeira
May 2024
€ 175,000,000
Regional Government
Bond Offer 2024-2038
Joint Lead Manager

Auchan
June 2024
€ 98,000,000
Consumer Goods
Leaseback of 7 properties
Mandated Lead Arranger

V
June 2024
€ 240,000,000
Others
Medium-long term syndicated loan
Mandated Lead Arranger

cuf
June 2024
€ 60,000,000
Healtcare
Sustainability-Linked Bonds 2024-2029
Joint Manager

Greenvolt
June 2024
€ 50,000,000
Renewable Power
Green Bonds 2024-2027
Finantial Intermediary

THE NAVIGATOR COMPANY
June 2024
€ 50,000,000
Industry
Sustainability-Linked Bonds 2024-2029
Finantial Intermediary

THE NAVIGATOR COMPANY
June 2024
€ 50,000,000
Industry
Sustainability-Linked Bonds 2024-2031
Finantial Intermediary

June 2024
€ 48,000,000
Other
Sustainability-Linked Bonds 2024-2028
Joint Manager

Controlauto
June 2024
€ 35,000,000
Auto
Commercial Paper Programme
Lead Manager

MOTA-ENGIL
October 2024
€ 80,000,000
Other
Sustainability-Linked Bonds 2024-2029
Joint Global Coordinator

November 2024
€ 40,000,000
Sports & Entertainment
Public Bond Offer 2024-2028
Joint Manager

December 2024
€ 30,000,000
Sports & Entertainment
Public Bond Offer 2024-2027
Joint Manager

ASCENDUM
December 2024
€ 40,000,000
Others
Commercial Paper Programme
Lead Manager

Imocom Palácio Valverde
December 2024
€ 119,760,000
Tourism
Medium-long term syndicated loan
Mandated Lead Arranger

Real estate business

Main areas of action in 2024:

Management of properties available for sale - The Bank consolidated and deepened its strategy for the sale of real estate assets, exceeding the objectives set for the reduction of assets on the balance sheet. This performance mainly included the sale of properties with a long history in the portfolio, always taking into account the financial impacts and generating capital gains.

The challenging external context required the Bank's teams to constantly anticipate market trends and dynamically adapt to new opportunities and needs. This adaptation was achieved through the development of commercial approaches based on accumulated experience and solid relationships established over the years, providing the essential confidence to support decision-making by customers and other market participants.

In this context, the Bank positions itself as a strategic partner, offering investment solutions that go beyond the mere sale of real estate assets, reaffirming its commitment to creating value for all parties involved.

Management of Properties Not Available for Sale – The implementation from the outset of the legislative principles set out in the "Simplex Urbanístico", combined with the competent physical, legal and administrative regularization of the set of properties received through credit recovery or that are no longer used for exploration, allowed the main objective of putting these properties up for sale in the shortest possible time to be successful.

These procedures successfully contributed to the reduction of these assets in the portfolio and to their sale with gains in value.

The Bank continued to manage the stakes controlled by the Bank in entities that manage real estate risk, Funds and Companies in a strategy of divestment with value preservation.

Interfundos

As of December 31, 2024, Interfundos had under management sixteen Real Estate Alternative Investment Organizations (Funds and Collective Investment Companies), corresponding to EUR 793 million of net assets under management, which compares with EUR 881 million recorded in the same period of 2023, showing a 10% decrease in the volume of assets managed compared to the same period last year.

Interfundos continued the strategy of creating liquidity conditions for Participants in Alternative Real Estate Investment Organizations, a situation evidenced by the completion of two capital reduction operations (Fundipar - Closed Real Estate Investment Fund and TDF - Closed Real Estate Investment Fund).

Interfundos transferred the management of Predicaima - Fundo de Investimento Imobiliário Fechado and TDF - Fundo de Investimento Imobiliário Fechado and the liquidation of Fundo I Marope – Fundo de Investimento Imobiliário Fechado.

In 2024, global sales amounted to 183 million euros, corresponding to a total of 348 properties.

Interfundos' net income in 2024 amounted to EUR 760 thousand, which corresponds to a decrease of 55.9% compared to the value recorded in the same period last year (EUR 1,724.0 thousand). This performance is mainly attributable to the unfavourable evolution of net commissions, resulting from the EUR 88 million reduction in assets under management.

Financial Institutions Group (FIG) - integrated into Treasury, Markets & Institutional Department

In a challenging economic context, BCP surpassed the values projected for 2024 in several business lines, namely custody and trade finance. The Bank also adjusted procedures, in line with the most demanding regulatory environment and market changes. In correspondence relations, the Bank continued to deepen partnerships with the main international banks and also with multilateral entities, with a view of supporting the Portuguese economy.

Regarding the different lines of business, the following stand out:

In international payments and transfers, associated with international trade, the Bank continued to move towards to achieve greater efficiency, speed and transparency, in a competitive framework undergoing profound transformation. In this sense, the ongoing migration of the payments infrastructure to the new SWIFT ISO20022 standard is highlighted, reinforcing the quality and security of service to Customers.

The very positive results in trade finance activity, supported by a wide network of correspondents that allowed the Bank to find the best solutions in all relevant jurisdictions for its Customers. The Bank's service and market position were widely recognized, having being awarded by Euromoney magazine in the categories of Country Market Leader and Country Best Service.

In the custody activity, the Bank completed the adjustments resulting from the new regulatory framework that resulted from the publication of Decree-Law no. 27/2023, of April 28, which approved the Asset Management Regime. This was an opportunity to reinforce the structure and adjust

the value proposition in a line of business where it has a leadership in the market.
During this period, it also maintained strong dynamism in other custody lines, namely in the signing of new paying agent services and the capture of institutional custody portfolios, consolidating its position as a national reference bank in this activity while at the same time reinforcing global involvement with Customers.

In the multilateral segment, the Bank continued its cooperation with the EIB/FEI group, being one of its main partners in the Portuguese market, and with Banco Português de Fomento (BPF), with benefits for the competitiveness of the business sector. In fact, during this year, there was a strong rate of use of previously contracted lines. In parallel, the Bank continued to monitor the various initiatives of these entities with a view to creating new financial instruments aimed at supporting Portuguese companies in an effective and sustainable way.

million EUR

COMPANIES AND CORPORATE in Portugal	Dec 31, 2024	Dec 31, 2023	Chg. 24/23
PROFIT AND LOSS ACCOUNT			
Net interest income	276	207	33.5%
Other net income	162	152	6.7%
	438	359	22.1%
Operating costs	63	62	1.1%
Impairment and provision	99	155	-35.6%
Income before tax	276	142	94.0%
Income taxes	86	44	94.0%
Income after tax	190	98	94.0%
SUMMARY OF INDICATORS			
Allocated capital	1,403	1,276	10.0%
Return on allocated capital	13.5%	7.7%	
Risk weighted assets	10,938	11,662	-6.2%
Cost to income ratio	14.3%	17.3%	
Loans to Customers (net of impairment charges)	10,148	11,204	-9.4%
Balance sheet Customer funds	9,582	9,465	1.2%

Notes:
Allocated capital, Loans to customers (net of recoveries) and Balance sheet Customer funds figures based on average balance.

Financial performance

Companies and Corporate segment in Portugal income after tax of EUR 190 million in December 2024, compared favourably to an amount of EUR 98 million presented in December 2023. This evolution results mostly from higher net interest income and lower level of impairment. As at 31 December 2024 the performance of this segment is explained by the following changes:

- Net interest income stood at EUR 276 million as at 31 December 2024, 33.5% above the amount attained as at 31 December 2023 (EUR 207 million), sustained by the improvement from the margin on deposits, with higher income arising from the internal placements of the excess liquidity following the normalization of interest rates, and from the margin on loan portfolio.
- Other net income reached EUR 162 million in December 2024, being 6.7% higher compared to the amount achieved in 2023, reflecting mostly the impact of commissions.
- Operating costs totalled EUR 63 million by the end of December 2024, 1.1% above the overall amount of costs recorded in the same period of the previous year.
- Impairments charges recorded EUR 99 million in December 2024, comparing favourably to EUR 155 million in December 2023, benefiting from the improvement in the risk profile of the credit portfolio.
- In December 2024, loans to customers (net) totalled EUR 10,148 million, decreasing 9.4% from December 2023 (EUR 11,204 million), influenced by the environment of lower demand for credit due to higher interest rates and delays in investment projects and, also, by the repayment program of Covid lines, as the Bank had an outsized market share in granting this financing. Balance sheet customer funds reached EUR 9,582 million, 1.2% above the amount recorded in December 2023, particularly from the reduction of the client’s deposits base.

PRIVATE BANKING

In 2024, Millennium Private Banking maintained a strong commercial dynamic, focusing its commercial activity on increasing the Customer base, managing its financial investments and developing First Bank relationships through a focus on cross-selling payment methods, risk and savings insurance and digital services.

Millennium Private Banking was elected “Best Private Bank in Portugal” by The Banker and Professional Wealth Management magazines within the scope of the Global Private Banking Awards 2024, publications of the Financial Times group specialized in banking and the financial services sector, reinforcing with this award its position at the forefront of the financial industry specializing in this high-value segment.

This distinction was also a recognition that the success of commercial relationships depends on the perfect symbiosis between digital and human channels. Without ever losing sight of the relevance of the personal relationship with Customers, the strategy of increasing Customers' digital involvement was reinforced, through the activation and encouragement of the use of new functionalities and services, which simplified the Customer's interaction with the Bank (highlighting the importance that the App channel currently has in the process of regularly updating Customer information), as well as improving Customers' online experience in their relationship with the Bank. This focus on Digital resulted in the intensive use of remote channels and digital tools, which proved to be a key component of business success, through the simultaneous use of digital and human channels.

An important part of this strategy was also the promotion of the investment hubs of the Millennium App, valued by Private Clients with a self-directed profile and the potential of the MTrader App, an ideal tool for those who want to invest in the Stock Exchange and who value quick trading. In 2024, there was once again a significant increase in the number of Customers with the Millennium App, which increased from 60% to 67%.

The Bank reinforced its investment solutions, with the launch of new structured deposits and an increase in the “offer” of funds, thus providing solutions for different objectives and risk profiles, allowing the diversification of Customers’ assets, and increasing return opportunities.

million EUR

PRIVATE BANKING in Portugal	Dec 31, 2024	Dec 31, 2023	Chg. 24/23
PROFIT AND LOSS ACCOUNT			
Net interest income	48	35	36.8%
Other net income	36	32	11.9%
	84	67	24.8%
Operating costs	15	15	3.1%
Impairment and provision	0	0	
Income before tax	69	52	31.3%
Income taxes	22	16	31.3%
Income after tax	47	36	31.3%
SUMMARY OF INDICATORS			
Allocated capital	26	24	9.3%
Return on allocated capital	>100%	>100%	
Risk weighted assets	201	207	-2.6%
Cost to income ratio	18.4%	22.2%	
Loans to Customers (net of impairment charges)	362	332	9.1%
Balance sheet Customer funds	3,190	2,679	19.1%

Notes: Allocated capital, Loans to customers (net of recoveries) and Balance sheet Customer funds figures based on average balance.

Financial performance

Income after tax from Private Banking business in Portugal totalled EUR 47 million as at 31 December 2024, showing an increase of 31.3% compared to the net profit reached as at 31 December 2023 (EUR 36 million). Considering the performance of the main items of the income statement, the relevant situations are highlighted as follows:

- Net operating revenues stood at EUR 84 million as at 31 December 2024, 24.8% above the amount recorded in December 2023 (EUR 67 million), driven by the growth shown in net interest income. Net interest income totalled EUR 48 million as at 31 December 2024, comparing favourably to EUR 35 million reached in December 2023, benefiting from deposits, both from the margin obtained and from the volume growth. Other net income amounted to EUR 36 million in December 2024, reflecting an increase of 11.9% compared to the amount shown in the same period of the previous year, reflecting higher commissions from distribution of third-party investment funds and from exchange and brokerage transactions.
- Operating costs amounted to EUR 15 million, 3.1% above the amounts recognized in December 2023.
- The impairment and provision charges had a residual impact on the income statement in both periods.
- Loans to customers (net) amounted to EUR 362 million in December 2024, increasing 9.1% when compared to the figures accounted in December of the previous year, while balance sheet customer funds corresponded to EUR 3,190 million in December 2024, 19.1% above the level achieved in December 2023, following both the integration of customers from the Retail segment and the increase of interest rates, which resulted in the improvement of deposits remuneration.

FOREIGN BUSINESS AND OTHERS

Poland

- In 2024, net income amounted to PLN 719 million (EUR 167.1 million) which compares to PLN 576 million in 2023 (EUR 126.8 million), representing an increase of 25% in local currency.
- Bank Millennium results in 2024 continued to be constrained by costs related to the mortgage loan portfolio denominated in CHF, in particular with provisions for CHF legal risk which amounted in 2024 to PLN 2.179 million before taxes (EUR 506.2 million, including EUR 46.4 million related to the portfolio of CHF denominated loans of Eurobank), as well as by the 'banking tax' charge in the amount of PLN 232 million (EUR 54 million) in 2024.
- Net profit in 2024 without extraordinary items (mostly related to costs related to the mortgage loan portfolio denominated in CHF) increased from PLN 2.993 million (EUR 659 million) to PLN 3.202 million (EUR 744 million), corresponding to a 7% change in local currency.
- Net interest income (NII) increased by 7.2% year-on-year, excluding the effect of credit moratoriums on mortgage loans denominated in zlotys.
- Net commissions showed a slight reduction of 1% year-on-year.
- Operating costs increased by 13% year-on-year.
- Core revenues increased by 4% year-on-year.
- Impaired credit ratio (Stage 3) stood at 4.5%, compared to 4.6% in the previous year.
- Cost of risk stood at 40 b.p. in 2024 which compares with 39 p.b. in 2023.
- Loans-to-deposits ratio of 63.9%.
- Significant increase of Group's CET1 (=T1) capital ratio that stood in December 2024 at 15.1% compared to 14.7% in December 2023. Total capital ratio stood at 17.6% in December 2024, reflecting essentially a redemption of a T2 debt issue. Capital ratios stand above requirements (9.85% and 12.21%, respectively).

Mozambique

- Net income of 48.5 in 2024, a reduction of 54.1% compared to the same period last year, mainly reflecting impairments caused by the downgrade of the public debt rating and the reversal of a credit impairment that occurred in the previous year.
- Net interest income decreased by 0.9% and net commissions increased by 1.5%, excluding the exchange rate effect.
- Operating costs increased by 5.3%, excluding exchange rate effects, in 2023.
- Stated cost/income ratio increased from 47.7% in 2023 to 50.7% in 2024.
- Credit portfolio increased by 1.9% to EUR 714 million, while customer funds increased by 7.1% to EUR 2.4 billion.
- NPL more than 90 days overdue ratio stood at 3.8% in December 2024, with coverage of 106% on the same date.
- Cost of risk of 38 b.p. in 2024 (-371 b.p. in the same period of 2023, resulting from the partial recovery of a credit in litigation, without that effect the cost of risk would be 161 b.b.).
- Capital ratio of 37.5%.

Macao[5]

- Net profit reached EUR 8.6 million in 2024, showing a slight decrease compared to the previous year, mainly due to the drop in net interest income, impacted from the lower average loan portfolio, partially offset by the increase in income from commissions and the decrease in impairments for credit risk.
- In 2024, the branch worked primarily to increase the credit portfolio and build a platform to support the business of Portuguese companies in Macau and mainland China, namely through trade finance operations and the development of new relationships with trading companies, particularly those operating in the Portuguese-speaking countries.
- In addition, the Bank sought to identify Chinese Clients, individuals, or companies, interested in investing in Portugal and to promote contacts between Millennium bcp's investment banking area and Chinese companies to identify investment opportunities in the Portuguese-speaking countries.

[5] For the purpose of the computation of the net income generated by business segments, Macao activity is included in the "Other" segment, since it is carried out through a branch.

million EUR

Poland	Dec 31, 2024	Dec 31, 2023	Chg. 24/23
PROFIT AND LOSS ACCOUNT			
Net interest income	1,292	1,157	11.6 %
Other net income	55	311	-82.3 %
	1,347	1,468	-8.2 %
Operating costs	503	420	19.6 %
Result on modification	-69	-19	>200%
Impairment and provision	572	740	-22.5 %
Income before tax	203	289	-29.7 %
Income taxes	36	162	-77.7 %
Income after income tax	167	127	31.7 %
BALANCE SHEET			
Loans to Customers (net of impairment charges)	17,531	16,955	3.4%
Balance sheet Customer funds	27,417	24,690	11.0%

Note: The accounts presented are in accordance with the Consolidated Accounts of the Group, and may differ from the accounts disclosed locally.

million EUR

Mozambique	Dec 31, 2024	Dec 31, 2023	Chg. 24/23
PROFIT AND LOSS ACCOUNT			
Net interest income	204	202	1.0%
Other net income	58	62	-5.5%
	262	264	-0.6%
Operating costs	132	126	4.8%
Impairment and provision	50	-11	
Income before tax	80	149	-46.6%
Income taxes	32	44	-28.5%
Income after tax from continuing operations	48	105	-54.2%
Income from discontinued operations	—	—	
Income after income tax	48	105	-53.9%
BALANCE SHEET			
Loans to Customers (net of impairment charges)	685	626	9.3%
Balance sheet Customer funds	2,378	2,075	14.6%

Note: The accounts presented are in accordance with the Consolidated Accounts of the Group, and may differ from the accounts disclosed locally.

million EUR

INTERNATIONAL BUSINESS	Dec 31, 2024	Dec 31, 2023	Chg. 24/23
PROFIT AND LOSS ACCOUNT			
Net interest income	1,496	1,359	10.0 %
Other net income (*)	117	375	-68.7 %
	1,613	1,734	-7.0 %
Operating costs	634	546	16.2 %
Result on modification	-69	-19	>200%
Impairment and provision	623	732	-14.7 %
Income before tax	287	437	-34.4 %
Income taxes	68	206	-67.2 %
Income after tax from continuing operations	219	231	-5.2 %
Income from discontinued operations	—	-3	
Income after income tax	219	228	-3.9 %
SUMMARY OF INDICATORS			
Allocated capital (**)	2,264	1,942	16.6 %
Return on allocated capital	9.7%	11.8%	
Risk weighted assets	15,420	14,325	7.6%
Cost to income ratio	39.3%	31.5%	
Loans to Customers (net of impairment charges)	18,216	17,582	3.6%
Balance sheet Customer funds	29,795	26,765	11.3%

(*) Includes equity accounted earnings related to the investment in Banco Millennium Atlântico.

(**) Allocated capital figures based on average balance.

Financial performance

Income after tax from International Business, computed in accordance with the geographic perspective, was EUR 219 million in December 2024, comparing unfavourably with an amount of EUR 228 million achieved by the end of December 2023. This unfavourable evolution of 3.9% is mostly explained by the fact that the unfavourable performance from other net income, from operating costs and by the recognition of costs arising from the moratorium program (credit holidays) booked in 2024, had more than offset the favourable performance from lower level of impairment and provision, the positive performance of net interest income and tax shield on costs with foreign exchange mortgages in the Polish subsidiary.

Considering the different items of the income statement, the performance of International Business can be analysed as follows:

- Net interest income stood at EUR 1,496 million in December 2024, which compares to EUR 1.359 million achieved in December 2023. Excluding the impact arising from foreign exchange effects, it would have increased 5.1%, reflecting mainly the performance of the Polish subsidiary, while the subsidiary in Mozambique, constrained by a significant increase in the minimum level of non-remunerated cash reserves at the central bank, in the first half of 2023, reported a stable net interest income.
- Other net income attained EUR 117 million in December 2024, decreasing significantly when compared to the EUR 375 million recorded in the same period of the previous year, determined by the performance of the Polish subsidiary, due to the recognition in the same period of the previous year of the gain obtained with the sale of 80% of the shares of Millennium Financial Services sp. z o.o., to the impact associated to foreign exchange mortgage loan portfolio and to the increase in the costs associated with mandatory contributions.
- Operating costs amounted to EUR 634 million as at 31 December 2024, 16.2% up from the end of December 2023. Excluding foreign exchange effects, operating costs would have increased 11.4%, mainly reflecting the impact of the subsidiary in Poland, due to the strong pressure on basic wages, influenced by the inflation indicators and dynamism of the labour market, and to the increase in legal advice costs

associated with foreign exchange mortgage loans portfolio. In the subsidiary in Mozambique, the increase mostly resulted from staff costs, both from higher headcount and salary adjustments.

- Results on modification totalled a negative amount of EUR 69 million by the end of December of 2024, which compares with an also negative amount of EUR 19 million recorded in the same period of the previous year. This performance reflects the recognition of costs arising from the moratorium program (credit holidays) booked in 2024. In both periods, this item also includes the amounts associated with contractual modifications, namely those negotiated with customers with foreign exchange mortgage loans.
- Impairment and provision charges at the end of December of 2024 presented a 14.7% drop compared to the figures reported by the end of December of 2023. This decrease corresponds essentially to a lower provision booked by the Polish subsidiary to address the foreign exchange mortgage legal risk, despite the impairment charges in the Mozambican subsidiary to cover the impacts arising from the downgrade of the sovereign debt rating of that country.
- Loans to customers (net) stood at EUR 18,216 million in December 2024, 3,6% up from the amount attained in December 2023 (EUR 17,582 million). Excluding foreign exchange effects, the loan portfolio increased 1.8%, influenced by the evolution of the Polish subsidiary. The Foreign business' balance sheet customer funds increased 11.3% from EUR 26,765 million reported in December 2023 to EUR 29,795 million in December 2024. Excluding the foreign exchange effects, balance sheet customer funds increased 9.1%, mainly driven by the performance of the subsidiary in Poland.

Deliver More Value - Strategic Plan 2025-28

"Deliver more value 28" sets a new bar for Millennium bcp's aspirations towards customers, people and shareholders. Millennium bcp is starting this cycle from a strengthened position that allows the Bank to confidently aim for a compelling profitability level (ROE >13.5%) and a material distribution to shareholders (up to 75%[6]), while preserving a robust capital position (>13.5% CET1).

The Strategic Cycle now ending consolidated an unrivaled path of transformation that led to early achievement of the ambitious financial targets set forth, cementing the group's competitive position in its markets, across most segments, excelling in profitability (ROE of 15.3% in 2023) and balance sheet robustness (CET1 of 16.5%[7] in 9M2024). Ultimately, these results are reflected in the upward trajectory in share price (+229%, September 2024 vs. December 2020) and investment grade ratings (3-4 notches since 2018). Millennium bcp has done so strengthening its leadership in customer centricity, while solidifying its technology foundations.

In Portugal, the bank was successful in significantly boosting revenues (+50% vs. 2021), exploring previous strides in technology to increase digital and mobile adoption. In Poland, the Bank completed the recovery plan and restored profitability, despite sizeable recognition of FX mortgage provisions, while maintaining a stable performance in Mozambique in a challenging environment.

Millennium bcp has consistently grown business volumes as a group (+4% CAGR since 2018) and in each business unit, with particular emphasis in Poland, notwithstanding the 65% reduction of NPEs since 2018. This evolution allowed Millennium bcp to consolidate a competitive position across most of the segments, in markets that offer a structural advantage in the upcoming cycle with GDP growth above EU-27 average, sizeable EU funding packages for Portugal and Poland, and substantial investments in large projects for Mozambique.

Looking to the future, the Bank is well-positioned to navigate 3 main trends: (i) the likely downward trajectory of interest rates and its implications to profitability, (ii) the evolving customer behaviour with increased demand for innovation and personalization in the rise of AI, and (iii) the growing cybersecurity risks with increasing sophistication of attacks and an evolving regulatory context (e.g., DORA).

In this context, Millennium bcp is launching a new Strategic Plan for 2028, "Deliver more value 28". In this plan, the Bank aspires to deliver more value to all stakeholders: for customers with a leading position in experience across markets, for talent with a satisfaction of >75/100 and >25% share of people promoted per year, and for shareholders with tangible returns and distribution. This will require an evolution of priorities (i) seeking growth options in attractive value pools with right-to-win, increasing portfolio balance towards the SME segment, (ii)innovating selectively in adjacencies, and (iii) strengthening credit risk capabilities.

In Portugal, Millennium bcp aspires to be the relationship bank with the best experience, human and digital enabled, for families and companies, ambitioning to capture 150-200k new active customers and +€4bn credit to companies (stock) by 2028. ActivoBank aims to lead customer acquisition in A/B digital first arena, with distinctive digital daily banking and value for money proposition, reaching 700k active customers in 2028.

In Poland, Bank Millennium aims to be the reference bank in acquisition and development of primary relationships with SMEs and individuals, embracing innovation and delivering top-quality services, reaching 3.7mn active customers, growing corporate lending stock at 14% p.a., and increasing the share of primary retail clients to 70%.

In Mozambique, Millennium bim will be focused on reinforcing its position as the main bank for families and companies and the reference bank for international investors in Mozambique's economy, with strong risk controls, targeting 1.7mn active customers and circa of 20% market share inlending to companies and individuals.

These priorities will enable Millennium bcp to deliver more value, visible in the main targets set for 2028. As a group, the bank aspires to deliver a healthy organic growth, achieving business volumes in excess of €190bn, more than 8mn active customers of which mobile more than 80%, maintain an execution discipline reflected in a cost-to-income below 40% and cost of risk of below 50bps, reinforcing the ESG commitment aiming for a top

[6] Of cumulative net income of €4.0-4.5bn in 2025-28 subject to supervisory approval and achievement of Plan's relevant capital and business targets in Portugal and in the international area and fulfillment of CET1 target. Including payout and share buyback, 2025 through 2028.
[7] Official ratio, without the Q3'24 net income, of 16.2%.

quartile position in S&P Global CSA rating, ultimately achieving returns with an RoE above 13.5%, keeping a sizeable capital buffer with a CET1 ratio of above 13.5% and shareholder distribution of up to 75%[8] of the cumulative net income of €4.0-4.5bn in 2025-28.

Deliver more value
Main targets for strategic cycle 2025-2028

	Metrics	2024	2028
Healthy organic growth	Business volumes Portugal	160€bn 109€bn	> 190€bn > 120€bn
	Number of customers Portugal	7.0mn 2.8mn	> 8mn > 3mn
	Mobile customers Portugal	71% 63%	>80% > 75%
Execution discipline	Cost-to-income Portugal	37% 34%	< 40% < 37%
	Cost of risk Portugal	32 bp[1] 31 bp[1]	< 50 bps < 45 bps
ESG commitment	S&P Global CSA (percentile)	Top quartile	Top quartile
Robust capital	CET1 ratio	16.3%[2]	> 13.5%
Superior returns	ROE	13.8%	> 13.5%
	Shareholder distribution	72%[4] (2024 activity)	Up to 75% of cumulative net income of 4.0 4.5€bn in 2025-2028[3] subject to supervisory approval and achievement of Plan's relevant capital & business targets in Portugal and in the international area and fulfillment of CET1 target

[1] Incudes an impairment reversal occurred in Q2'24, without this effect cost of risk would stand at 40bp at the group level and 43 bp for Portugal. | [2] Fully implemented ratio including unaudited net income of 2024. | [3] Including payout and share buyback, from 2025 through 2028. | [4] Including a 50% dividend payout of 2024 earnings and the effect of the share buyback programme amounting to 200 million approved by the supervisor.

[8] Subject to supervisory approval and achievement of Plan's relevant capital and business targets in Portugal and in the international area and fulfillment of CET1 target. Including payout and share buyback, 2025 through 2028.

Risk and Outlook

Internal Control System

The internal control system governance model encompasses the organizational structure, the lines of reporting and levels of authority, the set of lines of responsibilities and processes, that result from the applicable laws and regulations, as well as the Bank's by-laws and internal regulations, to ensure a prudent and effective management of the Bank and adequate checks and balances.

The governance model promotes a conduct and risk culture across all the areas of the Bank, which is materialized in an overarching set of principles, strategies, policies, systems and functions.

The Board of Directors promotes a strong governance and internal control culture, embedded in all levels of the organization, and based on high standards of ethical behaviour, with rules established in the Code of Conduct, available in the Bank's site.

The Board of Directors provides the Bank's governance, guidance and oversight and sets the broad strategies and major policies of the organization, approves the overall organizational structure, and has the ultimate responsibility for ensuring that adequate governance and internal controls system are established and maintained, being supported in this function by the Audit Committee.

The Audit Committee, independent review body, plays a central role in the development of a governance culture and an internal control system with a direct relation with the Board of Directors, the Bank's internal control units and the external auditors.

The current management of the Bank is delegated in the Executive Committee. This Committee established different specialized commissions, with the participation of two or more Executive Directors, and first line Managers who directly report to them.

The organizational structure of the Group is based on the principle of the segregation of functions between the business units and internal control functions, aiming that any situations of potential conflict of interests are identified in advance, minimized and subject to careful and independent monitoring.

The internal control system includes a set of principles, strategies, policies, systems, processes, rules, and procedures established in the Group aimed at ensuring:

- Efficient and profitable performance of the activity, in the medium and long-term, ensuring the effective use of the assets and resources, the business continuity and survival of the Group, namely through an adequate management and control of the activity risks, through a prudent and correct assessment of assets and liabilities, as well as through the implementation of mechanisms for prevention and protection against errors and fraud.
- The existence of financial and managerial information, which is complete, pertinent, reliable, and timely, to support decision-making and control processes, both at an internal and external level.
- Observance of the applicable legal and regulatory provisions issued by the Supervision Authorities, including those relative to the prevention of money laundering and financing of terrorism, as well as professional and ethical codes of conduct, standards and practices, internal and statutory rules, guidelines of the Basel Banking Supervisory Committee and European Banking Authority (EBA), so as to preserve the image and reputation of the institution before its Customers, Shareholders, Employees and Supervisors.
- An effective Risk Management Function (RMF) with well-defined processes to identify, manage, monitor, and report the risks that the Group is exposed.
- A Compliance Function ensuring the alignment with legal, regulatory, and statutory requirements, and with internal rules, including rules of conduct and relationship with Clients, Investors, Supervisors' Entities, and others, which rules are established in a Code of Conduct.
- An Internal Audit Function ensuring the effectiveness and consistency of the internal control processes and mechanisms.
- The alignment of subsidiaries operating model with the organizational and managerial principles defined by the Bank, as the consolidating Entity.
- The adoption of sound sustainability principles, namely regarding Environmental, Social and Governance (ESG) factors, and its coherence with the Group's activity.
- The good image and reputation of the Bank towards its stakeholders.

To achieve these objectives, the internal control system is based on the compliance function, the risk management function and internal audit function. The Heads of these three divisions are appointed by the Bank's Board of Directors, by proposal of the Committee for Nominations and Remunerations, after an opinion from the Audit Committee and of the Risk Assessment Committee, and subject to the Supervisor approval.

The internal control system is based on:

- A control environment supported by high integrity and honesty standards, promoting a strict compliance with the laws and regulations, by the effective enforcement of a ‘checks and balances’ system, including adequate segregation of duties, with the objective of preventing conflicts of interest, and by process based operational management models and control activities, that allow for clear identification of the implemented controls and the assessment of their efficiency.
- A solid risk management system, aimed at the identification, evaluation, follow-up, and control of all risks which might influence the Group's activities.
- An efficient information and communication system, designed to guarantee the collection, processing and transmission of relevant, encompassing, and consistent data, within a timeframe and manner that allows for an effective and timely management and control of the institution's activity and risks.
- An effective monitoring and correction process, implemented with a view to ensuring the adequacy and effectiveness of the actual internal control system over time, to immediately identify any flaws (defined as the group of existing, potential, or real defects, or opportunities for the introduction of improvements that will strengthen the internal control system), and ensuring the triggering of corrective actions.
- Strict compliance with all the legal and regulatory provisions by the Group's Employees in general, and by the people who hold senior or managerial positions, including members of the management bodies.
- A governance model that defines that the business areas are responsible for risk taking, ensuring the effective monitoring, control and management of the risks assumed, and supporting the independent review of the risk levels incurred as compliant with the Risk Appetite Framework.

The internal control system is consistently applied across all Group entities, supported on group codes issued by BCP defining global policies, principles, and rules, considering, and complying with local, legal or regulatory requirements of the countries where operations are based.

Three lines of defence model

The Bank’s internal control system is based on the “Three Lines of Defence Model”, aiming to ensure:

- A clear accountability of the business areas for the respective assumption of risks.
- The effective monitoring, control and management of the risks assumed.
- An independent evaluation, to be reported to the Board of Directors and to the Executive Committee, of the levels of risk assumed, their compliance with the Risk Appetite Framework and the effectiveness of the established internal control systems.

The business lines, as the first line of defence, take risks and are responsible for their operational management directly and on a permanent basis. For that purpose, business lines have appropriate processes and controls in place that aim to ensure that risks are identified, analysed, measured, monitored, managed, reported and kept within the limits of the institution’s risk appetite and that the business activities comply with the external and internal requirements.

The risk management function and the compliance function form the second line of defence.

The risk management function facilitates the implementation of a sound risk management framework throughout the institution and has responsibility for further identifying, monitoring, analyzing, measuring, managing, and reporting on risks and forming a holistic view on all risks on an individual and consolidated basis. It challenges and assists in the implementation of risk management measures by the business lines to ensure that the process and controls in place at the first line of defence are properly designed and are effective.

The compliance function monitors the Bank’s compliance with legal, regulatory, and internal policies requirements, including the reputational protection of the Bank, comprising, among others, the prevention of financial crime activities. It provides advice on compliance matters to the management body and establishes policies and processes to manage compliance risks and to ensure an overall compliance culture within the Bank.

Both the risk management function and the compliance function intervene to ensure the improvement and strengthening of internal control and risk management systems interacting with the first line of defence whenever necessary.

The internal audit function, as the third line of defence, conducts risk-based audits and reviews the internal governance arrangements, processes, and mechanisms to ascertain that they are sound and effective, implemented and consistently applied, to assess the suitability and efficiency of the organizational culture, of the risk management process, of the internal control system and of the governance models in place. The internal audit function performs its tasks fully independently of the other lines of defence.

Internal Control subsystems

The internal control system includes the following subsystems: the risk management system, the information and reporting system and the internal control monitoring system.

Risk management system

The risk management system corresponds to the set of integrated and permanent processes which enable the identification, assessment, monitoring and control of all risks, to which the Group's institutions are exposed, in order to keep them at levels that are predefined by the management and Supervisory Bodies, and takes into consideration the BCP risk taxonomy which includes the risks identified by the Regulatory and Supervisory Authorities, as well as all other risks which, in view of the specific situation of the Group's institutions, could become materially relevant. The Risk Office is responsible for keeping the BCP risks taxonomy updated as well as for promoting and conducting the regular risk identification process in the Group.

The risk management system takes into consideration the credit risk, market risk, interest rate risk, foreign exchange rate risk, liquidity risk, compliance risk, operational risk, information technology risk, strategy risk and reputation risk, as well as all other risks that, in view of the institution’s specific situation, may prove material for its feasibility and sustainability. Environmental and social aspects are included in the assessment of these risks, once they are considered risk drivers that are transversal to all risk types.

The risk management system ensures the segregation between the risk management function and the risk-generating business activities, respectively the second and first lines of defence. The internal audit, as third line of defence, ensures independent analysis concerning the risk activity of the first and second lines. The credit analysis and granting process ensure the segregation and independence between the credit analysis and rating structures and the business origination units.

The risk management system ensures timely reaction to changing circumstances and conditions that engenders new risks and change the risk profile of the Bank.

Management information and reporting system

The management information and reporting system ensures the existence of information, which is substantive, up-to-date, understandable, consistent, timely and reliable, to enable an overall and encompassing view of the financial situation, the development of the business, the achievement of the defined strategy and objectives, the risk profile of the Group and the behaviour and prospective evolution of relevant markets and risks.

The output of the system is an information flow enabling the management with a global and comprehensive view on the Group’s financial standing, non-financial information and risk data on the compliance with the obligations assumed before third parties, legal and regulatory, and the regular monitoring of the activity, the implementation of the defined strategy and objectives so as to support decision-making processes, and also on the Group’s overall risk profile, in aggregate terms and detailed by risk; and the performance, evolution and risk profile of the market(s) in which the Group operates.

For this purpose, each entity of the Group develops, implements, and maintains formal processes for obtaining and processing information that is appropriate to the respective size, nature and complexity of the activity carried out, developing communication processes and reporting lines that ensure an adequate and swift transmission of relevant information to the due intervenient, both internal and external. An adequate organizational structure promotes the necessary data flow between the relevant parties in a process and ensures the necessary confidentiality in information flows.

The financial information process is supported by the accounting and management support systems which record, classify, associate and archive, in a timely, systematic, reliable, complete, and consistent manner, all the operations carried out by the Bank and its subsidiaries, in accordance with the rulings and policies issued by the Board of Directors and the Executive Committee.

Clear duties and responsibilities are set for each organizational unit in the information and communication processes and in the decision-making process.

Planning process

The Group planning process defines a long run sustainable strategy, compatible with the corporate vision and previously established goals, with its market positioning, approved risk profile and with the implemented internal control system.

The planning process is based on properly grounded assumptions, subject to sensitivity analysis and on reliable and understandable information. As a result, clear, precise, and sustainable objectives are defined for the global activity and for each business area, including the products, activities, systems and processes of the Group and the human and material resources, namely the adequate levels of capital and liquidity, necessary to fulfil the defined strategy are identified.

The planning process complies with the Risk Policy of the Group, as per the Risk Appetite Framework, ensuring an adequate balance between the level of risk assumed to achieve the targeted profitability levels.

The Group's planning process includes the preparation of the annual and three-year budget, the verification of the sufficiency of capital and liquidity (ICAAP e ILAAP), the execution of stress tests within the internal or supervision scope, the preparation of the Funding and Capital Plan and of the Recovery Plan, the activities deriving from the resolution planning and remaining initiatives that, at each moment, are required to be implemented to comply with the requirements issued by the Supervision Authorities.

The Chief Financial Officer and Chief Risk Officer of the BCP, are responsible for the different elements of the Group's planning process, together with the Chief Financial Officers of the main subsidiaries.

The Group's strategy is communicated, by the adequate means and detail, to all the Employees of the Bank.

Monitoring process

The monitoring and correcting system includes all the control and assessment actions to ensure the permanent effectiveness and adequacy of the internal control system, namely, through the identification of deficiencies in the system - in terms of its design, implementation and/or use.

This process is continuously executed and complemented by independent, periodical and or extraordinary evaluations made by the Internal Audit.

The frequency of the control and assessment actions depend on the nature and magnitude of the risks inherent to the activity carried out and the effectiveness of the associated specific controls.

All internal control identified deficiencies and non-compliance events are duly recorded in a deficiencies data base at Group level, documented, and reported to the appropriate management levels to enable the adoption of correction measures in line with the respective remediation plan. Processes for the follow-up and validation of the measures implemented are established with clear deadlines according to the inherent risk level.

Internal control system governance

The internal control system is supported by a governance model that defines the responsibilities for the assumption of risks by the Business Areas, and ensures an effective follow-up, control and management of the risks assumed, and an independent evaluation of the risk levels assumed as per the Risk Appetite Framework.

The key pillars of the governance model implemented in the Bank are:

- Clear, transparent, and understandable rules are set and communicated to all employees to enable supporting the development of the activity while ensuring an adequate broad and effective internal control system.
- Coherent, clear, and objective definition of the competences and responsibilities of each structure unit and/or function, reporting lines and authority levels, information flows, are communicated across the organization, including an appropriate segregation of potentially conflicting functions or duties, also ensuring that any potential conflict of interests is identified in advance, minimized and subject to an independent and careful monitoring.

- Sufficient and appropriate material and human resources are provided at all levels of the organization for the execution of the responsibilities, activities, and tasks inherent to the internal control system.
- Physical and functional segregation of the business activities and the respective operational and control services, avoiding possible conflict of interests through ensure robust control activities, including regular reviews, physical controls, authorization, verification, and reconciliation.

The Risk Office's activity is essentially focused on ensuring the effective application of the Group's risk management system, namely, by developing, proposing, implementing, and controlling the use of a set of assessment methodologies and metrics, that allow for a correct assessment of the risks arising from the Group's activities, which are documented by internal rules and regulations. It is also responsible for promoting and coordinating the policies and rules applicable to risk management and control at all entities of the Group, with the responsibility of ensuring the global monitoring of risk and the alignment of concepts, practices, and objectives on a consolidated basis. Under this framework, the Risk Office has access to all the sources of information of the Group entities that are necessary for the exercise of the identification, measurement, limitation, monitoring, mitigation and reporting of the various types of risk at consolidated level.

The activity of the Compliance Office is transversal to all Institutions of the Group, in terms of applicable compliance policies, with observance of the legal specificities of each jurisdiction. The Compliance Office has access to the preventive information systems on money laundering and terrorism financing adopted by the different entities of the Group, being equally informed and giving an opinion on all changes to the IT alert systems and the processes for identifying Customers and communication of irregular cases verified in the Group's entities, within the scope of the control of anti money laundering and terrorism financing activities, in order to promote an alignment of systems, methodologies and criteria with those used by BCP.

The Accounting an Consolidation Division and the Research, Planning and ALM Division receive and centralize the financial information of all subsidiaries.

The corporate areas of the Bank, namely the Research, Planning and ALM Division, Accounting and Consolidation Division, the Treasury, Markets and International Division, the Compliance Office, the Risk Office, and the Audit Division ensure the existence of the procedures necessary to obtain all relevant information for the consolidation, accounting and financial information and remaining elements supporting the management, as well as the supervision and control of the risks at Group’s level. These procedures include:

- The definition of the contents, the terms, and the format of the information to be reported by the companies included in the consolidation perimeter of the parent-company, in accordance with the accounting policies and guidelines defined by the management body, as well as the dates when the reporting is required.
- The identification and control of the intra-Group operations.
- Assurance that the relevant accounting and financial information is consistent between the different subsidiaries, so that it is possible to measure and monitor the evolution and profitability shown by each business, verify the compliance with the objectives that have been established, as well as evaluate and control the risks incurred by each entity, both in absolute and relative terms.
- Timely communication of extraordinary events which are relevant in terms of risk for the subsidiary or for the Group.
- A financial information and reporting system that is supported by adequate contingency arrangements.
- Validating and monitoring the implementation of the corrective measures to resolve internal control deficiencies that have a material potential impact.

The Audit Division is responsible for an on-site control function of the internal system, exercising this function transversally on a permanent and independent basis, assessing, always and pursuant to the established plan, the adequacy and effectiveness of the different components of the internal control system, issuing recommendations based on the outcome of those assessments. The Audit Division is informed of the conclusions of the inspection and internal audit actions carried out in each entity of the Group, especially from those that assess the effectiveness and integrity of the entity's internal control system.

Common principles across the Group

To foster Group coherence, and keeping up with local laws and regulations, internal control system’s organizational models similar to that of the Bank are established in the Group’s subsidiaries abroad and in Portugal, by anticipating the existence of an Audit Committee and a Risk Assessment Committee, or equivalent bodies. The local Supervisory Bodies have, in what the internal control system of each entity is concerned, the mission to verify its quality, integrity and effectiveness, as well as to evaluate its coherence and adherence with the internal control system of BCP and the Group.

The Bank's governance model and internal control system is extended to all subsidiaries, in a way which is compatible with their nature, complexity and business model, ensuring the maximum possible level of coherence and alignment:

- The CRO of BCP is responsible for coordinating the risk management system at Group's level through the Risk Officers and the Compliance Officers of each subsidiary.
- The CFO of BCP is responsible for coordinating the financial and accounting information system as well as for the planning process at Group's level.
- There is always at least an Executive Board member of BCP representing the parent company in each subsidiary's Board of Directors, being responsible for monitoring the overall performance of the entity.
- Notwithstanding, to ensure the maximum consistency of the criteria, methods, processes, and models used in all subsidiaries, the CRO of BCP is appointed as a non-executive director of the subsidiary's management body, with supervision functions, being also designated for the subsidiaries' Audit Committee and Risk Assessment Committee when these governance bodies exist.

The Bank, as the Group's parent company, ensure that all subsidiaries implement internal control systems that are coherent with each other, proportionate to the risks undertaken and with the local regulations and legislation in force.

Whistleblowing

The Group has in place and maintains a Whistleblowing Policy and procedures, which are available for staff or any person regardless of their relationship with any entity of the Group to report potential or actual breaches of regulatory or internal requirements, through specific, independent, and autonomous channels.

The Whistleblowing Policy covers eventual or potential irregularities, the acts and omissions, both with malicious intent or negligence, related with management, accounting organization, internal supervision or serious evidence of breaches of duties that, in a serious manner, are susceptible namely of infringe the law, articles of association, the regulations and other rules in effect, endanger, directly or indirectly, the assets of the Customers, of the Bank and of the Shareholders or cause reputational damage to Bank.

The Whistleblowing procedures ensure, among others the protection of the identity and personal data of both the person who reports the breach and the natural person who is allegedly responsible for the breach, through which the Entity shall adopt the highest form of anonymity legally available and that the person reporting the breach is appropriately protected from any negative impact (e.g., retaliation, discrimination or other types of unfair treatment). Any information about irregularities provided through the whistleblowing procedures is analysed by the Audit Committee, supported by the Compliance Office and the Audit Division, ensuring that the potential or actual breaches raised are assessed and escalated, including as appropriate to the relevant competent authorities.

Main Risks and Uncertainties

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Regulatory and legal *	• Demanding and frequently reviewed legislative and regulatory framework, including in areas such as ESG and digital operational resilience (DORA), the Basel III reforms, and bank recovery and resolution with a potential impact on operational processes and compliance with regulatory requirements • High regulatory requirements of an AML/CTF nature and greater complexity of measures arising from international sanctions • Legislator's focus on consumer protection along with a political / social environment that enhances litigation in this matter • Possible impacts of Central Bank Digital Currency (CBDC) on the commercial banking model, e.g. challenges of financial disintermediation and technological adjustment in the fight against cybercrime and AML/CFT.	Medium	⟷	▪ Culture of compliance and anticipation of regulatory and legal requirements ▪ Rigorous and efficient management of capital and liquidity and its implications on the business model ▪ Capital buffer vs regulatory minimum relevant and supported in organic capital generation. Robust liquidity buffers ▪ Assessment of the materiality of environmental factors in the Bank's risks and definition of mitigation measures ▪ Promotion of commercial strategies and solutions that promote the transition to low-carbon production models ▪ Development of more sophisticated AML/CTF models and adoption of practices in compliance with regulatory requirements ▪ Reinforcement of human and technological resources in the internal control areas
Sovereign	▪ International environment with high levels of uncertainty in different geographies, with implications for multiple factors relevant to sovereign risk, involving fiscal and trade pressures, political instability and a possible downward revision of the rating of relevant EU economies ▪ The ECB's monetary policy normalisation process, in particular with regard to interest rates and quantitative easing, still at an early stage ▪ Size of exposure to Portuguese sovereign debt and those of Eurozone countries, Poland and Mozambique ▪ Volatility of credit spreads ▪ Risks of political instability in Portugal and social and political tension in Mozambique	High	⟷	▪ Existence of contingency measures at European and national level, e.g. the ECB's Transmission Protection Instrument (ICT) and the EU's Excessive Deficit Procedure ▪ Diversification of the sovereign debt portfolio ▪ Adoption of hedging measures of portfolio interest rate risk ▪ Relatively small size of the portfolio classified to fair value through other comprehensive income (FVOCI) ▪ Improvement of Portugal's rating and continuity of the reduction process of the share of public debt in GDP ▪ Maturity of public debt portfolios below the benchmark

*Excluding litigation associated with the CHF loan portfolio in Poland

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Operational	▪ Context with a greater propensity for cybersecurity threats and new fraud formats ▪ Growing number of digital Customers and increase in mobile transactions, requiring the maintenance of a high level of availability, security, timeliness and efficiency of the ICT systems (Information and Communication Technologies) ▪ Implications of accelerating automation, integration and digitalization of processes on the operational resilience of the banking sector ▪ Increase in reporting information needs, implying a greater rigour in data quality management and control	Medium	↔	▪ Increased capabilities to protect and mitigate cybersecurity risks ▪ Permanent monitoring of the alignment of the technological development plan with the business strategy ▪ Strengthening the risk culture and strengthening adequate internal control environment awareness, with a focus on the training of Employees and raising awareness / information to Customers ▪ Implementation of a comprehensive technology renewal program ▪ Development of government continuous improvement and Data Quality processes according to the principles of the BCBS239 ▪ Strengthening the structure and mechanisms for the protection of personal data ▪ Strengthening and continuous improvement in the implementation of the DORA Regulation
Credit	▪ Geopolitical conflicts in Eastern Europe and the Middle East and US-China tension, may disrupt energy markets and affect confidence, conditioning global growth, with an impact in particular on customers in the corporate segment ▪ Risk of rising inflation levels and reduced international trade in goods and services as a result of the implementation of import restrictive measures in the G20 economies and especially with the entry into office of the new US Government ▪ Risk of political instability in Portugal and social and political tension in Mozambique ▪ Limitations on access to available and skilled labour can represent a challenge to the business model of Portuguese companies ▪ Impact of transition and physical ESG risk factors on credit and collateral portfolio valuation	High	↓	▪ Positive track record of NPA reduction using different instruments/measures ▪ Adequate level of coverage of the NPE portfolio due to impairments ▪ Impact of the Recovery and Resilience Plan (RRP) on the Portuguese economy ▪ A significant part of the corporate credit portfolio have credit risk mitigants (including with state or multilateral entities' guarantees) ▪ Rigorous approach to loan origination and monitoring, assessment of the most vulnerable sectors and allocation of specific credit strategies as a preventive measure in redit risk assessment ▪ Progessive incorporation of ESG risk drivers into credit and collateral assessment policies ▪ Relatively low volume of exposures to sectors exposed to high climate transition risks factors ▪ Maintenance of impairment overlays to address the uncertainties of macroeconomic scenarios ▪ Proactivity in the monitoring and implementation of credit restructuring solutions, particularly in private individuals ▪ Increase in the weight of the fixed-rate loan portfolio ▪ Increase in the weight of the securitized loan portfolio ▪ Reduction in interest rates expects some relief for economic agents (individuals and companies) with a higher level of financial leverage

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Market	▪ Increased volatility in equity markets driven by global economic uncertainties. ▪ Exchange rate fluctuations due to geopolitical tensions and diverging fiscal measures. ▪ High volatility in traded credit markets amid liquidity constraints and widening credit spreads	Low	↔	▪ Maintaining limited exposure within trading portfolios ▪ Employing hedging strategies for both interest rate and foreign exchange risks. ▪ Prioritizing the placement of lower-risk products with clients. ▪ Conducting regular monitoring of market conditions and adjusting strategies proactively.
Liquidity and Funding	▪ Pressure on the average cost of customer funds and competition from banks and non-banks ▪ Restrictive monetary policy, with systemic impacts, particularly in Mozambique with high minimum reserve requirements, despite its recent reduction in January 2025 ▪ Loss of eligibility of credit portfolios for discount with the ECB	Low	↔	▪ Resources from balance sheet clients, mainly retail, which are decisive in the funding structure and its stability, with wholesale funding needs arising mainly from compliance with MREL requirements ▪ Continued normalization of the ECB's monetary policy, with a reduction in interest rates fostering less competition for resources and a recent reduction in the reserve requirement rate in Mozambique ▪ Continuation of the rigorous management of the loans-to-deposits ratio in Mozambique ▪ Large size of the portfolio of discountable assets with the ECB in the Group's three operations
Litigation associated with the CHF loan portfolio in Poland	▪ High number of court cases against the banking system in Poland and court decisions not favourable to banks	High	↓	mortgage loan portfolio ▪ Maintaining an adequate coverage level of the mortgage loan portfolio in CHF by provisions ▪ Agreements with debtors with mortgage claims in CHF
Pension Fund	▪ Pressure to increase wages, pensions and, consequently, the volume of responsibilities ▪ Portfolio valuation ▪ Possible reduction in actuarial discount rates, reflecting the decline in market interest rates	Medium	↔	liabilities in order to achieve an adequate balance between risk and return ▪ Coverage ratio of the Fund's liabilities by assets above 100% ▪ Review of the management policy of the Defined Benefit Fund, adjusting the structure of the assets to the structure of the liabilities
Real estate and other investments	▪ Uncertainty related with market and regulatory trends related to environmental concerns ▪ Risks related to the value of collaterals for loans and real estate held directly by the Bank ▪ Impact of legislative measures for housing support ▪ Uncertainty about the evolution of sales prices in the real estate market	Low	↓	▪ Positive reduction track record of real estate asset held for sale portfolio ▪ Moderate expectation of entry of new properties as a result of foreclosure proceedings ▪ Impact of Insurance policies on risk mitigation with real estate assets, including climate risks ▪ Reduction of exposure to Corporate Restructuring Funds ▪ Non-material value of real estate and other assets portfolio

Risk	Sources of Risk	Level of Risk	Trend	Interactions/Mitigations
Recurring profitability/ Business Model	▪ Regulatory limitations on interest rates and fees ▪ Impact of economic deterioration on asset values ▪ Pressures on operating costs ▪ New global players and competition from Big Techs and non-banks entities ▪ Reversal of the net interest margin ratio increase cycle ▪ Competitive pressure due to excess liquidity in the market ▪ Reduction in business margin as a result of the strong competition in credit markets ▪ Impact of ESG, transition and physical risk factors, on income from corporate and mortgage loan portfolios ▪ Uncertainty regarding possible legislative measures that may impact the Bank's activity and risk	Medium		▪ Strict net interest margin management ▪ Strict cost structure control ▪ Comfortable capital position of the Bank ▪ Exceeding the Bank's strategic plan objectives for 2024 in 2023 ▪ Update of the Bank's strategic plan ▪ Judicious interest rate risk management

Risk management

Framework

Risk appetite

The BCP Group carries out its business activities in a prudent and sustainable manner, always based on the adequacy and compatibility between the business objectives and the levels of risk tolerance defined in terms of sustainability and profitability, in the long-term.

The Group establishes and implements controls and limits on the material risks to which its activities may be subject, based on its “Risk Appetite Statement” (RAS) which concurs for a standing of prudence and sustainability of the business, in view of its profitability, as well as of the satisfaction of the different stakeholders: Shareholders, Customers and Employees.

The Group RAS is composed by a broad set of indicators of primary importance and representative of the risks assessed as "material" in the formal process of identifying and quantifying risks, which is regularly reviewed. For each of the material risks, the Group selects at least one indicator for its monitoring within the scope of the RAS.

For each RAS indicator, 2 levels of limitation are established: an 'alert level', up to which the level of risk is still considered acceptable, but from which corrective measures must be considered to make the level of risk regress to a comfort level, and a 'level of excess', which may require the definition of action plans with measures aimed at reducing the level of risk within the established limits.

Stemming from the RAS indicators, lower-level indicators (and respective limits) are established, with a higher level of granularity, ensuring a more adequate and detailed monitoring to the risks’ control of business processes. All risk limits are approved by the competent Governance bodies defined in the internal regulations and are periodically reviewed and updated.

For the main Entities of the Group, specific risk appetite indicators (“individual” RAS) are also established. The Group RAS involves indicators for Portugal, including AtivoBank, Poland and Mozambique, some of which are part of the Corporate RAS, which is a set of obligatory metrics for all Entities (but with appropriate limits for each of the operations and structure in question), reflecting the disaggregating of the Group’s risk appetite into the risk appetite of each Entity. Besides the corporative metrics, the RAS of each Entity can include other metrics aiming to measure, for instance, idiosyncratic risks in each geography.

Risk strategy

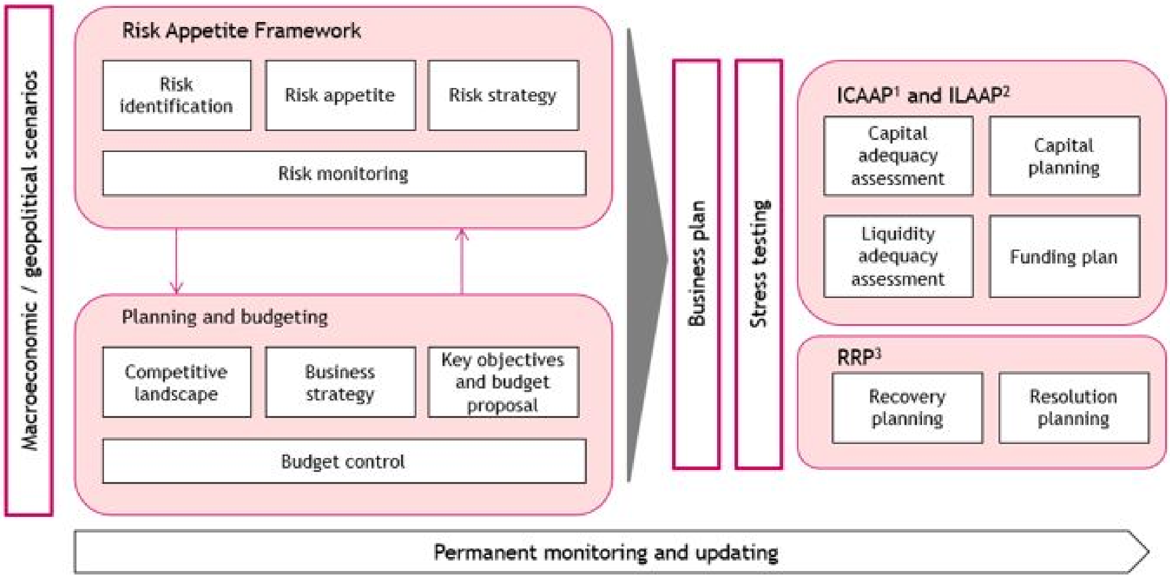
The delimitation of risk appetite, translated into the RAS, is one of the guiding vectors of the Group's "Risk Strategy", which is approved by BCP's Board of Directors, by proposal of the Executive Committee, after opinion of the Risk Assessment Committee. In fact, based on the conclusions of the risk identification and assessment process and the subsequent RAS update, the main lines of action to be developed are established in order to address the mitigation and/or control of all identified risks, which, as a whole, constitute the Group's Risk Strategy. The RAS and the Risk Strategy are inseparable elements to the control and mitigation of the risks classified within the scope of the risk identification process, while also making a relevant contribution to the Group's planning processes, whose projections must respect the risk limits defined in the RAS.

Integration between the business and risk management

The risk appetite framework – which includes the identification of material risks, the RAS and the Risk Strategy – is reviewed quarterly. The RAS and the risk strategy provide the reference framework for the establishment of business objectives, which will have to respect the risk appetite and strategy approved by the Board of Directors.

The planning and risk appetite processes are the foundations for all the activities and business lines developed, also guiding the overall controls on the robustness of the Group, such as the stress tests and the internal processes for assessing the adequacy of Capital (ICAAP) and Liquidity (ILAAP), as well as the Recovery Plan and the activities within the scope of resolution planning.

The following figure summarizes the relationships described above, providing a graphic representation of the integration of risk management within the scope of the business developed by the BCP Group.



1 Internal Capital Adequacy Assessment Process
2 Internal Liquidity Adequacy Assessment Process
3 Recovery and Resolution Planning

Risk management Governance

The composition, capacities and responsibilities of the management and control bodies that intervene in the risk management governance are the following:

Board of Directors

The ultimate body of the BCP Group's risk management structure is the Board of Directors, which, within the scope of the functions assigned to it by the Bank's Articles of Association and by the legislation and regulations in force, has the leading role in the risk management and control structure. The Board of Directors is responsible for defining the Group's global strategic guidelines and overall business objectives, the profile and risk appetite, promoting the risk culture and risk strategy, ensuring that the Bank has effective internal control, reserving for itself the approval of group codes that establish policies, principles, rules and risk limits. The Board of Directors approves and monitors the evolution of metrics and risk indicators translated into the RAS (including the approval of remediation measures in case of breaches to the limits) approves the conclusions of the ICAAP and ILAAP processes, the performance of the Internal Control System, the Recovery Plan and the Funding and Capital Plan.

The Board of Directors is supported in its functions by a set of committees appointed by it (Executive Committee, Risk Assessment Committee, Corporate Governance, Ethics and Sustainability Committee and the Nominations and Remuneration Committee) and also by the Audit Committee, which is appointed by the General Meeting).

It is the responsibility of the Board of Directors to ensure respect for the committees' own and delegated competences, ensuring that they are provided, in a timely and appropriate manner, with all the information and clarifications necessary for the due performance of their respective competences.

Audit Committee

The BoD’s Audit Committee is elected by the Shareholders’ General Meeting and is composed by three to five non-executive Directors, mainly independent. Within its the competences this Committee has global corporate supervising capabilities - e.g., in what concerns financial information, namely risk levels follow-up - as well as those that are attributed within the Internal Control System, namely:

- Overseeing the management activity of the Bank.
- Monitoring the suitability and effectiveness of the Bank's organizational culture, governance models and internal control and risk management systems, including the prevention of money laundering and terrorist financing.
- Monitoring the accounting policies and processes adopted by the Bank, the financial reporting process and submit recommendations aimed at ensuring its integrity.
- Overseeing the performance of the Compliance and Internal Audit functions.
- Supervising and controlling the effectiveness of the risk management system, in conjunction with the Risk Assessment Committee; as well as the internal control system in its different aspects and also the internal audit system itself.
- Issuing an opinion in relation to operations of acquisition of goods and services and involving related parties, aiming to avoid conflicts of interests.
- Analysing the information received through the whistleblowing mechanism and the clients' claims.
- Monitor the activity of the External Auditor and periodically assess its independence and objectivity in the exercise of its activity.

The Audit Committee holds regular meetings with the Heads of the Audit Division, the Risk Office and the Compliance Office.

The Compliance Officer participates in the meetings of this Committee, presenting the evolution of the monitoring of compliance risks, as well as all developments and interactions with regulation/supervision in terms of regulatory compliance.

The Risk Officer participates in this Committee’s regular meetings, reporting on the evolution of the main indicators and metrics concerning risks and credit impairment, as well as on the implementation status of the recommendations that concern the risk management system, issued within the scope of internal control or by the supervisory/regulatory authorities.

The Head of Audit Division reports regularly to the Audit Committee on interactions and the status of the recommendations of the prudential supervision entities, as well as on the audits carried out on the Bank's processes.

Risk Assessment Committee

The Risk Assessment Committee, appointed by the BoD, is composed by three to five non-executive Directors and has the following capacities:

- Evaluate the integrity and adequacy of the Risk Management function, in line with the business strategy, corporate culture and values.
- Advising the BoD on risk appetite and risk strategy, accompanying and intervening in the definition and review of the Group's Risk Appetite Framework and providing an opinion on its adequacy to the BoD.
- Monitoring the evolution of the RAS metrics, verifying their alignment with the defined thresholds and levels and monitoring the action plans designed to ensure compliance with the established risk limits.
- Advising the BoD on the policies regarding the risks' identification, management and control within the Group, monitoring the global risk levels in order to ensure that those are compatible with the goals, the available financial resources and the approved strategies for the development of the Group's activities.
- Oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks to the Group, such as market, credit, operational (including legal, IT and compliance), and reputational risks, in order to assess their adequacy against the approved risk appetite and strategy.
- Monitoring the capital and liquidity planning processes (ICAAP and ILAAP), providing an opinion to the BoD concerning the respective conclusions, as well as analysing and approving the conclusions of the regular follow-up on these processes.
- Monitoring and intervening in the Recovery Plan review, the Liquidity Contingency Plan and the Business Continuity Plans, providing an opinion to the BoD on the respective adequacy.

Within the resolution planning, the Risk Assessment Committee approves its annual work plan and monitors its execution.

The Risk Officer, maintains a functional reporting duty to this Committee and participates in its meetings, presenting the evolution of the key risk metrics and indicators, as well as all incidences, changes and evolutions relative to the Risk Management System (RMS).

Committee for Corporate Governance, Ethics and Sustainability

This Committee, appointed by the Board of Directors, is composed of a minimum of three and a maximum of five non-executive directors.

Amongst other that may be delegated by the Board of Directors, the competences of the Committee for Corporate Governance, Ethics and Sustainability include:

- Recommend the adoption by the Board of Directors of policies, that observe the ethical and professional conduct principles and best corporate governance practices and social responsibility.
- Support the Board of Directors and its Committees in the evaluation of the systems that identify and solve conflicts of interest.
- Assess the compliance function, analysing the procedures in place and the identified non-compliances.
- Issue opinions addressed to the Board of Directors on the Code of Conduct and on other documents defining business ethical principles.
- Every time it deems necessary, submit to the Board of Directors a report on the evaluation and monitoring of the structure, ethical and professional conduct principles and corporate governance practices of the Bank and on the company's compliance with the legal, regulatory and supervisory requirements on these issues.

- Issue an opinion for the Board of Directors on the Annual Corporate Governance Report.
- Issue an opinion on the Annual Sustainability Report, concerning issues for which it is responsible.
- Time it deems necessary, submit to the Board of Directors a proposal on the guidelines for the Company's policies, based on ethical principles and professional conduct that aim to contribute to the pursuit of objectives of social responsibility and sustainability, proposing, in particular, guidelines for the Company's social responsibility and sustainability policies, including, among others, principles and values to safeguard the interests of Shareholders, Investors and other stakeholders in the institution and also principles of social solidarity and environmental protection.
- Issue an opinion on the Group Codes and respective annexes whenever this competence has been delegated to it by the BoD.

Committee for Nominations and Remunerations

This Committee, appointed by the BoD, is composed of a minimum of three and a maximum of five non-executive Directors.

The Board of Directors delegates in the Committee for Nominations and Remunerations the monitoring on issues related with human resources, assessment and composition of the Board of Directors and of its Committees, reviewing the Remuneration Policies of the Directors and Employees, including the Key Function Holders (KFH), and monitoring their respective implementation, in accordance with the powers conferred to it by the law and its own Regulations.

Other functions of this Committee:

- Evaluate the mechanisms and systems implemented to ensure that the remuneration system considers all types of risks and equity, and that the overall remuneration policy is coherent and promotes a sound and efficient risk management and is in line with the Bank’s strategic business plan, objectives, corporate culture and values, risk culture and long-term interests.
- Monitor the existence and implementation of specific policies on recruitment and selection, evaluation of performance, promotion and management of careers, remuneration, training and development of competences, and promotion of gender equality and sustainability.
- Ensure and promote the evaluation process of candidates for members of the Bank's management and supervisory bodies and those responsible for internal control functions (Fit & Proper process) and approve the respective individual and collective final reports.
- Monitor the human resources and staff management policy.

Executive Committee

The Executive Committee (EC) is responsible for the daily management of the Bank aiming to pursue the corporate objectives in compliance with the risk limits approved and defined by the BoD. Particularly regarding the risk management function, the EC is responsible for:

- Implement the Bank's general business strategy and main policies, considering the Bank's long-term financial interests and solvency.
- Implement the global risk strategy approved by the BoD and ensure that management devotes sufficient time to risk issues.
- Ensuring an adequate and effective internal governance model and an internal control framework, including a clear organizational structure and independent internal risk management functions.
- Promote the risk culture across the BCP Group, addressing risk awareness and appropriate risk-taking behaviour.
- Promote a corporate culture and values that foster the ethical and responsible behaviour of employees.
- Promote the development, implementation and maintenance of formal processes for obtaining, producing and processing substantive information, appropriate to the size, nature, scope and complexity of the activities carried out, as well as to the institution's risk appetite, which ensure its reliability, integrity, consistency, integrity, validity, timeliness, accessibility and granularity.

The Executive Committee is supported, to carry out its responsibilities, by several management commissions in a wide range of dimensions: Business Activity; Credit Decisions; Risk and Compliance

Management; Planning, Costs and Investments; Capital Structure and Liquidity Management; Human Resources Management; Operational Resilience and Sustainability. These management commissions can benefit from the presence of one or more internal control function units (Risk Office, Compliance Office and Internal Audit) which ensures timely detection of any potential internal control deficiencies.

The Executive Committee delegates in the Risk Commission, the Compliance and Operations Risk Commission (CORC) and the Operational Resilience Commission, the mission of monitoring the risks the Group is exposed to, as well as the deficiencies identified regarding the internal control system. These commissions are also responsible for monitoring the adoption of corrective measures and the overall progress of open recommendations. Furthermore, the CORC may also evaluate and propose improvements to be introduced to the internal control system.

Risk Commission

This Commission is appointed by the Executive Committee and has the responsibility for defining, at an executive level, the framework and the risk management policies and instruments within the Group, establishing the respective principles, rules, limits and practices for the Group Entities, considering the risk thresholds defined by the Board of Directors.

The Risk Commission monitors the compliance of the group's risk levels with the RAF and monitors the overall risk levels for the various types of risk, ensuring that the risk levels are compatible with the goals, available financial resources and strategies that have been approved for the development of the Group's activity. This Commission also validates the compliance of risk management with the applicable laws and regulations.

This commission is also responsible for decisions on risk models and methodologies (PD, CCF, LGD, ICAAP, model validation, etc.) and for making decisions with impacts on RWA/Expected Loss (EL)/capital requirements (resulting from changes to parameters and/or prudential methodologies) or impairment increases due to changes in the assumptions of the respective model.

Operational risks are dealt with in detail in the Compliance and Operational Risks Commission and IT and Cyber security risks in the Operational Resilience Commission.

Models Monitoring and Validation Sub-commission

The Models Monitoring and Validation Sub-Commission monitors the performance and confirms the validity of the rating systems and models used by the Bank within the scope of its risk management functions (e.g. PD, LGD, CCF, market risk, ICAAP) and informs the Risk Commission on their adequacy. Moreover, it presents the model’s risk management results and suggests improvement measures to increase the model’s performance and adequacy.

Credit and Non-Performing Assets Monitoring Commission

This Commission is appointed by the EC and has the responsibility of monitoring the evolution of credit risk, under various aspects:

- Monitoring of the evolution of the credit exposure and the credit underwriting process.
- Monitoring the evolution of the credit portfolio’s quality and of the main performance and risk indicators.
- Monitor the results achieved by the credit monitoring systems.
- Follow-up the counterparty risk and the largest exposures concentration risk.
- Monitoring the impairment evolution and the main cases of individual analysis.
- Assessment of the recovery procedures performance.
- Monitoring the divestment in the foreclosed assets portfolio.
- Follow-up the execution of operational initiatives to support the Non Performing Assets (NPA) reduction plan.

Pension Funds Risk Monitoring Commission

This Commission is appointed by the EC and has the following competences:

- Assessing the performance and risk level of the Group's Pension Funds in Portugal.
- Establishing, for these, the appropriate investment policies and risk hedging strategies.
- Analyse and deliver an opinion on the adequacy of the actuarial and financial assumptions used for the determination of pension liabilities, based on a baseline analysis and used for the value of the assets that will finance the payment of pension liabilities.
- Issuing an opinion on materially relevant investment decisions.

Compliance and Operational Risks Commission

This Commission, appointed by the EC, has a set of attributions and responsibilities, with a view to ensuring that the Bank's activity and the entities of the BCP Group in each jurisdiction, is carried out within an appropriate framework of risk management culture and internal control, namely, to guarantee and monitor the adoption and compliance, by all the Group's Entities, with the internal and external rules that make up its activity of the relevant contractual commitments and ethical values of the organization, in order to contribute to the mitigation of compliance and operational risks, strengthening the internal control environment, mitigating or eliminating the imputation of sanctions or significant property or reputational damage.

The Commission's competences and monitoring tasks include:

- Monitoring compliance with the regulatory framework and the main deficiencies in preventing and combating money laundering and terrorist financing;
- Propose the adoption of the best technological solutions inherent to the Compliance Office activity;
- Monitoring and reporting on key interactions with Supervisors of the compliance function or legislative news;
- Evaluate the degree of implementation of the rules that regulate the Group's activity, appreciating and deciding on proposals for improvement and changes in the processes to strengthen the internal control environment;
- Promote the dissemination of a culture of operational risk management and compliance, issuing recommendations on procedures for its adoption;
- Assess and decide on proposals for improvement and changes to the processes to strengthen the internal control environment;
- Monitor the Outsourcing and IT risks and respective metrics, based on the conclusions of the monitoring reports, and prepare proposals to adapt them to the risk appetite defined;
- Assess and decide on proposed improvements to strengthen the internal control environment and mitigate operational risk, as well as on Outsourcing proposals and respective exit and improvement plans and changes to the Bank's process management;
- Analyse materially relevant events and assess the proposed mitigation measures with respect to operating losses.

Operational Resilience Commission

This Commission, appointed by the EC, has duties and responsibilities in the scope of monitoring and controlling the information systems risk, information security risk (cybersecurity), governance and data quality, personal data protection risk, and also the business continuity management policy and framework, as well as physical security.

This Commission has the following capacities and responsibilities:

- Definition of guidelines and approval of risk management policies monitored by the Commission;
- Regular review of emerging threats and most relevant trends in terms of data security and information technology, with a particular focus on cybersecurity, and promotion and evaluation of new controls and protection solutions;

- Analysis of periodic reports of security incidents of information systems, governance and data quality and physical security, identifying measures for remediation and improvement;
- Monitoring of performance metrics of information security systems, physical security and protection and data quality;
- Monitoring the implementation of initiatives and projects in the areas of information security and information systems, governance and data quality, physical security and business continuity (global and local);
- Review of security and business continuity assessment results, including internal and external audits and monitoring of improvement processes and closing associated recommendations;
- Approval of the annual plans for security assessment exercises, DRP (Disaster Recovery Plan) and business continuity (PCN), as well as the respective quantitative/qualitative evaluation and monitoring of any associated improvement initiatives;
- Articulation with subsidiaries on the subject of physical security policies, information security, business continuity and protection and data quality.

Sustainability Commission

This Committee is responsible for defining and monitoring the initiatives that ensure the implementation of the Sustainability Master Plan (SMP), in its strategic axes (Environmental, Social and Governance), in accordance with the guidelines defined by the EC.

It has the following attributions and responsibilities:

- To assist the EC in the integration of Sustainability principles (Environmental, Social and Corporate Governance) in the Bank's decision-making and management processes;
- Promote the adequacy of credit risk management processes and the offer of products and services to the evolution of the regulatory context within the scope of Sustainable Finance;
- To assess and approve the initiatives required to implement the actions defined to materialize the strategic axes of the SMP in force, as well as other changes or adaptations necessary to meet the defined objectives;
- To follow-up and monitor the progress of approved initiatives, compliance with the respective deadlines and budgets and the evolution of the results achieved, as well as the key performance indicators of the plan’s dimensions;
- Develop communication actions necessary for the knowledge and dissemination, by the Bank and the market, of the performance in Sustainability matters.

CALCO

The Capital, Assets and Liabilities Management Commission is responsible for the management of the capital, for assets and liabilities management and for the definition of liquidity management strategies at the activity level in Portugal. Specifically, is responsible for the structural management of interest rate and liquidity risks, including, among others, the following aspects:

- Establishment of management guidelines for assets, liabilities and off-balance sheet items.
- Definition of the capital allocation and risk premium policies.
- Definition of transfer pricing policy, in particular with regard to liquidity premiums.
- Monitoring of the capital and liquidity indicators, of the Recovery Plan indicators and of the execution of the Liquidity Plan.
- Definition of policies and strategies to access wholesale funding markets and definition of the liquidity buffer composition.
- Definition of the investment policy of the Investment Portfolio and monitoring of its performance.
- Definition of the types of risk coverage classified as hedge accounting.
- Definition of the strategy and positioning within the scope of the interest rate risk and structural FX risk management, as well as of the respective policies and limits, taking into account the market conditions at any given moment.

Credit Commission

This Commission is appointed by the EC and its functions are to assess and decide on credit granting to Customers of Banco Comercial Português, in accordance with the competences established by internal Credit Granting, Monitoring and Recovery' regulations. This commission may issue advisory opinions on credit proposals from the subsidiary companies of the Group entities.

Risk Office

The Risk Office (ROFF) is the structure unit responsible for the risk control function at Group level, promoting the overall alignment of concepts and procedures concerning risk monitoring and assessment. The ROFF is responsible for informing the Board of Directors, the Executive Committee, the Risk Assessment Committee, and the Risk Commission on the general risk level, for proposing measures to improve the control environment and for the implementation of controls which assure compliance with the approved limits. The ROFF has the following functions:

- Supporting the establishment of risk management policies and methodologies for the identification, measurement, limitation, monitoring, mitigation and reporting of the different types of risk.
- Promoting the revision of the Group's Risk Appetite and the risk identification process.
- Issuing opinions related with the Group Strategic Plan and compliance of the risk management decisions considering the approved RAS limits.
- Participate in the definition of the risk strategy and decisions related with risk management.
- Issuing opinions on the assumption of significant risks by the Bank and its subsidiaries, ensuring they are properly identified and adequately assessed.
- Assist the formulation and implementation of business strategy and internal governance and risk management structures with regard to the climate, social and internal governance (ESG - Environmental, Social and Governance) dimension in the risk management framework;
- Ensure reporting obligations within the scope of ESG risk factors and sustainable financing;
- Coordinating the NPA (non-performing assets) Reduction Plan and of the ICAAP and ILAAP processes.
- Ensuring the existence of a body of rules and procedures, of an effective IT platform and of a database for the robust and complete management of risk.
- Assist the integration of ESG data models into the Bank's IT platforms.
- Controlling, on an ongoing basis, the evolution of the different risks and compliance with the applicable policies, regulations, and limits.
- Participating in the Internal Control System.
- Preparing information relative to risk management, including ESG risk factors for internal and market disclosure.
- Supporting the works of the following Commissions: Risk, NPA Monitoring, Pension Funds Risk Monitoring and participating in the Credit Commission, CALCO, Operational Resilience, Compliance, Operational Risk and Sustainability.

The Risk Officer is appointed by the BoD, and reports to the Group Chief Risk Officer, with a functional reporting duty to the Risk Assessment Committee.

Compliance Office

The Compliance Office (COFF) is part of its organizational structure, construed upon "3 lines of defence model". It ensures the compliance function assigned to the "second line of defence", which includes control and regulatory compliance activities, analysing and advising the corporate bodies and the various Divisions of the Bank prior to the making of decisions that may involve the assumption of specific risks which are monitored by the compliance function.

Furthermore, the COFF has also the mission to:

- Ensure compliance with regulations and the organization's ethical values and fulfilling all the duties conferred on it by law, ensuring the existence of a culture of internal control, thereby helping to mitigate the risk of sanctions or significant damage to assets or reputation being attributed to Group Entities;

- Promote the development, approval, implementation, compliance verification, and periodic updating of the Code of Conduct, as well as any other procedural standards related to the prevention and combating of money laundering and terrorist financing (hereinafter "AML/CFT");
- Ensure compliance with the regulatory framework on the "AML/CFT";
- Cooperate with and monitor the activities carried out within the scope of preventing, detecting and combating fraud, as well as supervising and implementing the governance processes on Group Entities related to the fraud risk management framework;
- Participate in the definition of policies and procedures related with Conflicts of Interest and transactions with Related Parties, following-up their implementation and effective application;
- Ensure the management and controls adequacy of the whistleblowing process, in support of the Audit Committee;
- Provide support to the International Entities in the development of their activities, seeking to normalise their action principles, systems and processes, in compliance with local regulatory specifications;
- Ensure and monitor the application of the regulatory compliance programme relating to the Plan for the Prevention of Risks of Corruption and Related Offences.

The Compliance Officer is appointed by the BoD, reports to the Executive Committee, through the CRO, with a functional reporting duty to the reports directly to the Executive Committee and, functionally, to the Audit Committee, exercising his/her functions in an independent, permanent and effective manner, defining the policies, guidelines and tools that are appropriate for a proactive and preventive risks' assessment.

As a second line of defence structure responsible for compliance risk, for the risks associated with money laundering and the financing of terrorism, as well as fraud, with conduct and market abuse, with conflict of interests and for other risks of an operational nature, the COFF issues decisions, with binding force for its recipients, aiming at the legal and regulatory compliance of the various business and business support areas.

The functions attributed to the COFF are exercised in accordance with the law or with other applicable normative source, as well as by the Bank's corporate bodies, and the performance of the Compliance Office should be based on a risk approach, at the level of the business, Customers and transactions, allowing the identification, assessment, monitoring and control of compliance risks that may influence the strategy, reputation and objectives defined for the Bank.

Within the scope of opinions and the associated analyses produced at request of several Group areas and Divisions, the COFF:

- Identifies and evaluates the various types of risks - both within the scope of the Customer approval process, products and services, corporate processes, conflicts of interest, credit, as well as related parties under the terms of the legislation in force.
- Issues proposals for the correction of processes and risks mitigation.
- Permanently analyses the general supervisory environment and, in general, provides specialised support in matters of control and regulatory compliance.

Within the scope of its specific functions, the COFF also ensures an assessment and intervention in what concerns:

- The control and monitoring of compliance risks.
- The Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT).
- The prevention, monitoring, and combating of internal and external fraud.
- The mitigation of reputation risk at all Group entities, aiming at the alignment of concepts, practices and goals in these matters.

In compliance with the Principle of Coherence of the Group's internal control, the 1st responsible for the Compliance Officer of BCP is also responsible for the follow-up and monitoring of the compliance activities and Policies at Group level, highlighting the follow-up and monitoring of the AML/CFT risk through the International AML/CFT Committees, with the participation of the management and Compliance Bodies of the local units.

The COFF is also responsible for coordinating the process of structuring, drafting and approving the annual self-assessment reports on the effectiveness of the organisational culture and the governance and internal control systems, both individual and consolidated, and on the ML/FT prevention system to be submitted to the Banco de Portugal and the Securities Market Commission, under the terms of the respective Notices and Regulations, and as well for the preparation and submission of reports to the management body, at least once a year, identifying the compliance flaws verified and the recommendations issued for their correction.

The COFF fosters, intervenes and actively participates in the training policy of Employees, namely, through training actions in Compliance, for the entire universe of the Group, maintaining a large knowledge repository for matters of its competence, namely, in what concerns the AML/CFT.

Audit Division

The Audit Division (DAU) provides functions of the third line of defence, under the scope called "Model of the 3 lines of defence" and is responsible for assessing the adequacy and effectiveness of the risk management process, the internal control system and the governance models. DAU performs its function on a permanent and independent basis and in accordance with the internationally accepted principles and best practices of internal auditing, carrying out internal audit inspections to assess the systems and processes of internal control and risk management which can give rise to recommendations aimed at to improve its efficiency and effectiveness.

The main functions of the DAU in the scope of risk management are to ensure that:

- The Risks are properly identified and managed and that the controls implemented are correct, adequate and proportional to the Bank's risks.
- The Bank's internal capital assessment system is adequate in terms of the risk exposure level.
- Transactions are recorded correctly in the systems of the Bank, and the operational and financial information is true, appropriate, material, accurate, reliable and timely.
- The Employees perform their duties in accordance with internal policies, codes of conduct, rules and procedures and with the legislation and other applicable regulations.
- The goods and services necessary for the Bank's activity are purchased economically, are used efficiently and are properly protected.
- The Legal and regulatory provisions with a significant impact on the organization are recognized, properly assimilated, and integrated into the operational processes.
- The Bank's governance model is adequate, effective, and efficient.

The Head of DAU reports hierarchically to the Chairman of the Board of Directors and functionally to Audit Committee, is responsible for the general supervision and coordination of the internal audit activities of the BCP Group subsidiaries and attends the meetings of the Audit Committee of the subsidiaries of the BCP Group.

Main developments and accomplishments in 2024

In 2024, the Risk Management Function maintained the focus on the continuously improving of the Group's risk control framework, permanently monitoring the levels of risk to which the Bank is subject, ensuring compliance with regulatory and supervisory requirements, and keeping the internal regulatory framework for risk control up to date, including climate-related and environmental risk factors.

The most relevant activities developed during 2024 were, synthetically, as follows:

- Monitoring the level of compliance with the risk limits, in particular the RAS, at the consolidated level and of the main entities;
- Preparation of quarterly Risk Assessment Reports updating the perspectives for the evolution of the risks to which the Bank is subject in its activity and the risk strategy to address them;
- Adaptation of processes and procedures to accommodate the new methodologies for determining regulatory capital resulting from CCR3 (Capital Requirements Directive) and regulations/acts resulting from it;
- Completion of the annual ICAAP and ILAAP reports, and regular monitoring of the Group's capital and liquidity adequacy assessment processes;
- Continuous improvement of the internal governance, management, measurement and control of risk at Group level, through the strengthening of credit risk monitoring and the inclusion of climate and environmental risk factors in the global risk management framework and monitoring of its implementation within the scope of the RAS;
- Close monitoring of the financial situation of clients, with the aim of identifying situations potentially affected by the macroeconomic context, anticipating possible difficulties in fulfilling their responsibilities;
- Maintenance of the process of assigning credit strategies to corporate segment costumers, with differentiated review periodicities depending on the level of risk associated with the assigned strategy;
- Implementation of the new Probability of Default (PD) models (Retail, Small/Mid/Large Corporate, Real Estate and Procedural Risk Degrees in Portugal) and the new Master Scale Rating (Portugal and Mozambique);
- Redevelopment and validation of behavioural models to support the process of monitoring interest rate risk in the banking book and strengthening the framework for controlling interest rate risk in the banking book (monitoring of basis risk and Credit Spread Risk);
- Redevelopment of application models for new Retail customers (Individuals and Small Businesses), an activity still in progress;
- Implementation of the new Early Warning Signals (EWS) model for the Corporate segment;
- Review, update and implementation of NPA/NPE reduction plan and exposure to corporate restructuring funds;
- Participation in the CDP – Carbon Disclosure Project and Corporate Sustainability Assessment (S&P Global) questionnaires;
- Climate and Environment materiality assessment update;
- Creation of a new structure unit to monitor sustainability / ESG issues (Studies, Sustainability and Supervision Office), and appointment of the ESG Officer;
- Development, approval and disclosure of the Group's sectoral decarbonization targets (Portfolio Alignment / target setting);
- Carrying out the "Business environment analysis" to assess the short, medium and long-term impact of the "Political, Economic, Societal, Technological, Legal and Environment" dimensions in the Bank's main risk categories;
- Conducting "Capability Assessment" and "Double materiality Assessment" exercises related to ESG factors;
- Participation in the ECB's questionnaire on Targeted Review on ALM Governance & Strategy;
- Preparation of the EBA Market Risk Benchmarking Exercise 2025;

- Participation in the Special Audit on Data Quality promoted by Banco de Portugal;
- Participation in Fit for 55, the EBA's climate stress test exercise;
- Consolidation of a liquidity management framework in the context of resolution planning;
- Participation in the annual liquidity exercise of the SSM/SRB;
- Conducting the 2023 annual Risk Self-Assessment exercise in operational processes (RSA);
- Monitoring and control activities of Outsourcing risk and Information and Communication Technology (ICT) risks;
- Participation in the alignment of the bank's processes with Regulation (EU) 2022/2554 (DORA - Digital Operational Resilience Act);
- Participation in the cybersecurity stress test exercise promoted by the European Central Bank and the Banco de Portugal and in the TIBER systemic test of the Banco de Portugal;
- Participation in the update of the Group's recovery plan for 2024;
- Participation in the preparation of the Strategic Plan for 2025-2028 and in the Plan and Budget for 2025/2027;
- Continuous updating of the regulations of the risk management function at Group level;
- Follow-up of several On-Site Inspections and Deep Dive exercises of the Supervisory Entities.

In 2024, the compliance function maintained its focus on the continuous improvement of the Group's compliance risks' control environment, ensuring, fulfilling regulatory and supervisory requirements and updating the internal regulation's compliance risk management and control framework.

The most relevant activities and initiatives developed during 2024 were, as follows:

- Identification and due diligence, for the appropriate pre-validation, substantive and formal, of the opening and maintenance of entities and accounts and credit operations, in a context of increased risk, with the issuance of successive sanctions packages.
- Examination of operations, with emphasis on the filtering operations process, essential for complying with the sanctions and embargo regimes decreed by the competent national and supranational authorities, and their monitoring, with a view to detecting and preventing potentially irregular situations.
- Control, by improving IT systems and monitoring mechanisms, adapting them to new regulatory requirements and new risk factors, contributing to the effectiveness of the AML/CFT risk management model.
- Communication, adapting governance and processes in order to inform the competent authorities in a timely manner whenever there are suspicions or sufficient reasons to suspect that certain funds or other assets, regardless of the amount involved, come from criminal activities or are related to their financing, in a context of growing risk factors in this area.
- Collaboration with all the supervisory and inspection bodies responsible for the activity of BCP and its Subsidiaries in Portugal.
- Co-operation with Direção-Geral de Política Externa of the Foreign Office and with Gabinete de Planeamento, Estratégia, Avaliação e Relações Internacionais of the Ministry of Finance, ensuring compliance with the regulatory and legal framework on restrictive measures.
- Training, through the fulfilment of a training and communication plan.

This functional perimeter, based on dedicated technological solutions, also provides for the definition and management of risk models according to the evolution of the various competing variables for establishing the scorings to be applied to operations. Also noteworthy is the development of new, more effective and efficient solutions based on automation processes for analysing the risk factors inherent in new account openings and transaction screening, and the effort to update internal rules in order to bring them into line with recent changes in the legislative environment. Of the various initiatives undertaken, we would highlight:

- Strengthening of automated control processes related to the screening of entities and transactions to ensure continuous and timely compliance with sanctions and embargoes imposed by various European and international bodies in a more demanding context.

- Reinforcement of the model of an integrated view of Customers in the business relationship with the Bank and the inherent risk factors, in order to strengthen effectiveness in the fulfilment of AML/CFT duties, mainly identification and diligence, control, examination and communication.
- Strengthening the AML/CFT risk control in the client onboarding process, across different segments, products, services, and jurisdictions involved in business relationships.
- Strengthening AML/CFT risk control in the context of periodic and extraordinary client reviews, across different segments, products, services, and the jurisdictions involved in business relationships.
- Continued development of automatic solutions that promote alignment and cooperation between the Bank's first and second lines of defence in fulfilling the various AML/CFT duties.
- Reinforcement of controls over Correspondent Banks, ensuring a timely periodic review of their AML/CFT practices and policies according to their risk, the assessment of which now includes a set of new risk factors, in compliance with recent regulatory changes and restrictive measures.
- Continuing to strengthen, train and specialise the Compliance Office teams in the various dimensions of PBC/FT.

Still within the scope of AML/CFT activities, the publication of Banco de Portugal's Notice No. 03/2024 is particularly noteworthy. This regulation establishes the new annual reporting format for financial entities under its supervision. BCP adopted this new reporting model promptly and in a timely manner.

With regard to the effectiveness of the internal control system contribution, the role of the Compliance Office in monitoring the implementation of the internal control recommendations should be emphasised, namely through the issuing of periodic reports to the Bank's Management and Supervisory Bodies responsible for monitoring them and participation in a working group aimed at promoting their implementation.

In 2024, promoting a culture of compliance was one of the Bank's important initiatives, both through the normal development of the Training Plan and through communication programmes close to all areas of the Bank, particularly the commercial networks, namely the "100% Compliance", "Expedients", "Know how to do", "Prevention is better" and "Compliance Cases" headings. Through weekly headings addressed to all of the Bank's employees and commercial structures, the aim is to inform, clarify and support employees on the most important aspects to take into account, both in terms of the risk of financial crime and other compliance risks, using simple but informative and educational language. Additionally, it is worth mentioning the ongoing focus on monitoring the update of entity data, with awareness initiatives conducted through regular status updates to the network. Given its priority for the Bank, this topic remains a key area of attention.

As for the most important training activities, we would highlight: the Code of Conduct and the AML/CFT courses for all Bank employees, a set of training programmes to ensure the necessary certifications in the Markets in Financial Instruments Directive (MIFID II) and the sale of insurance on the Bank's networks, among others.

In pursuit of aligning strategies and priorities in the risk management of the Group's Operations, efforts continued to update Group policies, also applicable to International Operations, ensuring that there were no delayed documents and highlighting the adoption of Group policies on the Code of Conduct and Conflicts of Interest.

In addition, the Compliance Office strengthened its monitoring of the activity of the Compliance function in those Operations, implementing a series of initiatives, including:

- Continued efforts to adapt the Group's entities' response capacity to the challenges posed by compliance and regulatory issues, in particular by promoting training programmes for local compliance teams.
- Consolidation of control procedures, particularly on new business relationships and high risk AML/CFT products.
- Monitoring and collaborating in the resolution of control deficiencies identified by external auditors.
- Collaboration in the implementation of new IT platforms to reinforce AML/CFT.

It should be noted that monthly reports analysing the transactions of high-risk customers were issued.

Credit risk

The materialisation of this risk arises from the losses in the loan portfolio, due to the incapacity of borrowers (or their guarantors, when applicable), issuers of securities or contractual counterparts to comply with their credit obligations.

The control and mitigation of this risk are carried out through a solid and reliable structure of risk analysis and assessment, based on internal rating systems suited to the different business segments, through a model for the early detection of potential default of the portfolio, through processes regarding the management and follow-up of the collateral value and through structural units that are exclusively dedicated to credit recovery.

Evolution and breakdown of the loan portfolio

The next table presents the evolution of the Group's portfolio subject to credit risk and counterparty credit risk between December 31, 2023, and December 31, 2024, in terms of EAD (Exposure at Default) (*), in the three main geographies in which the Group operates - Portugal, Poland and Mozambique - which represented the Group's total EAD by December 31, 2024.

(million euros)

Geography	Dec. 24	Dec. 23	Change	
			Amount	%
Portugal	65,656	62,585	3,071	4.9%
Poland	30,549	26,730	3,819	14.3%
Mozambique	2,811	2,466	345	14.0%
TOTAL	**99,016**	**91,781**	**7,235**	**7.9%**

* The EAD represents the expected exposure if the customer defaults. For commitments and financial guarantees, the value of the EAD will consider both the amount of credit used and the expectation of future potential value that may be used in accordance with the agreement.

Without impairment deduction to the exposures treated prudentially under the Standardized Approach (STD) and including all risk classes (i.e. besides credit to Customers, debt positions from Sovereign entities and Institutions are included).

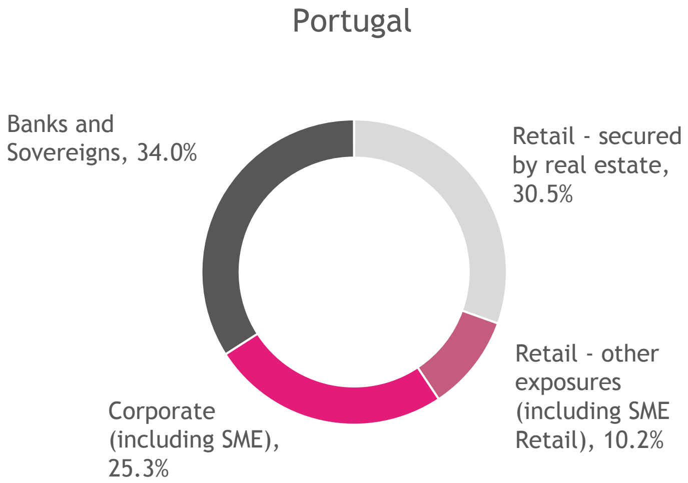
Considering the position on December 31, 2023, as a basis for comparison, the Group's loan portfolio, measured in euros (EUR), registered an increase of 7.9% during 2024, exceeding the 4.1% growth observed in 2023. This evolution is explained by growth across all geographies, with particular emphasis on the relative variation recorded in Poland.

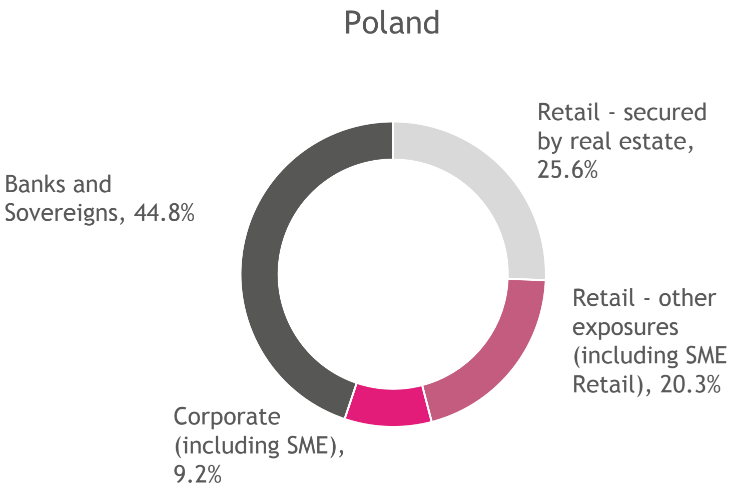
The increase in the portfolio in Portugal is associated with the growth in Sovereign and Institutional exposures and the retail portfolio, offsetting the decrease in the Corporate segments and deposits segments at Banco de Portugal. In addition to this factor, it is worth noting the decrease in the NPE portfolio in Portugal by EUR 134 million (circa 12.1% of reduction) during 2024.

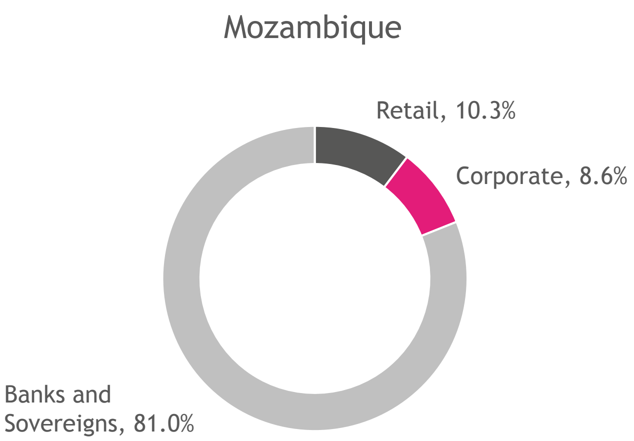
In Poland's loan portfolio there was an increase of 14.3%, measured in euros, largely explained by the increase in Sovereign and Institutional exposures, which amounted to approximately EUR 2.8 billion, along with a growth in credit exposure to Corporate and Retail credit, which amounted to 1 billion euros.

Regarding Mozambique, there was a 14% increase in the loan portfolio, measured in euros, mainly due to the growth in exposure to the Banco de Moçambique.

The portfolio composition by risk classes is illustrated by the following graphs, on December 31, 2024:







In what concerns the structure of portfolios by counterparty segment, in Portugal the most significant portion continues to be assumed by the retail segment with 40.7% of the total, 2/3 of which relates to exposures benefiting from mortgages. The Corporate segment has a weighting of around 25.3%, slightly lower than at the end of 2023, highlighting the increase in the weight of the Banks and Sovereigns segment, which recorded an increase in its representativity to a level close to 34%, from a weight of 30.8% on December 31, 2023.

In Poland we highlight the Retail segment, with a weight of 45.9%, observing a decrease in the weight of exposures collateralized by mortgage guarantee to 25.6%, observed mainly in the CHF loan portfolio, a slight increase in the representativeness of the Corporate segment and an increase in the Banks and Sovereigns component, ending 2024 with weightings of 9.2% and 44.8%, respectively.

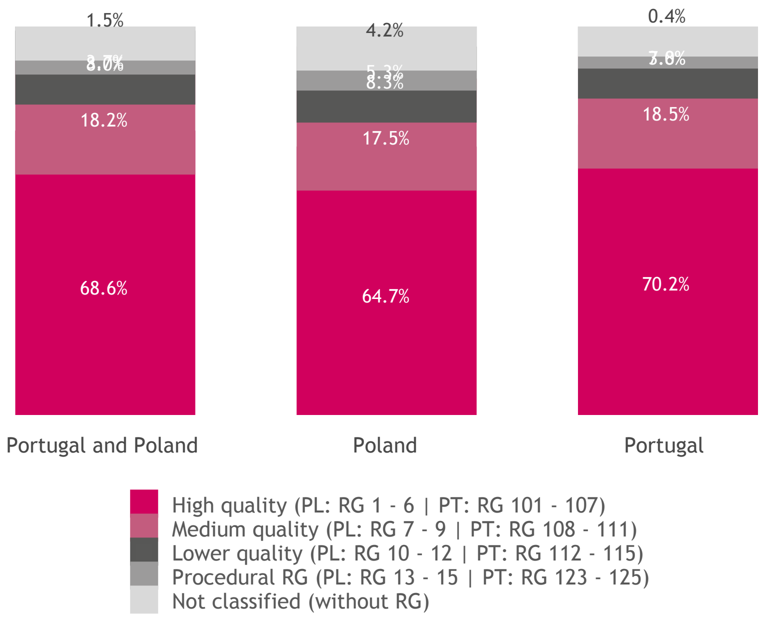
Regarding Mozambique, the weight of the Banks and Sovereigns segment is significant, amounting to 81% of the portfolio. In turn, the Corporate and Retail segments assumed a representativity of 8.6% and 10.3%, respectively, with a 1.8 percentage point reduction in the weight of the Corporate segment and a 0.9 percentage point increase in the Retail segment.

The Bank has performed the regular update of the sectors considered to be the most vulnerable in Portugal, taking into account the evolution of the prevailing environment, characterized by multiple geopolitical conflicts, instability in several relevant European countries, namely with uncertainties from the political point of view, a more modest level of economic growth and budgetary pressures, as well as any changes resulting from the change of leadership in the United States, namely with regard to measures affecting international trade.

Probability of Default (PD) and Loss Given Default (LGD)

The main parameters for credit risk assessment, used in the calculation of Risk Weighted Assets (RWA) within the scope of the Internal Ratings Based method (IRB) - the Probability of Default (PD) and the Loss Given Default (LGD) – assigned to the portfolio's credit operations, have been registering a continuous positive evolution, reflecting a clear trend of improvement in the portfolio's quality.

The following graph illustrates the distribution of the portfolio amounts, in terms of Exposure at Default (EAD) by the risk grades (internal ratings) attributed to the holders of credit positions in Portugal and Poland, on December 31, 2024. These risk grades (RG) are defined on an internal scale (the Rating Master Scale), with 18 grades in Portugal and 15 grades in Poland, corresponding to different levels of debtors' PD. Risk grades 123 to 125 in Portugal and 13 to 15 in Poland are called "procedural" and correspond to problematic credit; RG 125 in Portugal and 15 in Poland corresponds to the Default status.



As shown in the above chart, the weight of the EAD corresponding to medium and higher quality risk grades, for the two geographies in consideration, represented 86.8% of total EAD at December 31, 2024, mainly as a result of developments in Portugal (from 83.1% to 88.7%). This weighting compares with year-on-year weights of 82.9%, 82.3%, 80.9% and 80.7% at the end of 2023, 2022, 2021 and 2020, respectively, reflecting a consistently favourable evolution. The weight of higher quality risk grades grew in Portugal from 64.2% to 70.2%, while in Poland the weight of this segment fell slightly to 64.7%.

Regarding the weight of exposure in the set of the two geographies corresponding to customers with procedural risk grades, it reached 3.7% on December 31, 2024, maintaining the downward trend in previous years: 4% (2023), 4.2% (2022), 4.8% (2021) and 5.9% (2020). In the case of Portugal, the trend of reduction is faster: 3% (2024), 3.2% (2023), 3.7% (2022), 4.7% (2021) and 6.1% (2020).

Regarding the LGD parameters, representative of expected losses in case of Default and which, to a good extent, reflect not only the efficiency of credit recovery according to the different types of credit segments/products, but also the collateralization levels of credit operations, the following table shows the respective average values for Portugal (weighted by EAD) at the end of 2024 and 2023:

	Mortgages	SME Retail	Retail (other)	Real Estate Promotion	SME Corporate	Corporate	GLOBAL AVERAGE
2024	15.9%	28.1%	27.7%	26.2%	38.6%	37.8%	24.1%
2023	15.8%	31.9%	31.2%	26.5%	38.2%	37.4%	24.5%

The LGD parameters improving overall, with the exception of the Corporate, SME Corporate and Mortgage segments, which saw marginal increases.

It should also be noted that around 22% of the corporate loan portfolio in Portugal benefits from guarantees issued by various entities (Mutual Guarantee Societies; European Investment Fund and European Investment Bank), which provide an additional level of protection in the event of default.

In Poland too, part of the corporate loan portfolio benefits from this type of guarantor (around 20%).

Main credit risk indicators

The following chart presents the quarterly evolution of the main credit risk indicators, between 31/12/2023 and December 31, 2024, for the Group and the portfolios of Portugal, Poland and Mozambique:

	Dec 24	Sep 24	Jun 24	Mar 24	Dec 23
CONSOLIDATED					
NPE/Gross credit	**3.2 %**	3.4 %	3.4 %	3.4 %	3.4 %
NPL > 90 days / Gross credit	**0.9 %**	0.9 %	0.9 %	0.9 %	0.9 %
Past due credit / Gross credit	**1.1 %**	1.1 %	1.1 %	1.1 %	1.1 %
Impairment / Gross credit	**2.6 %**	2.7 %	2.8 %	2.8 %	2.8 %
PORTUGAL					
NPE/Gross credit	**2.5 %**	2.7 %	2.9 %	2.8 %	2.9 %
NPL > 90 days / Gross credit	**0.5 %**	0.6 %	0.5 %	0.5 %	0.5 %
Past due credit / Gross credit	**0.6 %**	0.6 %	0.6 %	0.6 %	0.6 %
Impairment / Gross credit	**2.3 %**	2.4 %	2.5 %	2.5 %	2.6 %
POLAND					
NPE/Gross credit	**4.5 %**	4.7 %	4.6 %	4.7 %	4.6 %
NPL > 90 days / Gross credit	**1.6 %**	1.6 %	1.6 %	1.7 %	1.6 %
Past due credit / Gross credit	**2.1 %**	2.1 %	2.1 %	2.2 %	2.1 %
Impairment / Gross credit	**3.2 %**	3.3 %	3.4 %	3.4 %	3.3 %
MOZAMBIQUE					
NPE/Gross credit	**5.0 %**	5.1 %	5.4 %	5.1 %	5.3 %
NPL > 90 days / Gross credit	**2.8 %**	2.8 %	2.9 %	2.8 %	2.9 %
Past due credit / Gross credit	**2.9 %**	3.9 %	3.1 %	2.9 %	3.1 %
Impairment / Gross credit	**4.1 %**	4.2 %	4.3 %	4.3 %	4.3 %

Gross credit = Direct credit to clients, including credit operations represented by securities, before impairment and fair value adjustments. NPE include loans to Customers only.

The evolution of the credit risk indicators during 2024 was favourable at consolidated level, particularly in Portugal. Overall, the evolution is positive, as shown by the 'NPE/Gross Credit' ratio, with a reduction of 0.2 percentage points at consolidated level and 0.4 percentage points in Portugal between December 2023 and December 2024. The overdue loans and 90-day overdue loans to gross loans indicators remained close to the values of December 2023, with these indicators registering values of 0.9% and 1.1% at consolidated level and 0.5% and 0.6% in Portugal.

The positive dynamics of these ratios are the result of the effort in recent years to reduce loans classified as non-performing.

The low value of the overdue credit ratio in Portugal (0.6%) when compared to the NPE ratio (2.5%) shows that a very significant part of the NPE´s portfolio is associated with "unlikeness to pay" situations".

It should also be noted that between the end of 2023 and 2024, the consolidated 'Impairment/Gross Credit' ratio decreased marginally by 0.2 percentage points.

In Poland, there was a slightly reduction of 0.1 percentage points in the 'NPE/Gross Credit' indicator, a maintenance of the ‘Past due 90 days/Gross Credit' and 'Past Due/Gross Credit' ratios and a slight decrease of 0.1 percentage points in the 'Impairment/Gross Credit' ratio.

Despite the persistence of an increasingly challenging economic and financial environment, the operation in Mozambique recorded a reduction in the NPE/Gross Credit ratio by 0.3 percentage points and an improvement in the other credit risk indicators during 2024, as a result of a prudent policy for granting new loans.

NPA Reduction Plan

The implementation of the Group's NPA (non-performing assets) Reduction Plan remained a priority throughout 2024, in its two components - problem loans (NPE-non performing exposures) and assets received in credit repayment (FA-foreclosed assets) - focusing mainly on the NPE loan portfolios and FA properties held for sale in Portugal.

The NPA Reduction Plan is framed by a specific governance model and a robust management framework, based on specialized credit recovery areas and systematized recovery strategies - both resulting from automatic analysis and decision models (for Retail) and based on the relationship of the recovery managers with their Corporate Clients, with tailor-made solutions. In order to respond to the challenges posed by changes in the business environment, particularly the impact resulting from a challenging geopolitical backdrop and increased financing costs for customers, the Bank has been developing and strengthening the methodologies and installed capacity of the monitoring and recovery areas, in order to ensure adequate monitoring of the most potentially impacted exposures and to minimize expected losses.

The FA management is based on a specialized structure, privileging circuits and procedures oriented towards the speed of the reception-preparation-sale cycle and the enhancement of the properties' values, in order to facilitate the sale of these assets.

The NPA Reduction Plan is supported by a set of operational initiatives designed with the objective of promoting an increasing effectiveness in the management of credit processes and foreclosed assets.

The fulfilment of the reduction targets of each area involved in the reduction of NPA is measured on a monthly basis and reported to senior management, namely to the Credit and Non-performing Assets Commission.

The following table presents the evolution of NPE volumes between December 31, 2023 and December 31, 2024, for the Group and for Portugal:

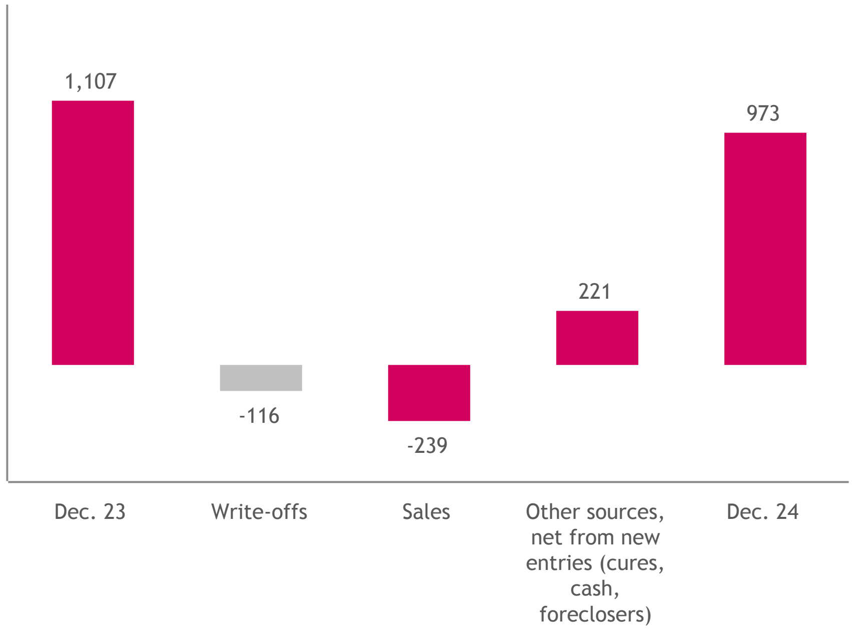
(Million euros)

	Dec 24	Sep 24	Jun 24	Mar 24	Dec 23
CONSOLIDATED	**1,825**	1,933	1,965	1,950	1,952
Change (Semester/Year)	-127		14		-76
PORTUGAL	**973**	1,045	1,109	1,087	1,107
Change (Semester/Year)	-134		3		-100

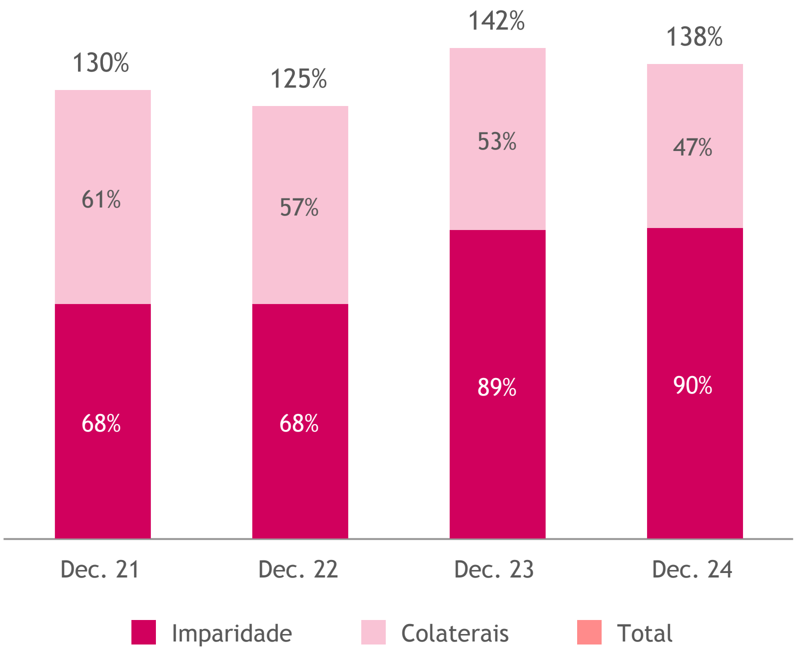
Comparing the size of the exposure of Customers classified as NPE at the end of 2024 with that seen at the end of 2023, we see a positive evolution, with a reduction of EUR 127 million at consolidated level and EUR 134 million in the activity in Portugal, which corresponds to a contraction of 6.5% and 12.1%, respectively. This result reflects the continued success achieved over the last few years in identifying and implementing solutions to reduce the non-productive assets.

With regard to the type of operations that explain the reduction in NPEs in Portugal in 2024, the following graph highlights the contribution of loan sales, whose gross value amounted to €239 million, and write offs, which amounted to EUR 116 million. The combined effect of the other sources of NPE reduction and new entries had an impact of EUR 221 million, with the universe of customers classified as NPE in 2024 being made up essentially of small corporate cases.

(million euros)



The following graph, which refers to domestic developments, shows that the reduction in NPEs was accompanied by an increase in the coverage ratio of the NPE portfolio by impairment to 90%. It is also possible to see a decrease of four percentage points in the degree of total coverage (impairments + collateral) to 138% at the end of 2024, with a reduction in the weight of collateral coverage to 47%.



The trend observed in 2024 regarding assets on the balance sheet resulting from credits repayment (foreclosed assets - FA) was favourable, as shown in the following table, which presents the evolution of the total stock of FA in Portugal and its breakdown into the different types of assets, as well as the aggregate value of assets of this nature of subsidiaries abroad (amounts before impairment):

(Million euros)

	Dec. 24	Dec. 23	Dec. 22	Dec. 21
Real estate properties	92	169	262	565
Real estate Funds and companies	55	75	182	205
Other assets (non-Real estate)	54	57	73	81
SUB-TOTAL - Portugal	**201**	**300**	**517**	**851**
Other geographies Foreclosed Assets	64	57	65	65
GROUP TOTAL	**265**	**357**	**582**	**916**

Compared to the position at the end of 2023, there was a 25.7% reduction in the FA portfolio. The overall reduction in Portugal amounted to EUR 99 million, explained by the reduction in the Real estate properties and Real estate Funds Companies components, which amounted to EUR 77 million and EUR 20 million, respectively.

This year, the reduction in the stock of real estate assets by a gross amount of EUR 97 million (approximately 33% of the portfolio) should be highlighted, supported by a strong sales dynamic and relatively low volumes of new entries. This trend is explained by the decrease in the size of the NPE credit portfolio, the sale of credit portfolios to companies with real estate collateral, and the effective functioning of judicial sales mechanisms to third parties. The assets received in 2024 amounted to approximately EUR 16 million, with a higher proportion of non-residential assets.

It is also important to highlight that the reduction in the gross value of the foreclosed assets portfolio was accompanied by an increase in its coverage level through impairments, with the coverage ratio rising from 46% in December 2023 to 53% in December 2024. As a result, the net value of this portfolio, after impairments, represents only EUR 163 million at the consolidated level and EUR 123 million in Portugal.

Credit concentration risk

The following chart presents the weights, in total exposure, of the Group's 20 largest performing exposures (non-NPE), as at December 31, 2024, in terms of EAD and using the concept of "Groups of Clients/Corporate Groups", excluding the risk classes of "Banks and Sovereigns":

	Dec. 24	Dec. 23
Client Groups	**Exposure weight in total (EAD)**	**Exposure weight in total (EAD)**
Client group 1	0.7%	0.9%
Client group 2	0.5%	0.8%
Client group 3	0.5%	0.5%
Client group 4	0.4%	0.4%
Client group 5	0.3%	0.3%
Client group 6	0.3%	0.3%
Client group 7	0.2%	0.3%
Client group 8	0.2%	0.3%
Client group 9	0.2%	0.3%
Client group 10	0.2%	0.2%
Client group 11	0.2%	0.2%
Client group 12	0.2%	0.2%
Client group 13	0.2%	0.2%
Client group 14	0.2%	0.2%
Client group 15	0.2%	0.2%
Client group 16	0.1%	0.2%
Client group 17	0.1%	0.2%
Client group 18	0.1%	0.1%
Client group 19	0.1%	0.1%
Client group 20	0.1%	0.1%
Total	**5.0%**	**6.0%**

Overall, the 20 largest productive exposures represented 5.0% of total EAD on December 31, 2024, compared with a weight of 6% on December 31, 2023. Hence, there was a decrease in the concentration of credit in the 20 largest productive exposures, measured in terms of EAD.

It should be noted that, in addition to complying with the regulatory limits on Large Exposures, the Group defines specific objectives for controlling credit concentration, materialized into RAS metrics. Furthermore, other indicators are periodically monitored for various types of credit concentration: single-name, by sectors of activity, by country, for Institutions and for Sovereign risks.

Operational risk

Operational risk materializes in the occurrence of losses resulting from failures or inadequacies of internal processes, systems or people, or resulting from external events.

In the management of this type of risk, the Group adopts duly documented principles and practices, promoting the continued improvement of the control environment. This framework has a variety of features, such as: functions segregation, definitions for lines of responsibility and respective authorisations' levels, tolerance limits for exposure to risks, appropriate internal regulations' framework (including ethical codes and codes of conduct), risks self-assessment (RSA) exercises, assessment and monitoring of the risks over technological assets, information security and Outsourcing, key risk indicators (KRI), access controls (physical and logical), reconciliation activities, exception reports, loss events data capture, a structured process for new products and services approval, contingency plans, contracting of insurance (for the total or partial transfer of risk), follow-up of the Bank's outsourcing contracts and internal training on processes, products and systems.

The operational risk management framework encompasses the three relevant Group geographies – Portugal, Poland and Mozambique – and the operational risk management system adopts the 3 lines of defence model, based on an end-to-end processes' structure. Each geography adapts its own processes' structure, which is regularly reviewed/updated. This approach, transversal to the functional units of the organisational structure, is appropriate for the perception of risks and to implement the corrective measures for their mitigation. Furthermore, this processes' structures also support other initiatives, such as the actions to improve operating efficiency and the management of business continuity.

The responsibility for the day-to-day management of operational risk lies with the 1st line of defence, with special relevance of the operations' areas and the process owners (seconded by process managers), whose mission - beyond the management of their processes' effectiveness and efficiency - is to characterise the operational losses captured under their processes, to monitor the respective KRI, to perform the RSA exercises, as well as to identify and implement appropriate actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment.

Operational Risks Self-assessment (RSA)

The RSA exercises are based on workshops, attended by the Risk Office and with the participation of the process owners (and process managers), or performed through answers to questionnaires sent to the process owners, for a review of previous RSA results, according to predefined updating criteria.

The aim of the RSA exercises is to promote the identification and mitigation (or elimination) of risks, either actual or potential, in each process, through the assessment of each of the 20 subtypes of operational risk considered:

R1 Internal fraud and theft	R11 Monitoring and reporting errors
R2 Execution of unauthorised transactions	R12 Customer related errors
R3 Employee relations	R13 Products or services flaws/errors
R4 Issues of workplace health & safety	R14 External fraud and theft
R5 Discrimination over employees	R15 Property and disasters risks
R6 Loss of key staff	R16 Regulatory and tax risks
R7 Hardware and Software	R17 Inappropriate market and business practices
R8 Communications infrastructure	R18 Project risks
R9 Systems security	R19 Outsourcing related problems
R10 Transaction, capture, execution & maintenance	R20 Other third parties' related problems

The assessments are positioned in a risk tolerance matrix, considering the 'worst-case event' that might occur in each process, for three different scenarios: Inherent Risk (without considering the existing/ implemented controls), Residual Risk (considering the existing/implemented controls) and Target Risk (the desirable risk level). These exercises are typically carried out in the second half of each year.

The 2024 RSA exercise for operational risk processes incorporated:

- The results of the last Information and Communication Technology (ICT) 2022 RSA, as input information to process owners, regarding 3 of the 20 risks assessed (R7/R8/R9). The ICT risks RSA was made over 172 critical technological assets – hardware, software and communication lines and infrastructures – under 3 evaluation dimensions: availability/integrity/confidentiality;

- The input stemming from the CORPE (Compliance and Operational Risk Process Evaluation) factors, which introduce and highlight operational risk components that result from the compliance and internal control status of the processes;
- With the Process Owners' assessment of the relevance of the most severe information security scenarios, resulting from the self-assessment exercise carried out by the Information Security Division (DSI) over identified risk scenarios (vulnerabilities/threats).

In 2024, the results of the RSA covering the operational processes of Portugal, Poland and Mozambique, for the 20 risk sub-types assessed, point to moderate operational risk levels. In Portugal, on a total of 2700 risks assessed, only 20 residual risks were classified as medium or high (score of 3 or 4, in a scale of 0 to 5, in which 0 = risk not applicable and 5 = catastrophic risk). In Poland and Mozambique, the number of medium/high residual risks was of, respectively, 52 (out of 2000 risks assessed) and 28 (out of 760 risks assessed).

Operational losses capture

The operational losses data capture (i.e. the identification, registration and typification) of operational losses and of the originating events aims at the strengthening of the awareness to this risk and to provide relevant information for process owners to incorporate within their process management. As such, it is an important instrument to assess risk exposures as well as for a generic validation of the RSA results.

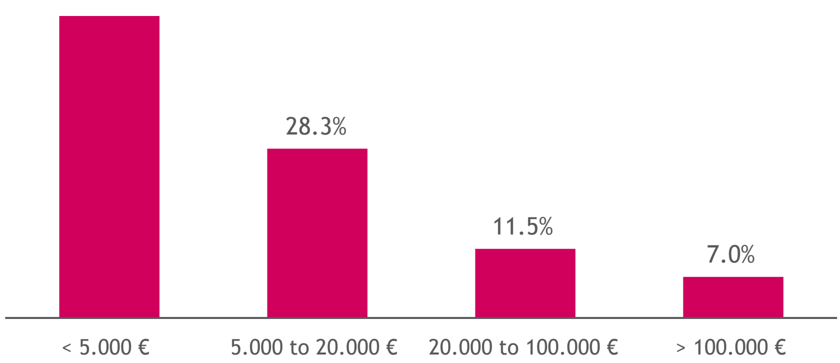
The detection and reporting of operational losses is a responsibility of all Employees of the Group, the process owners playing a crucial role in the promotion of these procedures within the context of the processes for which they are responsible.

The identified events in which the losses, effective or potential, exceed the defined materiality limits (for each geographical area) are characterised by the process owners and process managers of the processes to which the losses are related, including the description of the respective cause-effect and, when applicable, the valuation of the loss and the description of the improvement action identified to mitigate the risk (based on the analysis of the loss cause). For losses of amounts exceeding certain thresholds, “Lessons Learned” reports are presented to and discussed at the specialised Compliance and Operational Risks Commission). The lessons learned reports include an action plan to mitigate the risks that led to the losses, where appropriate.

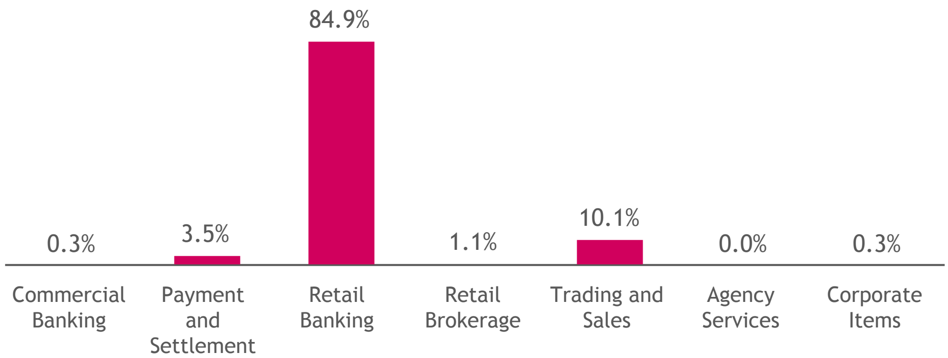
The following graphs present the profile of the losses captured in the respective database in 2023:

LOSSES AMOUNTS DISTRIBUTION
By cause

LOSSES AMOUNTS DISTRIBUTION
# of events by amount range



LOSSES AMOUNTS DISTRIBUTION
By business line



Regarding the distribution of losses by cause - which does not include the increments in losses registered in 2024 related to legal cases of mortgage credits in foreign currency of Bank Millennium (Poland) - it can be seen that the weight of losses related to 'External risks' and 'Risks of persons' (related, essentially, to external and internal fraud, respectively) is around 40.2%, which compares favourably with the weight of these categories in 2023 (72.5%), a year particularly influenced by the weight of external fraud related to credit operations in Poland and Mozambique.

Regarding the distribution of losses by amount class (in number of losses), there was an increase in the weight of smaller events compared to 2023 (39.7% in 2023).

Finally, in relation to the distribution of losses by segment of banking activity, the weight of losses in 'Retail banking' increased from 2023 (which was of 69.9%). The weight of losses on the 'Trading and sales' segment also increased compared to 2023 (it was of 8.3% in that year), while the weight of losses in the 'Payments and settlements' and 'Intermediation in the retail portfolio' segments decreased compared to the previous year (13.0% and 7.5%, respectively).

Key risk indicators (KRI)

KRI provide alerts concerning changes in the profile of the operational risks or in the effectiveness of controls, thus enabling to identify the need to introduce corrective actions within the processes, in order to prevent potential risks from materialising into losses. These indicators currently encompass all processes in the main Group operations (Portugal, Poland and Mozambique).

Processes management also uses Key Performance Indicators (KPI) and Key Control Indicators (KCI), the monitoring of which, even if oriented towards the assessment of operative efficiency, also contributes for the detection of risks.

Business continuity management

In 2024, in Portugal, the Bank continued its project to renew and globally revamp the Business Continuity Management System (SGCN), with the aim of simplifying and optimizing its operational and governance models. The implementation of the initiatives planned within the project has been completed and the SGCN is now in its natural cycle of maintenance and continuous improvement. This includes the annual activities of reviewing and updating:

- of the Business Impact Analysis (BIA) - focused on support processes and resources (people, technology and communications, service providers and suppliers;
- of the Risks Impact Analysis (RIA) and the identification of needs for elimination and/or mitigation of the risk associated with the recovery capacities and
- of the continuity strategies and solutions (and consequent updating of the Business Continuity Plans).

Also noteworthy are the following activities within the scope of the SGCN, in Portugal, developed in 2024:

- the incorporation of the lessons and implementation of the opportunities for improvement identified following the Cyber Resilience Stress Test (CRST) promoted by the European Central Bank in the first quarter of 2024, as well as the domestic equivalent exercise promoted by Banco de Portugal (under a systemic risk approach) and
- the integration of requirements of the Digital Operational Resilience Act (DORA), directly or indirectly related to Business Continuity Management.

Insurance contracting

The contracting of insurance for risks related to assets, persons or third-party liability is another important instrument in the management of operational risk, where the objective is the transfer - total or partial - of risks.

The proposals for the contracting of new insurance are submitted by the process owners under their respective duties for the management of the operational risk inherent to their processes, or are presented by the head of area or organic unit, and then analysed by the Compliance and Operational Risks Commission and approved by the EC.

Legal, Compliance, Conduct and Financial Crime risks

Banco Comercial Português´s activity is governed by operating principles and rules that ensure a good conduct, following the best international practices and adopting the appropriate measures in terms of preventing compliance and conduct risks. With the purpose of permanently adapt its internal practices to the best market practices, to the evolution of Banking activity, and to society as a whole, the Bank regularly reviews its internal regulations and procedures to safeguard that the conduct of its Employees is always guided by highest ethical principles, of satisfaction and protection of the interests of the client and the Bank, in the pursuit of sustainable profitability. The Compliance Office strengthened the monitoring of the Bank's activity and internal conduct, by implementing a system for monitoring potential situations of conflicts of interest, covering various aspects of this issue such as operations with related parties, credit operations, development of extra-professional activities and the receipt of gifts by Employees.

To comply with the relevant legal and regulatory norms related with Anti Money Laundering and Counter Terrorism Financing (AML/CFT), as well as to safeguard the compliance with best international practices on this matter, the Bank has a set of policies, procedures and systems that ensure an effective control of the financial crime risk prevention, also ensuring an operational model that allows the Bank to identify, assess and mitigate the potential risks inherent to the activity of its Clients, non-Clients and business relationships established with one or the other.

The impact and relevance of this risk in the Banking activity developed, compels the Bank to address this risk in multiple dimensions and on a continuous basis, whether in the establishment of new business relationships or in the continuous evaluation of an already established business relationship. Through a risk-based approach (RBA) for the assessment and monitoring of its business relationships or occasional transactions execution, the Bank complies with all the required duties enshrined in Law no. 83/2017, of 18 of August, like for example, due diligence, abstention, refusal or communication.

For an effective and efficient AML/CFT activity, the Bank defines a set of policies and procedures that are supported by a wide range of information systems, of which it is worth highlighting:

- Business Relations monitoring and alerts system;
- Financial transactions monitoring system;
- Entity filtering system;
- New Business relationships validation system;
- External information platforms.

Pursuing the continuous improvement of the internal control processes, these risks' management system was enhanced along 2024, to enable the Bank to respond adequately to the demands of the future Banking business with origin in market dynamics changes and regulation evolution. From the set of initiatives, it is worth mentioning the following:

- The continued strengthening, training and specialization of the Compliance Office teams within the scope of AML/CFT model, in its various dimensions;
- The key legislative and regulatory highlights focus on the publication of Banco de Portugal's Notice No. 03/2024, which establishes the new annual reporting format for financial entities under its supervision in AML/CFT matters. Additionally, attention is given to legislative packages stemming from Russia's invasion of Ukraine, due to the ongoing implementation of sanctions and embargoes, as well as measures aimed at preventing new and emerging AML/CFT risks;
- As a result of the establishment of the referred sanctions and embargoes, development of enhanced controls to identify transactions and risk entities, ensuring compliance with restrictive measures.
- Reinforcement of the model of an integrated view of Customers in the business relationship with the Bank and the inherent risk factors, in order to strengthen effectiveness in the fulfilment of AML/CFT duties, mainly identification and diligence, control, examination and communication;
- Continued development of automatic solutions that promote alignment and cooperation between the Bank's first and second lines of defence in fulfilling the various AML/CFT duties;
- Changes to the internal rules governing the approval of new products, including the concept of "grouped approval" for Investment Funds and ETFs, a review of the concepts of Investment Product and Target Market (positive and negative), scenario analyses of financial products and structured deposits produced by the Bank detailed in the rules, and the obligation to present concrete

quantitative data on sales outside the positive target market, i.e. within the product's negative target market in the annual formal monitoring process, among other small improvements aimed at strengthening the process.

- Updating of the Group's Code of Conduct, with the following most significant changes:
    - Added point to anticipate circumstances of offer or invitation acceptance based on the best interests (e.g., institutional, commercial, technological) for the Group.
    - Update of article to reflect the procedures applicable to Employee Patron, including ensuring the integration of new employees during their first years in the Group.
- Reinforcement of the Bank's regulatory framework on the subject of corruption prevention, with a Plan for the prevention of corruption risks and related offences of BCP Group entities in Portugal, which defines, among other provisions, the governance model, prevention mechanisms, training and culture of corruption prevention, corruption circuits and reporting and evaluation system.
- As provided for in the evaluation system of the aforementioned plan, the annual report on the implementation of the internal control system for combating corruption was issued and is available in the public information section.
- Updating, within the scope of Banco de Portugal Notice 3/2020, information on the matters provided for in its Annex, in a format accessible to all employees, including matters on the Bank such as its shareholder, organisational and governance structure, its internal control system, its key function holders, the characterisation of its business, its Code of Conduct, among others.
- Implementation of the Training and Communication Plans on compliance matters for all the Bank's Employees and commercial structures, with the most important aspects to be considered, both in terms of the risk of financial crime and in terms of other compliance and regulatory risks.

Market risks

Market risks materialize in the losses that may arise within a portfolio as a result of changes in interest or exchange rates, and/or in the prices of the different financial instruments within the portfolio, taking into account not just the correlations that exist between those instruments but also their volatility.

The following management areas are defined for each Group entity for the objectives of profitability analysis and market risk measurement and control:

- Trading - Management of positions aimed at achieving short-term gains, through sale or revaluation. These positions are actively managed, tradable without restriction and may be valued frequently and accurately. These positions include securities and derivatives resulting from of sales activities;
- Funding - Management of institutional funding (wholesale funding) and money market positions;
- Investment - Management of all positions in securities to be held to maturity (or for an extended period) or positions not tradable on liquid markets;
- Commercial - Management of positions arising from commercial activities with Customers;
- Structural - Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above; and
- ALM - Assets and Liabilities Management.

The definition of these management areas enables effective management separation between trading and banking books, as well as a proper allocation of each transaction to the most suitable management area, based on its context and strategy.

To guarantee that the risk levels incurred in the Group's various portfolios conform to the specified levels of risk tolerance, various market risks limits are established, at least yearly, and are applicable to all portfolios of the risk management areas where the risks are incident. The Risk Office monitors these limits daily (and intra-daily in the case of financial markets areas).

Stop loss limits are also set for the financial markets' areas, based on multiples of the risk limits defined for those areas, aimed at limiting the maximum losses that might occur. If these limits are breached, a review of the strategy and of the assumptions relative to the management of the positions in question is mandatory.

Trading Book market risks[9]

The daily measurement of generic market risk (relative to interest rate risk, exchange rate risk, equity risk and price risk of credit default swaps) uses a VaR (value-at-risk) model, considering a time horizon of 10 business days and a significance level of 99%.

Additionally, the Group uses an integrated market risk measurement that monitors all relevant risk subtypes. This measure includes the assessment of generic risk, specific risk, non-linear risk and commodity risk. Each risk subtype is measured individually using appropriate risk models and the integrated measurement is built from the measurements of each subtype without considering any kind of diversification between the subtypes (worst-case scenario approach).

For non-linear risk, an internally developed methodology is applied, replicating the effect of main non-linear elements of options on P&L results of the different portfolios in which these are included, similarly to what is considered by the VaR methodology, using the same time horizon and significance level.

Specific and commodity risks are measured using standard methodologies defined in the applicable regulations, with an appropriate change of the time horizon considered.

The table below presents the amounts at risk for the Trading Book, in December 31, 2023 and December 31, 2024, as measured by the methodologies referred to above:

[9] Positions assigned to the Trading Management Area (not specifically included in the accounting trading book).

(Thousand EUR)

	31 December 2024	Max of global risk in the period	Min of global risk in the period	31 December 2023
Generic Risk (VaR)	488	2,994	488	888
Interest rate risk	310	2,034	310	587
FX risk	275	2,183	275	551
Equity risk	285	504	285	499
Diversification effects	*-382*	*-1,728*	*-382*	*-748*
Specific Risk	1	27	1	624
Non-linear Risk	0	0	0	0
Commodities Risk	—	—	—	—
Global Risk	**489**	**3,021**	**489**	**1,512**

VaR model monitoring and validation

Validation of the internal VaR model's appropriateness for assessment of risks involved in the positions held is conducted over time, with different scopes and frequency, including back testing, diversification effects estimation and analysis of risk factor comprehensiveness.

The VaR model's hypothetical back testing exercise for the Portugal's Trading Book, during 2024, resulted in two negative excesses (and nini positive) over the results predicted by the model in 258 days of observation. Hence, in terms of the frequency of excesses verified, the back-testing results validate the model as appropriate for measuring the risk at stake.

Trading Book Stress Tests

In addition to VaR assessment, the Group continuously tests a broad range of stress scenarios, analysing the respective results to identify risk concentrations not captured by the VaR model.

The results of these tests on the Group's Trading Book, as of December 31, 2024, in terms of impacts over this portfolio's results, were the following:

(Thousand EUR)

	Negative impact scenario	Impact
STANDARD SCENARIOS		
Parallel shift of the yield curve by +/- 100 bps	+ 100 bps	-2,698
Change in the slope of the yield curve (for maturities from 2 to 10 years) up to +/- 25 bps	+ 25 bps	-121
4 combinations of the previous 2 scenarios	+ 100 bps & + 25 bps	-2,810
	+ 100 bps & - 25 bps	-2,584
Variation in the main stock market indices by +/- 30%	+30%	-1,260
Variation in foreign exchange rates (against the euro) by +/- 10% for the main currencies and by +/- 25% for other currencies	-10%, -25%	-268
Variation in swap spreads by +/- 20 bps	-20 bps	-32
NON-STANDARD SCENARIOS		
Widening/narrowing of the bid-ask spread	Widening	266
Significant vertices (1)	VaR w/o diversification	-468
	VaR w/ diversification	-673
Historical scenarios (2)	15 July, 2011	-1,435
	27 January, 2012	-1,335

(1) Scenarios in which the more adverse variations of the last seven years, relative to the portfolio's five most significant risk factors for VaR, are applied to the current portfolio.
(2) Scenarios in which past extreme markets variations are applied to the current portfolio; in this case, the significant dates refer to the Eurozone Sovereign Debt crisis (from 2010 onward)

These results show that the exposure of the Group's trading book to the different risk factors considered remains relatively limited and that the main adverse scenarios to be taken into account refer to a general increase in interest rates, either a parallel shift or accompanied by a change in the slope of the yield curve. In what concerns the non-standard scenarios, the main loss case refers to the historical scenarios.

Interest rate risk in the Banking Book

The interest rate risk arising from the Banking Book operations is assessed by the Bank in two complementary ways: the portfolio's economic value method (EVE) and the financial margin sensitivity method (NII), through a risk sensitivity analysis carried out every month, for the universe of operations included in the consolidated balance sheet of the Group, broken down by the currency of exposure.

Variations of market interest rates influence the Group's net interest income and the economic value of the Group, both in the short term – affecting the Bank's NII – and in the medium/long term, affecting the balance sheet economic value (EVE method).

The main risk factors arise from the repricing mismatch of the portfolio positions (gap risk) which may cause direct or indirect financial losses in the Banking Book, due to changes in interest rates that have different impacts over assets and liabilities' classes, making the Bank vulnerable to variations of the yield curve. In turn, the changes in interest rates may alter the behaviour profile of Clients, inducing pre-payments/withdrawals in assets and liabilities, including the exercise of options' rights incorporated in the products' design (behavioural and optional risk). Additionally, there is the risk of unequal variations in different reference rates with the same repricing period (basis risk).

In order to identify the exposure of the Group's Banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of each of the relevant contracts, with the respective expected cash-flows (principal and interest, without the spread component, being projected according to the repricing dates, thus calculating the impact on economic value resulting from alternative scenarios of change of market interest rate curves. The impacts stemming from the Clients' behaviour are also considered, in particular, for the products for which this is especially relevant – namely, for products without defined term (checking accounts, revolving credit, fixed rate credit lines) – as well as the impacts resulting from changes in contractual cash flows (credits prepayments) and impacts of any potential prepayments on credits with defined maturity.

The result of this analysis for a +100 basis points (b.p.) change in the level of Euro interest rates (for all maturities, i.e., assuming a parallel shift of the yield curve), in the Banking Book portfolio as at 31 December 2024, found an impact on the balance sheet´s economic value of around EUR - 2.6 million. On the other hand, the impact of a generalized decrease in euro rates of -100 bps would be around EUR 17.4 million.

Complementing the previous approach, the Bank calculates monthly the impact on net interest margin projected for the following 12 months, due to changes in market interest rates (NII method). For this purpose, all assets, liabilities and off-balance products that generate interest are considered and the calculation of interest cash flows is performed based on the repricing and amortization characteristics of the products and on yield curves for 12 months. This exercise assumes a static balance for 12 months in which, for each amortization, an exposure with the same features of original maturity and price is generated. To capture the net interest margin sensitivity, several simulations are processed, corresponding to 10 different scenarios of the market's interest rates evolution.

Considering a variation in market interest rates combined with the scenario for the coefficients that transmit the market variations over the deposit´s rates and other interest-generating liabilities ('betas'), the evolution of the sensitivity of the net interest margin is assessed. Hence, for a variation in interest rates of +100 b.p. on December 31, 2024, on a consolidated basis, the net interest income would increase by around EUR 64.4 million, with the sensitivity to a decrease of 100 b.p. of about EUR 64.4 million. The presented values are indicative and very dependent on the pace of transmission of the interest rate increase to balance sheet items whose price is not directly indexed to a market benchmark.

Foreign exchange and equity risks of the banking book

The foreign exchange risk of the banking book is transferred internally to the Trading area, in accordance with the Group's risk specialization model for the management of balance sheet foreign exchange risk. Structural foreign exchange exposures, including those resulting from financial holdings in subsidiaries, are not transferred and may be covered by market operations, in line with the defined strategy for managing structural foreign exchange risk, aiming at hedging against volatility in the CET1 ratio stemming from exchange rates changes.

Excluding the financial holdings from the participations in the foreign subsidiaries, the exposure to FX risk is quite limited, corresponding to EUR 1.4 million in terms of VaR, as of December 31, 2024.

Regarding equity risk, the Group maintains a set of small size and low risk equity positions, primarily in the investment portfolio, mainly resulting from execution processes as payment. Management of these positions is conducted by a specialized area of the Group, with risk controlled through defined metrics and limits for market risks' control.

Liquidity risk

Liquidity risk consists of the Group's potential inability to meet its financing repayment obligations without incurring significant losses, either due to onerous financing conditions (funding risk) or by selling assets at lower than market values (risk of market liquidity).

The Consolidated Liquidity Plan, which forms an integral part of the annual budgeting process and is formulated at the level of the Group and for the main subsidiaries, includes the projection of the wholesale funding structure, including the use of market financing, and also the forecast of the internal and regulatory liquidity indicators, ensuring its compliance with the regulatory and internally defined requirements. The preparation of this plan is coordinated by the Group Treasurer, and its execution is continuously monitored throughout the year, with the respective revision being carried out whenever necessary.

Throughout 2024 there was a reinforcement of the liquidity positions of the Group's three operations - BCP, Bank Millennium and Millennium Bim -, based in any case on the significant growth of the respective customer deposit portfolios, with emphasis on the retail segment. Thus, on an annual basis, the Group's balance sheet customer funds grew by 7,7%, driven by increases of 5,9% in Portugal, 11,0% in Poland and 14,6% in Mozambique. The evolution described, combined with the stagnation or incipient growth of credit portfolios, resulted in a significant reinforcement of liquidity buffers discountable at central banks in each of the operations, translated into an improvement in all liquidity risk indicators, regulatory and internal regulations, whether at a consolidated or local level.

As a result, at the end of the year and on a consolidated basis, the regulatory liquidity coverage ratio (LCR: Liquidity Coverage Ratio) reached 342%, vs. 276% in December 2023, allowing the minimum regulatory requirement of 100% to be met by a wide margin. The other short-term liquidity indicator included in the Group's Risk Appetite Statement (RAS), which represents the degree of coverage of customer deposits by the liquidity buffers available for discounting at European central banks, also showed a favourable evolution, from 44% to 51%.

From the perspective of structural liquidity, and as mentioned before, the Group continued to reinforce its stable funds base, characterized by the high weight of customer deposits in the funding structure, complemented by medium and long-term instruments, mainly made up of MREL issues (Minimum Requirements for Own Funds and Eligible Liabilities). The regulatory stable funding ratio (NSFR: Net Stable Funding Ratio) reached 181% in December 2024, vs 167% a year earlier, almost doubling the regulatory minimum of 100%. The ratio of loan to deposits, also an indicator of the RAS, evolved consistently towards greater conservatism, with a reduction from 70% to 65%.

Benefiting from two upgrades to its rating grade during 2024, BCP carried out the early redemption of two issuances replacing them by two operations in the same instrument, under advantageous cost conditions. Thus, the Bank issued 400 million euros of AT1 perpetual debt in January, replacing an issue of equal amount, and in October issued senior preferred notes worth EUR 500 million, refinancing an issue of EUR 350 million.

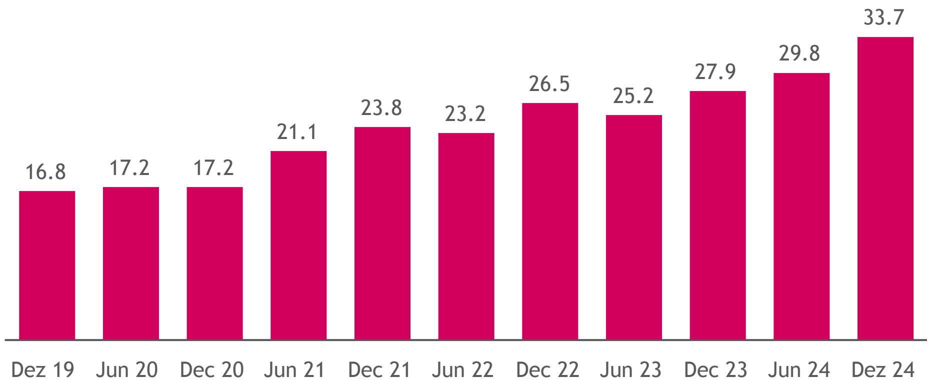
The evolution described above is reflected in the table below, which represents the evolution of the wholesale funding (net) in 31 December 2023 and 31 December 2024, in terms of each of the instruments used:

(million EUR)

	Dec. 24	Dec. 23	Variation
Interbank monetary market (Net)	68	-102	166.7 %
ECB (Net)	-2821	-2051	-37.5 %
Repos	0	-267	100 %
Loan agreements	0	325	-100.0 %
Senior Debt	3000	2350	27.7 %
Covered Bonds	187	0	-
Subordinated Debt	1808	1802	0.3 %
Credit-Linked Notes	206	232	-11 %
Total	2448	2289	7 %

The liquidity buffer available for discounting at the ECB stood at EUR 33.7 billion at the end of 2024, EUR 5.9 billion higher than a year earlier, due to the favourable evolution of the commercial gap from a liquidity perspective, the reinforcement of credit portfolios eligible for discount at the ECB and the cash flow generated by the activity. At the end of 2024, the liquidity buffer comprises a long position of EUR 2.8 billion with the ECB, higher than that observed a year earlier.

ECB liquidity buffer
(billion EUR)



Throughout 2024, and in addition to strengthening its deposit base, Bank Millennium reinforced its liquidity position by placing on the market its inaugural issues of PLN 300 million of covered bonds in June (followed by a second one of PLN 500 million in November), and senior non-preferred green debt of EUR 500 million in September, the latter qualifying for MREL purposes.

Millennium bim continues to exhibit a resilient liquidity position, supported by a sizeable buffer discountable at the respective central bank, despite the strong increase in minimum reserve requirements in national and foreign currency imposed by the monetary authority in the first half of 2023, partially reversed by the Bank of Mozambique in early 2025.

In consolidated terms, the refinancing risk of medium and long-term instruments will remain at low levels over the next three years, with annual values with no material expression.

The conclusions of the ILAAP process reiterate the adequacy of the liquidity and is low risk management process, as well as the compliance of its practices with the requirements defined by the supervision.

Pension Fund risk

This risk arises from the potential devaluation of the assets of the Fund associated with the Defined Benefit Plan or from the reduction of its expected returns as well as from actuarial differences that may occur from the evolution of demographical factors, in relation to the actuarial assumptions considered. Confronted with such scenarios, the Group may have to make unplanned contributions in order to maintain the benefits defined by the Fund. The responsibility for the regular monitoring of this risk and the follow-up of its management lie with the Pension Funds Risk Monitoring Commission.

In 2024, the BCP Group Pension Fund achieved a net commission valuation of 1.22%.

The equity class contributed positively to this performance, namely through the appreciation of the international component, where there was an appreciation of 18.7%. The European component was negatively influenced by the position in EDP, despite the reduction in the position throughout the year.

The bond component showed a negative performance in terms of public debt due to the rise in yields, although there was better profitability in southern European countries, namely Italy, Portugal and Spain. In terms of the corporate fixed rate, we highlight the positive performance with appreciations of more than 4% due to the compression of spreads and the shorter duration.

The real estate investments component contributed positively to the overall performance, recording an appreciation of 6%, as well as the alternative investments component, where there was a positive performance of 4.7%.

As for the allocation, it should be noted that the fund maintained an overexposure in the share class throughout 2024, mainly through international equities, as well as a slight overexposure in fixed rates, namely in terms of duration. At the end of the year, the fund positioned itself more conservatively, reducing shareholder exposure to levels close to the minimum limit by countering a fixed rate, namely in public debt with a maturity of more than 10 years.

Taking into account the evolution of the reference rates, the discount rate for the clearance of the Fund's liabilities has been updated. Thus, the discount rate on December 31, 2023 was 3.53%, rose to 3.81% in June 2024, and decreased to 3.48% at the end of 2024.

As at 31 December 2024, the pension fund's liabilities coverage was over EUR 148 million, corresponding to 5% of total liabilities.

Integration of ESG Factors in Risk Management

The Bcp Group recognizes in its risk taxonomy that the climate and environmental dimensions, as well as the social and governance aspects, designated ESG, act as factors that impact traditional risk categories.

These factors are not considered separately; in fact, they are seen as elements likely to affect positively or negatively the financial performance and solvency of the Bank's customer's and counterparties. This way, the materialisation of their impacts occurs by means of the "traditional" categories: credit risk, market risk, operational & reputation risk, liquidity and financing risks.

Within this context, and with the purpose of promoting the integration of ESG factors in risk management, the Bank implemented a set of processes and methodologies to identify, assess, manage and monitor the impact of the ESG category in overall risk, in accordance with the framework and policies already established for the remaining financial and non-financial risks.

Governance Model

The governance model for risks arising from ESG factors follows a structure based on three lines of defence which, under the leadership of the Board of Directors (and respective delegations on the Executive Committee), ensure its adequate assessment and management.

The Executive Committee is responsible for ensuring that ESG policies and strategies are followed, through the mobilization of resources and execution of the necessary business and operational actions. The Sustainability Commission assists the Executive Committee in integrating the principles of sustainability in the decision and management processes, being also responsible for assessing and approving the Sustainability Master Plan initiatives, its alteration and adaptation whenever requires for its implementation, and its monitoring.

Within the scope of the Committees of the Board of Directors, the Committee for Corporate Governance, Ethics and Sustainability is the body responsible for recommending the adoption by the Board of Directors of policies in line with ethical principles and social responsibility and best practices in matters of corporate governance and sustainability, but also for monitoring the evolution of the Sustainability Master Plan and the Corporate Social Responsibility Plan and issuing an opinion on the annual corporate governance and sustainability reports. The Risk Assessment Committee, among its competences and attributions, is also responsible for monitoring ESG risks, including climate risks and advise the Board of Directors in terms of the identification, management and control of ESG risk factors, while monitoring the Group's risk appetite and underlying performance, as well as supervising the adequacy of the ESG internal control system, with special focus on a) the effectiveness of the risk management system to deal with the ESG risk drivers; and b) dealing with any instance of reputational risk related to ESG to which the Group may be associated to (directly or indirectly).

Additionally, the Office of Studies, Sustainability and Supervision (GESS), under the EC, have the mission of proposing global and coherent sustainability and corporate social responsibility policies, which promote the development of the business with the incorporation of environmental, social and governance principles, and which enhance the growth of the institution's reputation and its ability to add social and environmental value and respond to the needs and Stakeholders' expectations.

Identification of ESG risk factors

Climate change and environmental degradation factors are elements that can affect economic activity through the mitigation and adaptation effort, as well as the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection/restoration of biodiversity (cf. EU Taxonomy).

The materialisation of these risks fundamentally stems from the exposure of Millennium BCP's banking portfolio to customers, counterparties and invested assets whose performance may be affected or contribute to the negative impacts of climate change and other environmental factors.

These factors may generate negative financial impacts which are identified and assessed in different dimensions:

- Physical risks factors: arising from the physical effects of climate change and environmental degradation. They should be categorized as severe risks, if they arise from extreme weather events (such as wildfires or floods); and chronic risks, if they arise from progressive changes in weather and climate patterns or from a gradual loss of natural ecosystems.

- Transition risk factors: are the risks of any negative financial impact arising from the effort, in progress or to happen in the future, of transition into a low-carbon and environmentally sustainable economy. These may result, for example, from technological changes, the impact of public policies or behavioural changes in terms of demand for goods or services (including banking services).
- The biodiversity or nature-related risks: The depreciation of natural capital, which in this context encapsulates the environmental-driven risks, is another key component of a holistic approach to C&E concerns. Natural capital refers to the world's stocks of natural assets which include geology, soil, air, water and all living things as well as the organization and distribution of ecosystems. The depreciation of natural capital compromises nature's ability to provide ecosystem services. The degradation of natural capital can also have chronic and acute economic effects.

The materialisation of social risks is also assessed, considering the issues related with rights, well-being and interests of persons and communities and include factors such as (in)equality, health, diversity, inclusion, labour relations, workplace health and safety, human capital and communities.

In addition, the governance risk factors are also identified by Millennium BCP, through issues relating to leadership, remuneration, shareholder rights, corruption and bribery, management and prevention of conflicts of interest, quality of internal control and independent reviews/auditing, transparency and good tax practices, for example.

A methodology for assessing the materiality of ESG risks was developed in order to determine the potential impact of those risks on the Bank's profile.

Management and monitoring principles

ESG risks management and respective strategy follows a different logic compared to 'traditional' risks, which are based on short-term timeframes. In contrast, the materialization of ESG risks is expected to occur over extended timeframes, which is why the establishment of strategy and risk appetite follows different timeframes. For example, if the assessment of physical (severe) risks can determine an action strategy more focused on the short term (e.g., considering the establishment of additional mitigation measures, at the level of policies for granting credit and insurance policy), the transition risks justify a more structural approach, based on collecting information, evaluating customers and monitoring their performance over time.

From this perspective, Millennium BCP's management of ESG impacts follows the following principles:

- Establishment of a responsible corporate financing policy, which excludes or conditions the credit operations in sectors and/or activities with greater environmental and social impact.
- Integration of the strategy for managing risks arising from ESG factors into the Bank's global sustainability plan, which steers the integration of the ESG dimension into business processes, establishing goals, timelines and a model for controlling proper observance.
- Communication Transparency: The Bank publicly discloses its sustainability objectives and key practices, as well as its management of ESG (Environmental, Social, and Governance) impact factors. This allows all stakeholders to assess the robustness of its approach, including its exposure to risks arising from ESG factors.
- Regular Monitoring of Exposure to Risks Arising from ESG Factors: This is done through established management information routines for each risk category.
- Internal Standardization of ESG References: This involves implementing a corporate taxonomy that enables the identification and classification of exposures demonstrating characteristics that actively support the transition of the Portuguese and European economies.
- Focus on Credit Risk Management: This is achieved through models that facilitate the integration of the ESG dimension in the risk assessment of the bank's key companies/clients. This ensures that business decisions incorporate an evaluation of the primary impacts of ESG factors.
- Collection and Structuring of Information: Utilizing public sources and information provided directly by clients, this approach aims to enhance understanding of clients' environmental performance and potential financial impacts associated with any limitations in that performance.

The operationalization of these principles is facilitated through an internal policy for managing risks arising from ESG factors, which establishes the following key risk tools:

- Regular assessment of the materiality of risks arising from ESG factors to confirm alignment with risk appetite and the need for implementing mitigation actions.
- Methodologies for assessing risks arising from ESG factors integrated into credit risk assessment models.
- Risk classification methodologies at the portfolio level, allowing the identification of sectors, companies, and exposures most susceptible to transition and/or physical risks and/or nature-related.
- Models for quantifying financed greenhouse gas emissions, fostering strategic discussions regarding the management of these emissions and their alignment (in the long term) with the goals of the Paris Agreement.
- Sensitivity analyses and stress tests focusing on climate risks.

Stress testing with a focus on climate risk

The Bank uses sensitivity analysis methodologies and stress tests on the risks arising from ESG factors (with a focus on the climate risk component).

Considering the horizons of materialization of ESG risks, this is an important technique, which allows the assessment of the impacts of climate change (and respective scenarios) on the financial variables that affect the value of Millennium bcp's banking portfolio.

Based on their results, new exposures at risk may be identified that require the Bank to take additional management measures to mitigate the impacts of climate risks in the medium/long term.

Models validation and monitoring

This function is ensured by the Models Monitoring and Validation Office (GAVM), reporting to the Chief Risk Officer.

GAVM acts as the second line of defence, within the scope of the model risk management framework, functionally independent from the areas that are responsible for the models (model owners and developers) and from the Internal Audit Division. Hence, an adequate functions' segregation is assured. Its mission consists in monitor and validate risk quantification methodologies and internal models used in BCP and other Group entities in Portugal, as well as to independently ensure the assessment of the quality and adequacy of the risk management framework in what concerns internal models, metrics and completeness of the associated data, according to the Model Risk Management (MRM) framework.

GAVM has the responsibility to maintain a robust and documented validation processes for internal risk methodologies and models, in line with current regulations. For this, it develops and applies validation procedures and methodologies capable of ensuring proper model assessments and the alignment with the applicable regulatory requirements, by reinforcing (i) the scope of validation exercises, (ii) the depth of analysis and (iii) the transparency and auditability of the work performed.

GAVM scope of action encompasses, inter alia, the validation of the methodologies and internal models for credit risk (including Probability of Default (PD), Loss Given Default (LGD), Credit Conversion Factors (CCF) and Expected Credit Loss (ECL) models, under the IFRS scope), market risk (in the trading book), interest rate risk in the banking book (IRRBB), business risks and for the risks included in the ICAAP, as well as the regular monitoring of their performance and evolution. The results of the monitoring and validation exercises are reported to the Models Monitoring and Validation Sub-Commission and to the Risk Commission. Additionally, GAVM participates occasionally, depending on the agenda, in the Risk Assessment Committee (CAvR) to report the unit's activity and annual plan's execution.

Besides the activities directly related with the monitoring and validation of models, in terms of their performance and quality, GAVM is responsible for the coordination of the MRM activities, including the maintenance of a complete repository of the internal risk models used by the Bank and its permanent monitoring and updating through the use of a model management and risk assessment tool implemented at the Bank to support the MRM framework.

In 2024, several actions were carried out to monitor and validate the internal models in use by the Bank, including the regulatory report of the templates with the validation results of the credit risk internal models, according to the ECB instructions ("Instructions for reporting the validation results of internal models"). These actions aim, inter alia, to reinforce the confidence in the models, to monitor their performance and evolution, verifying their business adequacy and their compliance with the applicable regulatory requirements and best practices, as well as to reinforce the identification and adaptability to changes in their predictive quality.

Within the scope of models' validation, a highlight is made to the initial validation of the new prepayments' behavioural models for consumer (ILS) and mortgages loans (MLS) as well as the new internal credit risk models concerning the PD for the Retail Application segments and the ongoing validations of the internal risk models (currently in production) concerning the PD, LGD, IFRS9 and VaR (Value at Risk). Additionally, the validation activities were performed within the scope of the ICAAP quantification of risks.

As part of the model's monitoring activities, GAVM also ensured, among others, the preparation of the data structure resulting from the entry into production of the new PD models and the quarterly report to the Risk Commission regarding the performance and quality of the internal models used under the IRB and IMA approaches for, respectively, credit and market risk, the annual Model Risk Assessment (MRA) exercise applicable to all current IRB (Internal Ratings-Based Approach) and IMA (Internal Models Approach), as well as the reporting of the regulatory Credit Risk Benchmarking exercise promoted by EBA.

Recovery Plan

Complying with the applicable law, the Group annually revises the Recovery Plan for its business and activities, which comprises a set of recovery options that can be implemented in a timely manner to respond to financial stress circumstances originating in different hypothetical shocks, of an idiosyncratic and/ or systemic order. This process is carried out in the scope of Directive 2014/59/EU and its transposition to the *Regime Geral das Instituições de Crédito e Sociedades Financeiras* (RGICSF) through Decree-Law 23-A/2015, from the 26th of March.

Considering that the Recovery Plan aims to restore the financial viability of the Group, several scenarios are defined, supported on hypothetical and forward-looking events, against which the impacts of recovery options, the Recovery Plan feasibility and the overall recovery capacity are tested.

In order to monitor the performance of the Group's business activity, a set of quantitative and qualitative key indicators is presented in the Recovery Plan, in compliance with the guidelines defined by the European Banking Authority (EBA). This set of indicators is continuously monitored, allowing for immediate management action whenever there are deviations that exceed pre-defined thresholds (also defined in the Plan), the report of which is mandatory, to the Group's management and Supervision Bodies.

The priorities, responsibilities and specific measures to be taken in a capital and/or liquidity contingency situation are established in the Recovery Plan, which complements the Early Warning Signals (EWS) system, for the early detection of the occurrence of possible stress, namely, liquidity crises. Simultaneously, the Recovery Plan contains a 'playbook', intended to provide key information for rapid decision-making in a crisis, and considers the performance of dry-run exercises, with the aim of testing parts of the Plan and raising the Bank's preparedness to implement it in a potential crisis scenario.

The Recovery Plan includes components of Bank Millennium's Recovery Plan (Poland) and information from Millennium bim's Recovery Plan (Mozambique). It is aligned with the definition of the business continuity framework and its respective plans (see the Operation Risk section), the Communication Plan – towards the market and stakeholders (in contingency situations) and the results of the capital and/or liquidity adequacy assessment processes already mentioned (ICAAP e ILAAP).

Ratings assigned to BCP

Portugal's economic growth in 2024 exceeded the euro zone average, with the contribution of private consumption being relevant for this purpose, driven by the increase in families' disposable income, in real terms, in a context of decreasing inflation, lower financing costs and a resilient labour market. The favourable performance of economic activity contributed to reinforcing the downward trajectory of the public debt ratio as a percentage of GDP, which decreased from 97.9% in 2023 to 95.4% in 2024. The robustness of net exports, the recovery of private consumption and the boost of large projects financed by the Next Generation EU fund will be levers for Portugal's economic growth in 2025.

The Banco de Portugal predicts an acceleration of the Portuguese economy from 1.9% recorded in 2024 to 2.2% in 2025, driven by the expected implementation of the Recovery and Resilience Plan funds. Regarding the inflation rate, the Banco de Portugal predicts that it will reduce from 2.6% in 2024 to 2.1% in 2025.

The Portuguese banking sector significantly increased its resilience to shocks through the deleveraging of the credit portfolio and structurally improved the quality of its assets, profitability and capitalization.

In 2025, Portuguese banks should maintain solid levels of profitability. Banking income is expected to decrease as banks' financial margin is compressed in a context of lower interest rates. Commissions are expected to perform well in 2025, due to increased in transactions, credit dynamics and the expansion of off-balance sheet products.

Portuguese banks are also expected to remain more efficient than most European peers, based on the simplified operational structures with which they operate.

In 2025, asset quality is expected to remain resilient, while credit costs are expected to remain fairly stable, thanks to the favourable economic environment and debt levels manageable by borrowers.

Capital ratios are in line with the eurozone average and remain at solid levels. Banks will have to comply with the new countercyclical buffer of 0.75% applicable from January 1, 2026.

Banks maintain their financing structure based essentially on deposits and maintaining ample levels of liquidity.

BCP's credit risk ratings reflect the strong franchise and robustness of the domestic business model, supported by its strong profitability, stable financing profile and better capitalization.

The use of wholesale funding by BCP is limited and essentially results from the need to comply with the minimum regulatory requirement for own funds and eligible liabilities (MREL).

Based on the good macroeconomic performance and the improvement of its intrinsic credit quality, BCP's rating was revised upwards by the four Rating Agencies that cover BCP in 2024. On October 3, Morningstar DBRS improved BCP's Intrinsic rating to 'BBB(High)'; On October 4, S&P Global Ratings upgraded BCP's Stand-alone Credit Profile (SACP) to 'bbb; On November 19, Moody's revised the Baseline Credit Assessment to 'baa3' and on December 13, 2024, Fitch Ratings improved BCP's issuer rating to 'BBB'.

On 12 March 2025, S&P Global Ratings upgraded BCP's senior unsecured debt ratings from BBB to BBB+, changing the Outlook to Stable.

Given the good prospects for the Portuguese economy and the Portuguese financial system, as well as BCP's progress in terms of profitability and asset quality, along with its solid capital and liquidity position, further upgrades are expected in 2025.

Moody's

Baseline Credit Assessment	baa3
Adjusted Baseline Credit Assessment	Baa3
Counterparty Risk Assessment LT/ ST	A3 (cr)/ P-2 (cr)
Counterparty Risk LT / ST	A3 / P-2
Deposits LT / ST	A3 / P-2
Senior Debt	Baa1 / P-2
Senior Non Preferred	Baa3
Outlook deposits / senior	Positive/Stable
Subordinated Debt - MTN	(P)Ba1
Subordinated Debt	Ba1
Other Short Term Debt	P(NP)
Covered Bonds	Aaa

Rating Actions

On November 19, 2024, Moody's upgraded BCP's BCA rating to 'baa3' with Positive Outlook on deposits and Stable on senior debt.

Standard & Poor's

Stand-alone credit profile(SACP)	bbb+
Resolution Counterparty Credit Rating LT/ ST	A-/A-2
Issuer Credit Rating LT/ ST	BBB+/A-2
Senior Debt	BBB+
Senior Non Preferred	BBB
Outlook	Stable
Subordinated Debt	BBB-

Rating Actions

On March 12, 2024, S&P Global Rating Agency revised the Outlook from stable to positive.
On October 4, 2024, S&P Global Ratings upgraded the SACP of BCP to 'bbb'.
On 12 March 2025, S&P Global Ratings upgraded the SACP of BCP to 'bbb'+, changing the Outlook to Stable.

Fitch Ratings

Viability Rating	bbb
Support	ns
Issuer Default Rating LT/ST	BBB / F2
Deposits LT/ ST	BBB+/F2
Senior Debt LT/ST	BBB/F2
Senior Non Preferred	BBB-
Outlook	Positive
Subordinated Debt Lower Tier 2	BB+
Additional Tier 1	BB-
Covered Bonds	AA+

Rating Actions

On July 4, 2024, Fitch Ratings Agency revised the Outlook from stable to positive.
On December 13, 2024, Fitch Agency upgraded BCP Issuer Default Rating to 'BBB'; Outlook Positive

DBRS

Intrinsic Assessment(IA)	BBB (High)
Critical obligations	A (Low) / R-1 (low)
Deposits LT/ST	A(Low)/R-1 (low)
Senior Debt LT/ ST	BBB (High) / R-1 (low)
Senior Non Preferred	BBB
Trend	Stable
Dated Subordinated Notes	BBB (Low)
Additional Tier 1	BB (Low)
Covered Bonds	AA (Low)

Rating Actions

On October 3, 2024, Morningstar DBRS upgraded BCP's Intrinsic Assessement to 'BBB (High)'.

Capital

The estimated CET1 ratio as at 31 December 2024 stood at 16.4% and 16.3% phased-in and fully implemented, reflecting a change of +87 and +89 basis points, respectively, compared to the 15.5% and 15.4% phased-in and fully implemented ratios reported in the same period of 2023, comfortably above the minimum regulatory ratios defined within the scope of SREP[10] for the year 2024 (CET1 9.74%, T1 11.70% and Total 14.33%) and in line with the medium-term solvability targets.

In line with the 2025-2028 strategic plan, the organic growth of capital, due to the good performance of the recurring activity in Portugal and the careful and proactive management of capital, which includes the remuneration of shareholders, already including the share buyback operation authorized by the supervisor (200 million euros), more than offset the impacts related to the provision for legal risks, associated with foreign currency loans, at Bank Millennium.

SOLVABILITY RATIOS

(Euro million)

	31 Dec. 24	31 Dec. 23	31 Dec. 24	31 Dec. 23
	PHASED-IN		FULLY IMPLEMENTED	
OWN FUNDS				
Common Equity Tier 1 (CET1)	6,563	6,157	6,540	6,124
Tier 1	7,057	6,642	7,034	6,608
TOTAL CAPITAL	8,266	7,906	8,267	7,903
RISK WEIGHTED ASSETS	40,128	39,751	40,111	39,725
CAPITAL RATIOS (*)				
CET1	16.4%	15.5%	16.3%	15.4%
Tier 1	17.6%	16.7%	17.5%	16.6%
Total	20.6%	19.9%	20.6%	19.9%

(*) Includes the cumulative net income recorded in each period.

[10] Supervisory Review and Evaluation Process

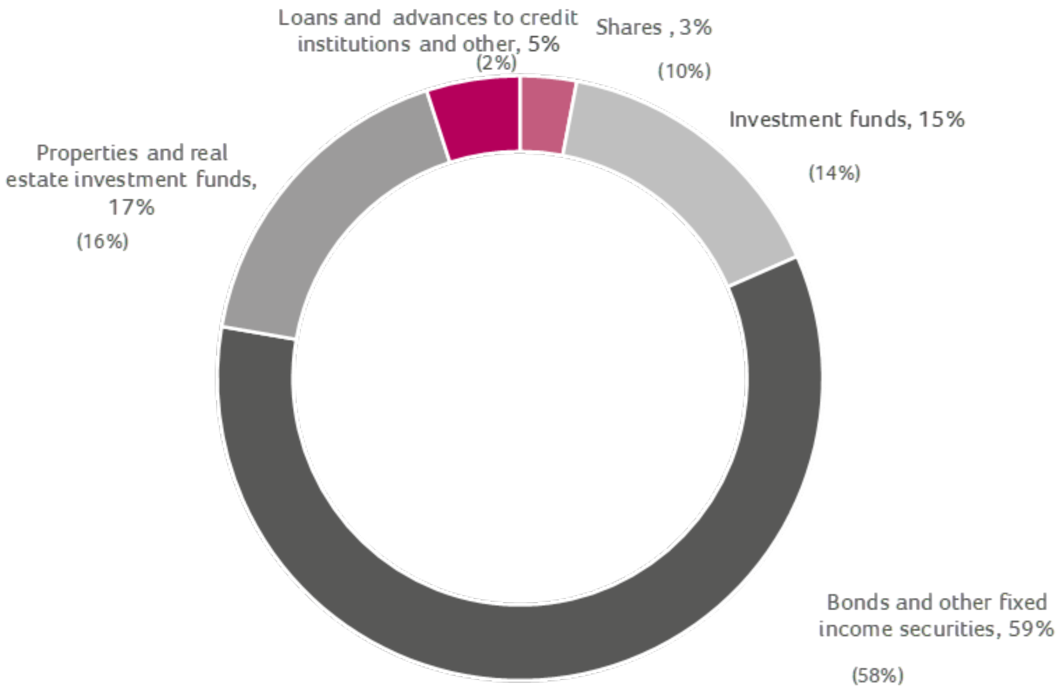
Pension Fund

As at 31 December 2024, the Group's liabilities for pensions on retirement and other benefits stood at EUR 3,203 million, which compares with the EUR 3,080 million recorded at the end of previous year, partially impacted by actuarial differences and revision of assumptions, namely, the growth rate of wages and pensions and also, to a lesser extent, a slight reduction in the discount rate. These liabilities, related to the payment to Employees of pensions on retirement and permanent disability and orphan and window benefits, were fully funded and at levels above the minimum set by Banco de Portugal, showing a coverage rate of 104.6% at the end of the current year.

The Pension Fund's assets which are financing the above-mentioned liabilities reached EUR 3,351 million at the end of 2024 (EUR 3,470 million recorded as at 31 December 2023). These assets showed a positive cumulative return of 1.2%, which compares unfavourably with the rates of 3.53% and 3.81% considered in the actuarial assumptions in the first and second half of the year.

As at 31 December 2024 and 31 December 2023, the main asset categories in the Pension Fund's portfolio presented the following distribution:

STRUCTURE OF THE PENSION FUND'S ASSETS AS AT 31 DECEMBER 2024



(x%) Proportion as at 31 December 2023

As at 31 December 2024, the structure of the Pension Fund's asset portfolio shows, compared to the prior year, increases in investment in bonds and other fixed income securities, in loans and advances to credit institutions and other and in properties and real estate investment funds and reductions in investment funds and in shares.

The actuarial assumptions considered by the Group for calculating the liabilities with pension obligations were based on market indicators, particularly long-term debt yield of Euro Zone issuers considered to be of good risk, as well as the demographic characteristics of its employees. The main actuarial assumptions used to determine the Pension Fund's liabilities over the last three financial years are shown below:

Assumptions	31 Dec. 24	31 Dec. 23	31 Dec. 22
Discount rate	3.48%	3.53%	4.17%
Increase in future compensation levels (a)	2.9% in 2025; 1.9% in 2026 and 1.15% in the following years	2.65% in 2024; 1.9% in 2025 and 1.15% in the following years	3.75% in 2023; 2.25% in 2024 and 1% following years
Rate of pensions increase (a)	2.5% in 2025; 1.5% in 2026 and 0.75% in the following years	2.25% in 2024; 1.5% in 2025 and 0.75% in the following years	3.0% in 2023; 2.0% in 2024 and 0.75% following years
Projected rate of return on fund's assets	3.48%	3.53%	4.17%
Mortality tables			
Men	TV 88/90 less 1 year	TV 88/90 less 1 year	TV 88/90 less 1 year
Women (b)	TV 99/01 less 2 years	TV 99/01 less 2 years	TV 99/01 less 2 years
Disability rate	Non applicable	Non applicable	Non applicable
Turnover rate	Non applicable	Non applicable	Non applicable
Normal retirement age (c)	66 years and 4 months	66 years and 4 months	66 years and 7 months
Total salary growth rate for Social Security purposes	1.75%	1.75%	1.75%
Revaluation rate of wages / pensions of Social Security	1.00%	1.00%	1.00%

(a) This rate refers to the growth for the years following the reporting year.
(b) The mortality table considered for women corresponds to TV 99/01 adjusted in less than 2 years (which implies an increase in hope life expectancy compared to that which would be considered in relation to their effective age).
(c) Retirement age is variable. The normal retirement age increases one month for each civil year and cannot be higher than the normal retirement age in force in the General Social Security Regime (RGSS). The normal retirement age in the RGSS is variable and depends on the evolution of the average life expectancy at 65 years of age. In 2024 and 2023 the retirement age was 66 years and 4 months. For 2025, the normal retirement age in the RGSS is 66 years and 7 months. For the projection of life expectancy's increment, it was considered an increase of one year in every 10 years, with the maximum retirement age being set at 67 years and 2 months.

The change in actuarial assumptions in 2024 contributed to the determination of negative actuarial of EUR 248 million, before taxes (negative in EUR 223 million, before taxes, as at 31 December 2023) and include EUR 18 million of actuarial losses, as a consequence of the slight decrease in the discount rate from 3.53% as at 31 December 2023 to 3.48% as at 31 December 2024 and EUR 72 million of actuarial losses following the change of growth rate of salaries and pensions. The actuarial deviations recognised in 2024 also incorporate EUR 78 million of negative financial deviations related to the difference between the expected and actual income of the Pension Fund. Finally, negative actuarial deviations of EUR 79 million were also recorded as a result of differences between expected and actual liabilities.

The main indicators of the Pension Fund over the last three financial years are as follows:

million EUR

Main indicators	31 Dec. 24	31 Dec. 23	31 Dec. 22
Liabilities with pensions	3,203	3,080	2,791
Minimum level of liabilities to cover*	3,165	3,042	2,757
Value of the Pension Fund	3,351	3,470	3,384
Coverage rate	104.6%	112.7%	121.3%
Coverage rate of the minimum level of liabilities*	105.9%	114.1%	122.7%
Return on Pension Fund	1.2%	7.1%	(5.1%)
Actuarial (gains) and losses	248	223	(376)

* According to the Banco de Portugal requirements (assuming the application of the minimum requirement to all Group companies)

In 2024, negotiations continued with all the unions subscribing to the Group's Collective Labour Agreements, for the conclusion of the full review of the respective clauses, negotiations which are still ongoing.

At the same time, it was agreed with all unions that subscribed the Group's Collective Labor Agreements, with the exception of "SIB – Sindicato Independente da Banca" the review of the salary tables and remaining pecuniary clauses relating to the year 2024, having been agreed an increase of 3.00% for salary tables and other pecuniary clauses relating to the year 2024, and an increase of 5.88% for the daily lunch allowance, which increased from 12.75 euros to 13.50 euros per day. This review was agreed with the "Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)" on 18 September 2024, with the agreement with the unions: "SBN – Sindicato dos Trabalhadores do Setor Financeiro de Portugal", "SBC - Sindicato Nacional dos Trabalhadores da Banca, Seguros e Tecnologias" and "Sindicato da Banca, Seguros e Tecnologias - MAIS SINDICATO", obtained on 2 January 2025, within the scope of the mediation process taking place at Government Labour Minister Department "DGERT – Direção-Geral do Emprego e das Relações de Trabalho", and according with the proposal presented by this entity on 23 December 2024 to the parties under mediation. Within the scope of this process, an increase of 2.50% for salary tables and other pecuniary clauses relating to the year 2025 was also agreed with these three Unions.

Information on trends

Framework

In 2025, the Banco de Portugal foresees an acceleration of the Portuguese economy, from 1.9% to 2.2%, determined by the planned implementation of the Recovery and Resilience Plan funds. With regard to the inflation rate, it is expected to decrease from 2.6% in 2024 to 2.1% in 2025.

The favourable evolution of economic activity should contribute to a decrease in the public debt ratio as a percentage of GDP, from around 95% in 2024 to around 93% in 2025, which corresponds to the lowest value since 2010. In 2025, projections point to a budget surplus. With regard to external debt, the current account surplus is maintained. The main rating agencies assign a credit rating of "A" to the Portuguese republic.

During 2024, the worsening of geopolitical risks was notable, namely the escalation of conflicts in Palestine and Ukraine, the political uncertainty experienced, especially in Western countries, as well as the growth of tensions between the main economic blocs. However, in early 2025 Israel and Hamas agreed to a temporary ceasefire.

The ECB cut interest rates by 100 bp for the year as a whole, setting the deposit rate at 3.0%. In January, the ECB cut again key interest rates by 25bps (deposit rate to 2.75%), and confirmed the path of gradual rate decline, anticipating the convergence of inflation towards the monetary policy objective in 2025. It is expected that the ECB's key rates will approach 2% as the year progresses.

The profitability of Portuguese banks is expected to remain robust in 2025, despite the ECB expected to continue lowering interest rates in 2025 and a slight decrease in net interest income compared to the previous year. Operating costs are expected to increase, reflecting the current inflationary context. However, Portuguese banks must remain efficient, with the system's cost-to-income ratio below 50%.

The cost of risk should maintain the normalization trend, with no significant impact expected from a possible deterioration in asset quality in 2025. Portuguese banks have solid credit granting policies due to the Banco de Portugal's macro prudential recommendations issued in 2018.

Portuguese banks have improved their financing profile over the last decade, with bank deposits representing the majority of their funding structures. The ratio between credit and deposits is expected to remain below 70% in 2025.

The sector has improved its asset quality and capitalization since 2016 and is now more resilient.

Impact on the Group's activity

In 2025, BCP should maintain a high level of profitability, benefiting from the environment of higher interest rates in some of the geographies in which it operates, although in Portugal net interest income is expected to remain stable. The cost of risk should maintain the normalization trend, given the close to full employment level of the Portuguese economy.

BCP reinforced its liquidity position in 2024. The Group's balance sheet resources grew 7.7% in December 2024 compared to the same period last year. Liquidity indicators were in December 2024 well above regulatory requirements: LCR at 342%, NSFR at 181% and Loans-to-Deposits ratio at 66%. The assets available for financing with the ECB stood at 30.9 billion euros. At Group level, the Customer base increased by 4.1%, to more than 6.9 million, with emphasis on the 10% increase in mobile Customers compared to December 2023, which represent 71% of the Group's total active Customers (63% in Portugal). Demand for credit remains moderate due to some delay in implementing the Recovery and Resilience Plan funds. In 2025, the Bank should continue to present a solid liquidity position.

The BCP Group has been pursuing a path of improving asset quality, particularly in Portugal, with the NPE ratio standing at 2.5% at the end of December 2024. A significant deterioration in asset quality is not expected.

In 2024, BCP was able to demonstrate its ability to generate organic capital, with the CET1 ratio standing at 16.3% and the total capital ratio at 20.6%, representing an increase of 89bps and 72bps compared to the same period in 2023. In the coming years, capital ratios are expected to decrease following higher capital distributions and organic growth, but remain above the target defined in the Strategic Plan.

Non-financial information

The BCP Group maintains dynamic strategies that it adapts to the new challenges posed by the various stakeholders with which it interacts. The main objective of the sustainability policies adopted, which promote responsible business practices and a culture of corporate social responsibility, has been to positively influence the organization's long-term value proposition, in balance with the well-being of people, the company and the communities in which it operates and with the preservation of natural resources, the climate, biodiversity and the environment. In this context, the Bank's intervention can be divided into three fundamental axes:

- **Environment** – implementation of measures that promote a fair and inclusive transition to decarbonized economic development models, including the incorporation of the environmental aspect into the Bank's risk models and the offer of solutions, products and services;
- **Social** – involvement and partnership, in conjunction with the Millennium bcp Foundation, with the external community and with the internal community in establishing lasting relationships of proximity and cooperation and in the creation of shared value;
- **Corporate governance** – integration of sustainability principles into the Bank's decision-making, management and control processes and in the definition of its value proposition.

Millennium bcp thus assumes, as an integral part of its business model, the purpose of creating social and environmental value, developing actions for - and with - the various groups of Stakeholders with the aim of contributing to the fair and inclusive development of the countries in which it operates.

Throughout the Bank's Sustainability journey, several external commitments have been made, the highlights being:

- "United Nations Global Compact Principles", a commitment to respect its 10 Principles in the area of human rights, labour practices, environmental protection and anti-corruption and recognition of the importance of the Sustainable Development Goals (SDGs) and the United Nations 2030 Agenda;
- "United Nations Principles for Responsible Banking (UNEP FI)", a commitment that aims to ensure the alignment of the Bank's strategy and practices with the SDGs and the goals and objectives of the Paris Climate Agreement. The framework proposed by the PRB considers six principles that cover all business areas, at the strategic, portfolio and transactional levels, constituting a holistic tool for integrating sustainability into the different dimensions of the organization's activity;
- "Charter of Principles of BCSD Portugal - Business Council for Sustainable Development", a document that establishes the principles that constitute the guidelines for good business management and allows subscribing companies to be recognized by their customers, suppliers and society in general for adopting sustainability commitments;
- "Charter of Commitment to Sustainable Financing in Portugal", an aspirational document produced within the scope of the "Reflection Group for Sustainable Financing in Portugal" promoted by the Ministries of Environment, Finance and Economy of the 22nd Government, which seeks to highlight the importance of integrating environmental, social and governance risks into the decision-making and risk management processes of the financial sector;
- "Women's Empowerment Principles" of the United Nations Global Compact, an international platform for promoting gender equality that highlights our long-term vision and the desire to integrate – and promote – a collective dynamic based on cooperation and trust; "Charter for Diversity", an initiative of the European Commission promoted in Portugal by APPDI - Portuguese Association for Diversity and Inclusion, which encourages employers to implement and develop internal policies, processes and practices to promote diversity and inclusion.

The guidelines for the BCP Group's actions in these matters are set out in corporate Policies and Principles applicable to the various areas of activity and business (available at https://ind.millenniumbcp.pt/pt/Institucional/sustentabilidade/Pages/cod_internos.aspx) and are set out in the Sustainability Master Plan (PDS), through which we aim to respond to the expectations, ambitions and needs of the Bank's Stakeholders and contribute to sustainable development.

The PDS, now in its 2024 version, a document structured around selected dimensions to respond to the topics contained in the Bank's materiality matrix and the supervisors' recommendations and under which we have successfully implemented a large number of specific initiatives and actions, continues to include the following lines of action:

Actuation axis	Dimension
a. Positive impact through responsible and sustainable management	i. ESG risk management
	ii. Compensation policies
	iii. ESG Strategy
	iv Corporate policies and commitments
	v. Sustainable Purchasing
	vi. ESG corporate performance analysis
	viii. ESG Compliance
	viii. Training and development of top management
	ix. Knowledge
	x. Resource management
b. Positive impact through sustainable "offer"	i. Responsible and Sustainable Investment
	ii ESG product development
	iii. Offer ESG risk management
c.Positive impact on the environment	i. Climate change and energy transition
	i. Regulations and reporting frameworks
	iii. Environmental training and awareness
d.Positive impact on people and communities	i. Training and development
	ii. Corporate Volunteering
	iii. Human rights
	iv. Financial Literacy
	v. Partnerships for Sustainability

The implementation of the SDP has made it possible to improve the Bank's performance with regard to the main sustainability axes, in particular:

Economic / Governance	Social	Environmental
Total number of customers 7,880 thousand. vs. 7,450 thousand. in 2023 % of payments to local suppliers 89.8% vs.90.3% in 2023 Total number of digital customers 5,479 thousand. vs. 5,091 thousand. in 2023	Total number of employees 15,644 vs. 15,688 in 2023 Training (Hours) 779.719 vs. 728.681 in 2023 Donations 2.6 vs. 2.4 million in 2023	Scope 1 + Scope 2: 11,460 tCO2e emitted vs. 10,957 in 2023 Scope 3: 9,598,650* 44,643 MWh of electricity consumed vs. 47,760 in 2023 2,456 MWh of renewable energy produced by the Bank *Methodology for calculating scope 3 GHG emissions improved in 2024 and considers categories 1, 2, 3, 6,13 and 15 (more information in E1-6 - Gross scope 1, 2, 3 GHG emissions and total GHG emissions).

In order to promote transparency in communication with its Stakeholders, monitor the evolution of performance, identifying opportunities for improvement, and communicate the evaluation carried out by recognized entities, the Bank responded to several specialized indices:

Âmbito	Índice	Desempenho 2023		Desempenho 2022
BCP Group	**MSCI**	**A**	=	**A**
BCP Group	**CSA S&P (antes DJSI)**	**63%**	↑	**56%**
BCP Group	**Carbon Disclosure Project (Climate)**	**B**	=	**B**
BCP Group	**Carbon Disclosure Project (SER)**	**B**	=	**B**
BCP Group	**Vigeo Eiris**	**na(*)**		**46% (88% disclosure)**
BCP Group	**EthiFinance (antes Gaïa Rating)**	**na(*)**		**70%**
BCP Group	**LSEG (antes Refinitiv)**	**80%**	↑	**74%**
BCP Group	Sustainalytics	**2450%**	↓	**1970%**
BCP Group	ISS ESG	**na(*)**	↑	**C-**
BCP Group	Ecovadis	**Bronze**		

(*) na - not available.

In the cycle corresponding to the Strategic Plan - Valorizar 2025/2028 -, Millennium bcp continues to seek to identify business opportunities related to sustainability, as well as manage the physical and transition risks of its portfolio, but also promote the creation of innovative solutions, products and services with a green and social classification aimed at all customer segments.

Detailed information and indicators on the BCP Group's Sustainability performance are available, in an aggregated view and by geography, in the 2024 Annual Report, Sustainability information, at:

https://ind.millenniumbcp.pt/pt/Institucional/sustentabilidade/Pages/relatorios_anuais.aspx.

More information on Sustainability in the BCP Group is available in Volume II of the Annual Report.

The Sustainability Reports, with an aggregated and geographical overview of the BCP Group's non-financial information, can be consulted at:

https://ind.millenniumbcp.pt/pt/Institucional/sustentabilidade/Pages/relatorios_anuais.aspx.

Consolidated financial statements

BANCO COMERCIAL PORTUGUÊS

CONSOLIDATED INCOME STATEMENTS

FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	2024	2023 (restated)
Interest and similar income	4,715,834	4,371,289
Interest and similar expense	(1,884,981)	(1,545,565)
NET INTEREST INCOME	2,830,853	2,825,724
Dividends from equity instruments	1,016	1,783
Net fees and commissions income	808,540	771,673
Gains/(losses) on financial operations at fair value through profit or loss	(55,172)	(4,991)
Foreign exchange gains/(losses)	41,594	17,469
Gains/(losses) on hedge accounting	5,775	21,808
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	12,785	112,088
Other operating income/(expenses)	(152,273)	(60,415)
TOTAL OPERATING INCOME	3,493,118	3,685,139
Staff costs	721,976	631,806
Other administrative costs	440,467	393,246
Amortisations and depreciations	144,800	137,499
TOTAL OPERATING EXPENSES	1,307,243	1,162,551
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS	2,185,875	2,522,588
Results on modification	(68,516)	(19,426)
Impairment of financial assets at amortised cost	(215,197)	(247,992)
Impairment of financial assets at fair value through other comprehensive income	(10,213)	(1,322)
Impairment of other assets	(51,044)	(56,374)
Other provisions	(581,024)	(794,158)
NET OPERATING INCOME	1,259,881	1,403,316
Share of profit of associates accounted for using the equity method	58,888	62,707
Gains/(losses) on disposal of subsidiaries and other assets	22,643	21,809
NET INCOME BEFORE INCOME TAXES	1,341,412	1,487,832
Income taxes		
Current	(138,768)	(179,857)
Deferred	(202,483)	(357,514)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS	1,000,161	950,461
Net income from discontinued or discontinuing operations	322	(2,852)
NET INCOME AFTER INCOME TAXES	1,000,483	947,609
Net income for the year attributable to:		
Bank's Shareholders	906,378	856,050
Non-controlling interests	94,105	91,559
NET INCOME FOR THE YEAR	1,000,483	947,609
Earnings per share (in Euros)		
Basic	0.058	0.054
Diluted	0.058	0.054

BANCO COMERCIAL PORTUGUÊS

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	2024	2023 (restated)
ASSETS		
Cash and deposits at Central Banks	5,589,030	4,545,526
Loans and advances to credit institutions repayable on demand	251,157	337,687
Financial assets at amortised cost		
Loans and advances to credit institutions	797,535	908,477
Loans and advances to customers	53,907,058	53,305,159
Debt securities	21,345,171	17,579,136
Financial assets at fair value through profit or loss		
Financial assets held for trading	1,763,402	822,904
Financial assets not held for trading mandatorily at fair value through profit or loss	355,211	433,603
Financial assets designated at fair value through profit or loss	33,894	32,004
Financial assets at fair value through other comprehensive income	12,898,966	10,834,287
Hedging derivatives	69,349	40,628
Investments in associates	429,423	380,822
Non-current assets held for sale	45,245	80,317
Investment property	24,183	39,100
Other tangible assets	619,146	606,447
Goodwill and intangible assets	275,970	223,105
Current tax assets	21,159	20,469
Deferred tax assets	2,253,457	2,554,331
Other assets	1,464,246	1,626,684
TOTAL ASSETS	102,143,602	94,370,686
LIABILITIES		
Financial liabilities at amortised cost		
Deposits from credit institutions and other funds	777,719	829,126
Deposits from customers and other funds	82,084,687	75,606,813
Non-subordinated debt securities issued	3,528,710	2,712,682
Subordinated debt	1,427,359	1,397,425
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	179,627	207,387
Financial liabilities designated at fair value through profit or loss	3,248,857	3,608,487
Hedging derivatives	39,041	67,825
Provisions	1,085,858	753,103
Current tax liabilities	136,008	197,085
Deferred tax liabilities	7,434	8,795
Other liabilities	1,435,745	1,691,552
TOTAL LIABILITIES	93,951,045	87,080,280
EQUITY		
Share capital	3,000,000	3,000,000
Share premium	16,471	16,471
Other equity instruments	400,000	400,000
Legal and statutory reserves	384,402	316,375
Reserves and retained earnings	2,387,592	1,714,083
Net income for the year attributable to Bank's Shareholders	906,378	856,050
Non-controlling interests	1,097,714	987,427
TOTAL EQUITY	8,192,557	7,290,406
TOTAL LIABILITIES AND EQUITY	102,143,602	94,370,686

Alternative performance measures

The BCP Group prepares financial information in accordance with International Financial Reporting Standards (IFRS) endorsed by European Union. As a complement to that information, the BCP Group uses a set of alternative performance measures that allow monitoring the evolution of its activity over the time. Following the guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA) on October 2015 (ESMA/2015/1415), the BCP Group presents some indicators related to the assessment of profitability and efficiency and the quality of the credit portfolio, among others, which are intended to facilitate comprehension of the evolution of the economic and financial position of the Group. The information presented in this context does not, under any circumstance, replace the financial information prepared in accordance with IFRS. It should also be noted that the definitions and concepts used by the BCP Group for the calculation of these indicators may differ from those used by other entities in the determination of other similar measures and may therefore not be directly comparable. In accordance with the guidelines, in addition to the alternative performance measures, detailed below, additional information is presented throughout this document, in the respective chapters, that reconciles the accounting figures presented in the consolidated financial statements prepared in accordance with IFRS and financial information reflecting the management criteria adopted by the BCP Group. These indicators and their components are also described in more detail in the glossary.

1) Loans to customers (net) / Balance sheet customer funds

Relevance of the indicator: the loans-to-deposits ratio is an indicator of liquidity that allows the evaluation of the Group's retail funding structure.

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22
Loans to customers (net) (1)	55,707	55,218	56,198
Balance sheet customer funds (2)	85,334	79,215	77,250
(1) / (2)	**65.3%**	**69.7%**	**72.7%**

2) Return on average assets (ROA)

Relevance of the indicator: allows measurement of the capacity of the Group to generate results with the volume of available assets.

million EUR

	2024	2023 restated	2022
Net income (1)	906	856	197
Non-controlling interests (2)	94	92	(78)
Average total assets (3)	99,025	91,031	95,884
[(1) + (2), annualised] / (3)	**1.0%**	**1.0%**	**0.1%**

3) Return on average equity (ROE)

Relevance of the indicator: allows assessment of the capacity of the Group to remunerate its shareholders, assessing the level of profitability generated by the funds invested by the shareholders in the Group.

million EUR

	2024	2023 restated	2022
Net income (1)	906	856	197
Coupons on AT1 Instruments (2)	34	37	37
Average equity (3)	6,316	5,341	5,106
[(1)-(2), annualised] / (3)	**13.8%**	**15.3%**	**3.1%**

4) Return on tangible equity (ROTE)

Relevance of the indicator: allows assessment of the capacity of the Group to remunerate its shareholders, excluding intangible items.

million EUR

	2024	2023 restated	2022
Net income (1)	906	856	197
Coupons on AT1 Instruments (2)	34	37	37
Goodwill impairment (3)	0	0	103
Adjusted net income (4)=[(1)-(2)+(3)]	873	819	263
Average equity excluding goodwill and intangible assets (5)	6,079	5,151	4,904
[(4), annualised] / (5)	**14.4%**	**15.9%**	**5.4%**

5) Cost to income*

Relevance of the indicator: it allows for the monitoring of the level of efficiency of the Group (excluding specific items), evaluating the volume of operating costs to generate net operating revenues.

million EUR

	2024	2023	2022
Operating costs (1)	1,307	1,163	1,073
of which: specific items (2)	13	15	16
Net operating revenues (3)	3,575	3,770	2,857
of which: specific items (4)	—	139	—
[(1) - (2)] / [(3) - (4)]	**36.2%**	**31.6%**	**37.0%**

* Excluding specific items. In 2024, specific items had a negative impact of EUR 13 million, recognised in staff costs in the activity in Portugal. In 2023, the impact was positive, in the amount of EUR 124 million, including income of EUR 139 million recognised in the international activity, related to the sale of 80% of the shares in Millennium Financial Services sp. z o.o. (EUR 128 million recognised as net trading income and EUR 11 million recognised as other net operating income) and costs of EUR 15 million recognised as staff costs in the activity in Portugal. In 2022, the impact was negative in the amount of EUR 16 million, recognised as staff costs in the activity in Portugal.

6) Cost of risk, net of recoveries (expressed in basis points, annualised) *

Relevance of the indicator: allows assessment of the quality of the loan portfolio by evaluating the ratio between impairment charges recognised in the period (net of reversals and recoveries of credit and interest) and the stock of loans to customers at the end of that period.

million EUR

	2024	2023	2022
Loans to customers at amortised cost, before impairment (1)	57,200	56,805	57,684
Loan impairment charges (net of recoveries) (2)	182	240	301
[(2), annualised] / (1)	**32**	**42**	**52**

*Includes the impact of certain impairments reversal in the second quarter of 2024 in the activity in Portugal, as well as the impact of the recovery associated with the out-of-court settlement in the subsidiary in Mozambique in 2023. Excluding these impacts, the cost of risk of the Group evolved from 48 b.p. to 40 b.p. in the last year.

7) Non-performing exposures (NPE) / Loans to customers (gross)

Relevance of the indicator: allows the assessment of the level of credit risk to which the Group is exposed based on the proportion of the NPE loan portfolio in the loans-to-customers portfolio (gross).

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22
Non-Performing Exposures (Loans to customers) (1)	1,825	1,952	2,218
Loans to customers (gross) (2)	57,203	56,814	57,713
(1) / (2)	**3.2%**	**3.4%**	**3.8%**

8) Total impairment/ Non-performing exposures (NPE)

Relevance of the indicator: it allows the assessment of the relationship between the total balance sheet impairment recognised by the Group and the NPE loan portfolio.

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22
Non-Performing Exposures (Loans to customers) (1)	1,825	1,952	2,218
Total loan impairments (balance sheet) (2)	1,497	1,596	1,515
(2) / (1)	**82.0%**	**81.8%**	**68.3%**

9) Impairments allocated to NPE/ Non-performing exposures (NPE)

Relevance of the indicator: it allows the assessment of the relationship between the impairments allocated to NPE recognised by the Group and the NPE loan portfolio.

million EUR

	31 Dec. 24	31 Dec. 23	31 Dec. 22
Non-Performing Exposures (Loans to customers) (1)	1,825	1,952	2,218
Impairments allocated to NPE (balance sheet) (2)	985	1,028	1,011
(2) / (1)	**54.0%**	**52.7%**	**45.6%**

Application of Results

Considering:

Taking into consideration:

A. The provisions of the law and of the articles of association concerning the legal reserve applicable;

B. The Dividends Policy of Banco Comercial Português, S.A. (BCP) currently in force, as approved at the General Meeting held on 20 May 2021;

C. That according to the financial statements to be submitted to the approval of the Shareholders, in the 2024 financial year, BCP recorded consolidated net earnings amounting to EUR 906,377,596.54 and individual net earnings amounting to EUR 802,567,222.04;

D. That the above-mentioned Dividends Policy sets forth as its Guidelines:

   i. The promotion of conditions for the sustainable observance of the capital ratios at any moment applicable to the Bank, as well as the remaining applicable legal requirements, including the limitations that are applicable at any moment, resulting from the calculation of the maximum distributable amount;

   ii. The retention of own funds that enable to promote coherence with the Risk Appetite Statement (RAS) and with the results of the internal capital adequacy assessment process (ICAAP);

   iii. The safeguard of an appropriate safety margin on the values established by the regulator within the scope of its assessment and evaluation on the adequacy of strategies, processes, capital and liquidity that are appropriate to the risks to which the Bank is or might be exposed to (SREP);

E. That the capital position and the levels of provisioning and risk coverage, achieved in particular, by the improvement in profitability, allow to envisage solvency levels with a margin of safety considered broad and consistent with the Risk Appetite Statement, even in scenarios still marked by uncertain factors in the countries where the Group operates, and considering the distribution of a portion of the earnings in line with market standards and consistent with the premises of the 2025-2028 Strategic Plan, including the shares' buy-back subject to the approval of supervisors and the achievement of objectives;

The Board of Directors

Proposes:

I

In accordance with article 66 (5) (f) and for purposes of article 376 (1) (b) of the Companies Code, and article 55 of the Bank's articles of association, the following application of the financial year individual net results amounting to EUR 802,567,222.04:

a) For reinforcement of the legal reserve: EUR 80,256,722.21

b) For dividends distribution: EUR 453,419,698.56

c) EUR 268,890,801.27, that is, the remaining, to Retained Earnings.

II

Considering that, with the execution of the buyback of own shares in the amount of EUR 200,000,000.00, it is not possible to determine the number of shares in circulation at the time of the dividends' payment, the total amount proposed for the distribution of dividends, in the amount of EUR 453,419,698.56, was calculated based on a unit dividend per share issued (in this case, EUR 0.0300 per share), and it is therefore proposed that a resolution be passed that:

a) For each share issued, a unit dividend of EUR 0.0300 is paid, which was the basis for the preparation of the proposal;

b) The unit amount corresponding to the shares that, on the first day of the dividend payment period, belong to BCP, is not paid, being transferred to Retained Earnings.

Lisbon, 25 March 2025

THE BOARD OF DIRECTORS

Glossary

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

Balance sheet customer funds – deposits and other resources from customers and debt securities placed with customers.

Business Volumes - corresponds to the sum of total customer funds and loans to customers (gross).

Commercial gap – loans to customers (gross) minus on-balance sheet customer funds.

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

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

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

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

Cost to income – operating costs divided by net operating revenues.

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

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

Deposits and other resources from customers – deposits from customers and other funds at amortised cost and customer deposits at fair value through profit or loss.

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

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

Insurance products – includes unit linked saving products and retirement saving plans ("PPR", "PPE" and "PPR/E").

Loan impairments (balance sheet) – balance sheet impairment related to loans to customers at amortised cost, balance sheet impairment associated with debt instruments at amortised cost related to credit operations and fair value adjustments related to loans to customers at fair value through profit or loss.

Loan impairments (P&L) – impairment (net of reversals and net of recoveries - principal and accrual) of financial assets at amortised cost for loans to customers and for debt instruments related to credit operations.

Loans to customers (gross) – loans to customers at amortised cost before impairment, debt instruments at amortised cost associated to credit operations before impairment and loans to customers at fair value through profit or loss before fair value adjustments.

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

Loan to Deposits ratio (LTD) (Instruction from Banco de Portugal no. 16/2004) – loans to customers (net) divided by deposits and other resources from customers.

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

Net commissions - net fees and commissions income.

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

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

Net trading income – gains/(losses) on financial operations at fair value through profit or loss, foreign exchange gains/(losses), gains/(losses) on hedge accounting and gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss (gains/(losses) from derecognition of financial assets and financial liabilities measured at amortised cost and gains/(losses) from derecognition of financial assets measured at fair value through other comprehensive income until 2021).

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

Non-performing loans (NPL) – overdue loans (includes loans to customers at amortised cost, loans to customers at fair value through profit or loss and, from 2023, debt instruments at amortised cost associated to credit operations before impairment) more than 90 days past due including the non-overdue remaining principal of loans.

Off-balance sheet customer funds – assets under management, assets placed with customers and insurance products (savings and investment) subscribed by customers.

Operating costs - staff costs, other administrative costs and amortisations and depreciations.

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

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

Other net operating income – other operating income/(expenses) and gains/(losses) arising from sales of subsidiaries and other assets.

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

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

Return on average assets (Instruction from Banco de Portugal no. 16/2004) – net income (before tax and non-controlling interests) divided by the average total assets (weighted average of the average of monthly net assets in the period).

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

Return on equity (Instruction from Banco de Portugal no. 16/2004) — net income (before tax and non-controlling interests) divided by the average equity (weighted average of the average of monthly equity in the period).

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

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

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

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

Total customer funds - balance sheet customer funds and off-balance sheet customer funds.

Accounts and Notes to the Consolidated Accounts

CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Notes	2024	2023 (restated)
Interest and similar income	2	4,715,834	4,371,289
Interest and similar expense	2	(1,884,981)	(1,545,565)
NET INTEREST INCOME		2,830,853	2,825,724
Dividends from equity instruments	3	1,016	1,783
Net fees and commissions income	4	808,540	771,673
Gains/(losses) on financial operations at fair value through profit or loss	5	(55,172)	(4,991)
Foreign exchange gains/(losses)	5	41,594	17,469
Gains/(losses) on hedge accounting	5	5,775	21,808
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	12,785	112,088
Other operating income/(expenses)	6	(152,273)	(60,415)
TOTAL OPERATING INCOME		3,493,118	3,685,139
Staff costs	7	721,976	631,806
Other administrative costs	8	440,467	393,246
Amortisations and depreciations	9	144,800	137,499
TOTAL OPERATING EXPENSES		1,307,243	1,162,551
NET OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS		2,185,875	2,522,588
Results on modification	10	(68,516)	(19,426)
Impairment of financial assets at amortised cost	11	(215,197)	(247,992)
Impairment of financial assets at fair value through other comprehensive income	12	(10,213)	(1,322)
Impairment of other assets	13	(51,044)	(56,374)
Other provisions	14	(581,024)	(794,158)
NET OPERATING INCOME		1,259,881	1,403,316
Share of profit of associates accounted for using the equity method	15	58,888	62,707
Gains/(losses) on disposal of subsidiaries and other assets	16	22,643	21,809
NET INCOME BEFORE INCOME TAXES		1,341,412	1,487,832
Income taxes			
Current	31	(138,768)	(179,857)
Deferred	31	(202,483)	(357,514)
NET INCOME AFTER INCOME TAXES FROM CONTINUING OPERATIONS		1,000,161	950,461
Net income from discontinued or discontinuing operations	17	322	(2,852)
NET INCOME AFTER INCOME TAXES		1,000,483	947,609
Net income for the year attributable to:			
Bank's Shareholders		906,378	856,050
Non-controlling interests	44	94,105	91,559
NET INCOME FOR THE YEAR		1,000,483	947,609
Earnings per share (in Euros)			
Basic	18	0.058	0.054
Diluted	18	0.058	0.054

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	2024				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE YEAR	1,000,161	322	1,000,483	906,378	94,105
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (NOTE 43)					
Debt instruments at fair value through other comprehensive income					
Gains / (losses) for the year	84,381	–	84,381	63,885	20,496
Reclassification of gains /(losses) to profit or loss (note 5)	11,795	–	11,795	11,850	(55)
Cash flows hedging					
Gains / (losses) for the year	401,313	–	401,313	397,976	3,337
Other comprehensive income from investments in associates and others	7,284	–	7,284	7,284	–
Exchange differences arising on consolidation	60,427	–	60,427	35,138	25,289
IAS 29 application					
Effect on equity of Banco Millennium Atlântico, S.A.	380	–	380	380	–
Fiscal impact	(156,794)	–	(156,794)	(152,720)	(4,074)
	408,786	–	408,786	363,793	44,993
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT					
Equity instruments at fair value through other comprehensive income					
Gains / (losses) for the year					
Subsidiaries (note 43)	2,378	–	2,378	1,243	1,135
Associates	5,883	–	5,883	5,883	–
	8,261	–	8,261	7,126	1,135
Changes in own credit risk of financial liabilities at fair value through profit or loss (note 43)	1,936	–	1,936	1,936	–
Actuarial gains / (losses) for the year					
BCP Group Pension Fund (note 50)	(247,590)	–	(247,590)	(247,590)	–
Pension Funds of foreign subsidiaries and associates	(5,741)	–	(5,741)	(4,731)	(1,010)
Fiscal impact	56,970	–	56,970	57,196	(226)
	(186,164)	–	(186,164)	(186,063)	(101)
Other comprehensive income / (loss) for the year	222,622	–	222,622	177,730	44,892
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,222,783	322	1,223,105	1,084,108	138,997

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

(Thousands of euros)

	2023 (restated)				
				Attributable to	
	Continuing operations	Discontinued operations	Total	Bank's Shareholders	Non-controlling interests
NET INCOME FOR THE YEAR	950,461	(2,852)	947,609	856,050	91,559
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT (NOTE 43)					
Debt instruments at fair value through other comprehensive income					
Gains / (losses) for the year	210,878	—	210,878	141,812	69,066
Reclassification of gains / (losses) to profit or loss (note 5)	12,642	—	12,642	11,287	1,355
Cash flows hedging					
Gains / (losses) for the year	507,098	—	507,098	470,043	37,055
Other comprehensive income from investments in associates and others	(5,910)	—	(5,910)	(5,907)	(3)
Exchange differences arising on consolidation	58,989	—	58,989	8,307	50,682
IAS 29 application					
Effect on equity of Banco Millennium Atlântico, S.A.	8,268	—	8,268	8,268	—
Fiscal impact	(201,272)	—	(201,272)	(181,062)	(20,210)
	590,693	—	590,693	452,748	137,945
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT					
Equity instruments at fair value through other comprehensive income					
Gains / (losses) for the year					
Subsidiaries (note 43)	7,326	—	7,326	6,782	544
Associates	7,073	—	7,073	7,073	—
	14,399	—	14,399	13,855	544
Changes in own credit risk of financial liabilities at fair value through profit or loss (note 43)	(2,778)	—	(2,778)	(2,778)	—
Actuarial gains / (losses) for the year					
BCP Group Pensions Fund (note 50)	(222,880)	—	(222,880)	(222,880)	—
Pension Funds of foreign subsidiaries and associates	1,775	—	1,775	2,837	(1,062)
Fiscal impact	94,751	—	94,751	94,665	86
	(114,733)	—	(114,733)	(114,301)	(432)
Other comprehensive income / (loss) for the year	475,960	—	475,960	338,447	137,513
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,426,421	(2,852)	1,423,569	1,194,497	229,072

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Notes	2024	2023 (restated)
ASSETS			
Cash and deposits at Central Banks	19	5,589,030	4,545,526
Loans and advances to credit institutions repayable on demand	20	251,157	337,687
Financial assets at amortised cost			
Loans and advances to credit institutions	21	797,535	908,477
Loans and advances to customers	22	53,907,058	53,305,159
Debt securities	23	21,345,171	17,579,136
Financial assets at fair value through profit or loss			
Financial assets held for trading	24	1,763,402	822,904
Financial assets not held for trading mandatorily at fair value through profit or loss	24	355,211	433,603
Financial assets designated at fair value through profit or loss	24	33,894	32,004
Financial assets at fair value through other comprehensive income	24	12,898,966	10,834,287
Hedging derivatives	25	69,349	40,628
Investments in associates	26	429,423	380,822
Non-current assets held for sale	27	45,245	80,317
Investment property	28	24,183	39,100
Other tangible assets	29	619,146	606,447
Goodwill and intangible assets	30	275,970	223,105
Current tax assets	31	21,159	20,469
Deferred tax assets	31	2,253,457	2,554,331
Other assets	32	1,464,246	1,626,684
TOTAL ASSETS		102,143,602	94,370,686
LIABILITIES			
Financial liabilities at amortised cost			
Deposits from credit institutions and other funds	33	777,719	829,126
Deposits from customers and other funds	34	82,084,687	75,606,813
Non-subordinated debt securities issued	35	3,528,710	2,712,682
Subordinated debt	36	1,427,359	1,397,425
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	37	179,627	207,387
Financial liabilities designated at fair value through profit or loss	38	3,248,857	3,608,487
Hedging derivatives	25	39,041	67,825
Provisions	39	1,085,858	753,103
Current tax liabilities	31	136,008	197,085
Deferred tax liabilities	31	7,434	8,795
Other liabilities	40	1,435,745	1,691,552
TOTAL LIABILITIES		93,951,045	87,080,280
EQUITY			
Share capital	41	3,000,000	3,000,000
Share premium	41	16,471	16,471
Other equity instruments	41	400,000	400,000
Legal and statutory reserves	42	384,402	316,375
Reserves and retained earnings	43	2,387,592	1,714,083
Net income for the year attributable to Bank's Shareholders		906,378	856,050
Non-controlling interests	44	1,097,714	987,427
TOTAL EQUITY		8,192,557	7,290,406
TOTAL LIABILITIES AND EQUITY		102,143,602	94,370,686

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	2024	2023
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Interests received	3,615,554	3,574,550
Commissions received	1,060,670	995,405
Fees received from services rendered	132,331	124,601
Interests paid	(1,816,449)	(1,354,351)
Commissions paid	(182,806)	(175,850)
Recoveries on loans previously written off	70,624	57,732
Payments (cash) to suppliers and employees (*)	(1,444,814)	(1,185,258)
Income taxes (paid) / received	(204,206)	(84,618)
	1,230,904	1,952,211
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	197,870	(137,542)
Deposits held with purpose of monetary control	(88,562)	197,388
Loans and advances to customers receivable / (granted)	(801,026)	554,467
Short term trading securities	(992,534)	125,787
Increase / (decrease) in operating liabilities:		
Loans and advances to credit institutions repayable on demand	(9,757)	(21,127)
Deposits from credit institutions with agreed maturity date	(44,417)	(624,255)
Loans and advances to customers repayable on demand	2,863,523	(3,624,247)
Deposits from customers with agreed maturity date	3,211,619	5,549,721
	5,567,620	3,972,403
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Assignment of investments in subsidiaries and associates which results in loss of control	—	115,089
Dividends received	57,314	10,504
Interest income from financial assets at fair value through other comprehensive income and at amortised cost	1,032,852	605,181
Sale of financial assets at fair value through other comprehensive income and at amortised cost	3,827,773	3,246,396
Acquisition of financial assets at fair value through other comprehensive income and at amortised cost	(154,631,503)	(131,539,734)
Maturity of financial assets at fair value through other comprehensive income and at amortised cost	145,297,987	120,612,565
Acquisition of tangible and intangible assets	(162,102)	(124,883)
Sale of tangible and intangible assets	1,332	6,925
Decrease / (increase) in other sundry assets	(163,006)	469,310
	(4,739,353)	(6,598,647)
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of debt securities	1,185,355	1,181,735
Repayment of debt securities	(722,878)	(233,366)
Issuance of commercial paper and other securities	71,326	32,137
Repayment of commercial paper and other securities	(5,004)	(33,623)
Issuance of Perpetual Subordinated Bonds in January 2024, net of expenses (Additional Tier 1)	397,600	—
Repayment of Perpetual Subordinated Bonds issued in January 2019, net of expenses (Additional Tier 1)	(400,000)	—
Dividends paid to Bank's shareholders	(256,938)	—
Dividends paid to non-controlling interests	(28,727)	(23,719)
Interest paid of the issue of Perpetual Subordinated Bonds (Additional Tier 1)	(33,625)	(37,000)
Increase / (decrease) in other sundry liabilities and non-controlling interests (**)	(138,829)	328,843
	68,280	1,215,007
Exchange differences effect on cash and equivalents	60,427	58,989
Net changes in cash and equivalents	956,974	(1,352,248)
Cash (note 19)	688,501	593,033
Deposits at Central Banks (note 19)	3,857,025	5,428,968
Loans and advances to credit institutions repayable on demand (note 20)	337,687	213,460
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR	4,883,213	6,235,461
Cash (note 19)	666,175	688,501
Deposits at Central Banks (note 19)	4,922,855	3,857,025
Loans and advances to credit institutions repayable on demand (note 20)	251,157	337,687
CASH AND EQUIVALENTS AT THE END OF THE YEAR	5,840,187	4,883,213

(*) In 2024, this balance includes the amount of EUR 262,000 (2023: EUR 1,440,000) related to short-term lease contracts and the amount of EUR 2,473,000 (2023: EUR 2,612,000) related to lease contracts of low value assets.

(**) In 2024, this balance includes the amount of EUR 57,519,000 (2023: EUR 54,952,000) corresponding to principal payments on lease liabilities.

CHIEF ACCOUNTANT THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Share capital	Share premium	Other equity instruments	Legal and statutory reserves	Reserves and retained earnings	Net income for the year attributable to Bank's Shareholders	Non-controlling interests (note 44)	Total equity
BALANCE AS AT 31 DECEMBER 2022 (RESTATED)	3,000,000	16,471	400,000	268,534	1,272,262	197,386	782,114	5,936,767
Effect of the revision of Millenniumbcp Ageas' equity for the financial year 2022, associated with the application of IFRS 9 and IFRS 17 (note 43)	–	–	–	–	(9,092)	–	–	(9,092)
BALANCE AS AT 1 JANUARY 2023	3,000,000	16,471	400,000	268,534	1,263,170	197,386	782,114	5,927,675
Net income for the year	–	–	–	–	–	856,050	91,559	947,609
Other comprehensive income	–	–	–	–	338,447	–	137,513	475,960
TOTAL COMPREHENSIVE INCOME	–	–	–	–	338,447	856,050	229,072	1,423,569
Results application:								
Legal reserve	–	–	–	47,841	(47,841)	–	–	–
Transfers for reserves and retained earnings	–	–	–	–	197,386	(197,386)	–	–
Interest on perpetual subordinated bonds (Additional Tier 1)	–	–	–	–	(37,000)	–	–	(37,000)
Dividends (a)	–	–	–	–	–	–	(23,719)	(23,719)
Other reserves	–	–	–	–	(79)	–	(40)	(119)
BALANCE AS AT 31 DECEMBER 2023 (RESTATED)	3,000,000	16,471	400,000	316,375	1,714,083	856,050	987,427	7,290,406
Net income for the year	–	–	–	–	–	906,378	94,105	1,000,483
Other comprehensive income	–	–	–	–	177,730	–	44,892	222,622
TOTAL COMPREHENSIVE INCOME	–	–	–	–	177,730	906,378	138,997	1,223,105
Results application:								
Legal reserve (note 42)	–	–	–	68,027	(68,027)	–	–	–
Transfers for reserves and retained earnings	–	–	–	–	856,050	(856,050)	–	–
Dividends paid					(256,938)	–	–	(256,938)
Interest on perpetual subordinated bonds (Additional Tier 1)	–	–		–	(33,625)	–	–	(33,625)
Early repayment of perpetual subordinated bonds AT1 issued in January 2019 (note 41)	–	–	(400,000)	–	–	–	–	(400,000)
Perpetual subordinated bonds AT1 issued in January 2024 (note 41)	–	–	400,000	–	–	–	–	400,000
Expenses on the issuance of perpetual subordinated bonds AT1 (January 2024)	–	–	–	–	(2,400)	–	–	(2,400)
Taxes on expenses with the new AT1 issuance (January 2024)	–	–	–	–	751	–	–	751
Dividends (a)	–	–	–	–	–	–	(28,727)	(28,727)
Other reserves	–	–	–	–	(32)	–	17	(15)
BALANCE AS AT 31 DECEMBER 2024	3,000,000	16,471	400,000	384,402	2,387,592	906,378	1,097,714	8,192,557

(a) Dividends of BIM - Banco Internacional de Moçambique, S.A.

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the consolidated financial statements.

1. Accounting policies

A. Basis of presentation

Banco Comercial Português, S.A. (the 'Bank') is a private capital bank, established in Portugal in 1985. It started operating on 5 May 1986, and these cfonsolidated financial statements reflect the results of the operations of the Bank and all its subsidiaries (together referred to as the 'Group') and the Group's interest in associates, for the years ended on 31 December 2024 and 2023.

In accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and Banco de Portugal Notice no. 5/2015 (which revoked Banco de Portugal Notice no. 1/2005), the Group's consolidated financial statements are required to be prepared, since 2005, in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). 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 its predecessor bodies. The consolidated financial statements and the accompanying notes were approved on 25 March 2025 by the Bank's Board of Directors and are presented in thousands of euros, rounded to the nearest thousand.

All the references in this document related to any normative always report to the respective current version.

The consolidated financial statements for the year ended on 31 December 2024 were prepared for the purpose of recognition and measurement, in accordance with the IFRS approved by the EU that are effective on that date.

These consolidated financial statements are a translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese version prevails.

A1. Comparative information

The Group has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January 2024. The accounting policies were applied consistently to all entities of the Group and are consistent with those used in the preparation of the financial statements of the previous year.

The Group's financial statements were prepared under the going concern assumption, the accrual-based accounting regime and under the historical cost convention, 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 covered under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. Investment properties recognised on the Group's balance sheet are recognised at fair value.The liability for defined benefit obligations is recognised as the present value of the past liabilities with pensions net of the value of the fund's assets.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors, under advice of the Executive Committee, to make judgments, estimations and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimations and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimations. The issues involving a higher degree of judgment or complexity or for which assumptions and estimations are significant are presented in note 1.Y.

As disclosed in note 43 – Reserves and retained earnings, on 1 January 2023, the Group made a correction to the item Reserves and retained earnings in the amount of EUR 9,092,000, correcting the transition adjustments related to IFRS 17 and IFRS 9 of its shareholding in Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.

The Group also verified compliance with the requirements that determined the acquisition of significant influence in Lusofundo - Fundo de Investimento Imobiliário Fechado, Fundo Especial de Investimento Imobiliário Fechado Eurofundo and Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. in the amount of EUR 18,780,000, EUR 8,467,000 and EUR 6,404,000, respectively, being recognised under the item of Investments in associates (note 26) by restatement of these amounts in the item of Financial assets at fair value through profit and loss (note 24) as at 31 December 2023. This accounting reclassification also led to the reclassification of the respective results in the year ended on 31 December 2023 in the amount of EUR 1,793,000, EUR 227,000 and Euros negative of 461,000 respectively. Regarding TIICC S.A.R.L. began recognised under the item of Investments in associates (note 26) against the item of Financial assets at fair value through other comprehensive income (note 24) in the amount of EUR 4,000.

B. Basis of consolidation

As from 1 January 2010, the Group began to apply IFRS 3 (revised) for the accounting of business combinations. The changes in the accounting policies resulting from the application of IFRS 3 (revised) are applied prospectively.

The consolidated financial statements now presented reflect the assets, liabilities, income and expenses of the Bank and its subsidiaries (the Group), and the results attributable to the Group financial investments in associates.

B1. Investments in subsidiaries

Subsidiaries are entities controlled by the Group (including structure entities and investment funds). The Group controls an entity when it holds the power to direct the relevant activities of the entity, and when it is exposed, or has rights, to variable returns from its involvement with the entity and can take possession of these results through the power it holds over the relevant activities of that entity (de facto control). The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Accumulated losses are attributed to non-controlling interests in the respective proportion, implying that the Group can recognise negative non-controlling interests.

On a step acquisition process resulting in the acquisition of control, the revaluation of any participation previously acquired is recorded against the profit and loss account when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation 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.

B2. Investments in associates

Investments in associates are recorded by the equity method from the date that the Group acquires significant influence until the date it ceases to exist. Associates are those entities in 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, more than 20% or 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 by the Group is usually evidenced in one or more of the following ways:

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Group and the investee;
- interchange of the management team;
- 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 associates accounted on an equity basis. When the Group's share of losses exceeds its interest in the associate, the carrying amount is reduced to zero and recognition of further losses is discontinued, with exception of the part in which the Group incurs in a legal obligation to assume these losses on behalf of an associate.

B3. Goodwill

Business combinations are accounted under the purchase method. The acquisition cost corresponds to the fair value, determined at the acquisition date, of the assets given and liabilities incurred or assumed. Costs directly attributable to the acquisition of a subsidiary are recorded directly in the income statement.

Positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation, however, it is subject to impairment tests. Goodwill arising from the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets and contingent liabilities acquired, depending on the option taken.

Negative goodwill arising from an acquisition is recognised directly in the income statement of the period in which the business combination occurs.

Goodwill is not adjusted due to changes in the initial estimation of the contingent purchase price, being the difference recorded in the income statement or in equity, when applicable.

According to IFRS 3 – Business combinations, if the initial accounting of a business combination is not concluded until the end of the first financial reporting period in which the combination occurs, it is recorded at the respective provisional values. These provisional values can be adjusted over the measurement period, which can't exceed a year since the acquisition date. Over this period, the Group should retrospectively adjust the amounts recognised previously on the acquisition date, to reflect newly obtained information about facts and circumstances that existed at the acquisition date and that, if they were known by then, would have impacted the measurement of the amounts recognised at that date.

During this period, the Group should also recognise additional assets and liabilities in the case of obtaining new information about facts and circumstances that existed at the acquisition date and that, if they were known by then, would have resulted in the recognition of those assets and liabilities at that time.

The recoverable amount of the goodwill recorded in the Group's asset is assessed annually in the preparation of the accounts with reference to the end of the year or whenever there are indications of eventual loss of value. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the higher of the asset value in use and the market value after deducting selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

B4. Purchases and dilution of non-controlling interests

The acquisition of non-controlling interests that do not impact the control position of a subsidiary is accounted as a transaction with shareholders and, therefore, no additional goodwill resulting from this transaction is recognised. The difference between the acquisition cost and the fair value of non-controlling interests acquired is recognised directly in reserves. On this basis, the gains and losses resulting from the sale of controlling interests that do not impact the control position of a subsidiary are always recognised against reserves.

B5. Loss of control

The gains or losses resulting from the dilution or sale of a financial position in a subsidiary, with loss of control, are recognised by the Group in the income statement.

B6. Investments in foreign subsidiaries and associates

The financial statements of foreign subsidiaries and associates of the Group are prepared in their functional currency, defined as the currency of the primary economic environment in which they operate or the currency in which the subsidiaries obtain their income or finance their activity. In the consolidation process, assets and liabilities, including goodwill, of foreign subsidiaries are converted into euro at the official exchange rate on the balance sheet date.

Regarding the investments in foreign operations that are consolidated under the full consolidation or equity methods, exchange differences, between the conversion to euro of the equity at the beginning of the year and its value in euro at the exchange rate on the balance sheet date in which the consolidated accounts are reported, are recognised against "Reserves - exchange differences". The changes in fair value resulting from instruments that are designated and qualified as hedging instruments related to foreign operations are recorded in equity under "Reserves and retained earnings". Whenever the hedge is not fully effective, the ineffective portion is accounted against profit and loss of the year.

The income and expenses of these subsidiaries are converted to euro at an approximate rate of the rates on the dates of the transactions, using a monthly average considering the initial and final exchange rates of each month. Exchange differences from the conversion to euro of the profits and losses for the reporting period, arising from the difference between the exchange rate used in the income statement and the exchange rate prevailing at the balance sheet date, are recognised in "Reserves and retained earnings - exchange differences resulting from the consolidation of Group's companies". The exchange rates used by the Group are detailed in note 54.

On disposal of investments in foreign subsidiaries for which there is loss of control, exchange differences related to the investment in the foreign operation and to the associated hedge transaction previously recognised in reserves are transferred to profit and loss, as part of the gains or loss arising from the disposal.

The Group applies IAS 29 – Financial reporting in hyperinflationary economies in financial statements of entities that present accounts in functional currency of an economy that has hyperinflation. In applying this policy, non-monetary assets and liabilities are adjusted based on the price index from the date of acquisition or the date of the last revaluation until 31 December 2021. The restated values of assets are reduced by the amount that exceeds their recoverable amount, in accordance with the applicable IFRS.

Equity components are also updated considering the price index from the beginning of the period or date of the contribution if it is earlier.

When the classification as a hyperinflationary economy is applied to associates, its effects are included in the Group's financial statements by applying the equity method of accounting on the financial statements restated in accordance with the requirements of IAS 29. The effects of the application of IAS 29 with impact on capital items are recognised against the item "Reserves and retained earnings".

In accordance with the requirements provided in IAS 29, Angola was considered as a hyperinflationary economy until 31 December 2018. This classification is no longer applicable as of 1 January 2019.

B7. Transactions eliminated on consolidation

The balances and transactions between Group's companies, as well as any unrealised gains and losses arising from these transactions, are eliminated in the preparation of the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated in the proportion of the Group's investment in these entities.

C. Financial instruments (IFRS 9)

C1. Financial assets

C1.1. Classification, initial recognition and subsequent measurement

At the initial recognition, financial assets are classified into one of the following categories:

- "Financial assets at amortised cost";
- "Financial assets at fair value through other comprehensive income"; or,
- "Financial assets at fair value through profit or loss".

The classification is made taking into consideration the following aspects:

- the Group's business model for the management of the financial asset; and,
- the characteristics of the contractual cash flows of the financial asset.

Business Model Evaluation

With reference to 1 January 2018, the Group carried out an evaluation of the business model in which the financial instruments are held at portfolio level, since this approach reflects how assets are managed and how that information is made available to management bodies. The information considered in this evaluation included:

- the policies and purposes established for the portfolio and the practical operability of these policies, including how the management strategy focuses on receiving contractual interest, maintaining a certain interest rate profile, adjusting the duration of financial assets to the duration of liabilities that finance these assets or on the realization of cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management bodies;
- the evaluation of the risks that affect the performance of the business model (and of the financial assets held under this business model) and the way these risks are managed;
- the remuneration of business managers, i.e., in what way the compensation depends on the fair value of the assets under management or on contractual cash flows received; and,
- the frequency, volume and sales periodicity in previous periods, the reasons for these sales and the expectations about future sales. However, sales information should not be considered individually, but as part of an overall assessment of how the Group establishes financial asset management objectives and how cash flows are obtained.

Financial assets held for trading and financial assets managed and evaluated at fair value by option are measured at fair value through profit or loss because they are not held either for the collection of contractual cash flows (HTC), nor for the collection of cash flows and sale of these financial assets (HTC and Sell).

Evaluation if the contractual cash flows correspond to Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the counterparty for the time value of money, for the credit risk associated with the amount owed over a given period and for other risks and costs associated with the activity (e.g., liquidity risk and administrative costs), as well as for a profit margin.

In the evaluation of the financial instruments in which contractual cash flows refer exclusively to the receipt of principal and interest, the Group considered the original contractual terms of the instrument. This evaluation included the analysis of the existence of situations in which the contractual terms can modify the periodicity and the amount of the cash flows so that they do not fulfil the SPPI condition. In the evaluation process, the Group considered:

- contingent events that may change the periodicity and the amount of the cash flows;
- characteristics that result in leverage;
- terms of prepayment and extension of maturity;
- terms that may limit the right of the Group to claim cash flows in relation to specific assets (e.g., contracts with terms that prevent access to assets in case of default – non-recourse asset); and,
- characteristics that may change the time value of money.

In addition, an advance payment is consistent with the SPPI criterion if:

- the financial asset is acquired or originated with a premium or discount in relation to the contractual nominal value;
- the prepayment represents substantially the nominal amount of the contract plus accrued contractual interest, but not paid (may include reasonable compensation for prepayment); and,
- the prepaid fair value is insignificant at initial recognition.

C1.1.1. Financial assets at amortised cost

Classification

A financial asset is classified under the category "Financial assets at amortised cost" if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect their contractual cash flows; and,
- its contractual cash flows occur on specific dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

The "Financial assets at amortised cost" category includes loans and advances to credit institutions, loans and advances to customers and debt instruments managed based on a business model whose purpose is to receive their contractual cash flows (government bonds, bonds issued by companies and commercial paper).

Initial recognition and subsequent measurement

Loans and advances to credit institutions and loans and advances to customers are recognised at the date the funds are made available to the counterparty (settlement date). Debt instruments are recognised on the trade date, that is, on the date the Group accepts to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. In addition, they are subject, at their initial recognition, to the measurement of impairment losses for expected credit losses (note C1.5), which are recognised in "'Impairment of financial assets measured at amortised cost".

Interest of financial assets at amortised cost is recognised under "Interest and similar income", based on the effective interest rate method and in accordance with the criteria described in note C3.

Gains or losses generated at the time of derecognition are recorded in "Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss".

C1.1.2. Financial assets at fair value through other comprehensive income

Classification

A financial asset is classified under the category of "Financial assets at fair value through other comprehensive income" if both of the following conditions are met:

- the financial asset is held within a business model whose objective is both to collect its contractual cash flows and to sell this financial asset; and,
- its contractual cash flows occur on specific dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, at the initial recognition of an equity instrument that is not held for trading, nor a contingent retribution recognised by an acquirer in a business combination to which IFRS 3 applies, the Group may irrevocably choose to classify it in the category of "Financial assets at fair value through other comprehensive income" (FVOCI). This option is exercised on a case-by-case basis and is only available for financial instruments that comply with the definition of equity instruments provided in IAS 32 and cannot be used for financial instruments whose classification as an equity instrument under the scope of the issuer is made under the exceptions provided in paragraphs 16A to 16D of IAS 32.

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in the fair value of these financial assets are recognised against other comprehensive income and, at the time of their disposal, the respective gains or losses accumulated in other comprehensive income are reclassified to a specific income statement item designated "Gains or losses on derecognition of financial assets at fair value through other comprehensive income”.

Debt instruments at fair value through other comprehensive income are also subject from their initial recognition to the measurement of impairment losses for expected credit losses (note C1.5). Impairment losses are recognised in the income statement under "Impairment of financial assets at fair value through other comprehensive income", against “Other comprehensive income”, and do not reduce the carrying amount of the financial asset in the balance sheet.

Interest, premiums or discounts on financial assets at fair value through other comprehensive income are recognised in "Interest and similar income", based on the effective interest rate method and in accordance with the criteria described in note C3.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. The changes in the fair value of these financial assets are recognised against “Other comprehensive income”. Dividends are recognised in the income statement when the right to receive them is attributed.

Impairment is not recognised for equity instruments at fair value through other comprehensive income, and the respective accumulated gains or losses recognised in “Fair value changes” are transferred to “Retained earnings” at the time of their derecognition.

C1.1.3. Financial assets at fair value through profit or loss

Classification

A financial asset is classified in the category "Financial assets at fair value through profit and loss" if the business model defined by the Group for its management or the characteristics of its contractual cash flows do not meet the conditions described above to be measured at amortised cost or at fair value through other comprehensive income (FVOCI).

In addition, the Group may irrevocably designate a financial asset at fair value through profit or loss that meets the criteria to be measured at amortised cost or at FVOCI at the time of its initial recognition if this eliminates or significantly reduces an inconsistency in measurement or recognition (accounting mismatch), that will otherwise arise from measuring assets or liabilities or recognising their gains and losses in different bases.

The Group classified "Financial assets at fair value through profit and loss" in the following items:

a) “Financial assets held for trading”

These financial assets are acquired with the purpose of short-term selling; at the initial recognition, they are part of a portfolio of identified financial instruments and for which there is evidence of profit-taking in the short-term; or they can be defined as derivatives (except for hedging derivatives).

b) “Financial assets not held for trading mandatorily at fair value through profit or loss”

This item classifies debt instruments whose contractual cash flows do not correspond only to repayments of principal and interest on the principal amount outstanding (SPPI).

c) “Financial assets designated at fair value through profit or loss” (Fair Value Option)

This item includes the financial assets that the Group has chosen to designate at fair value through profit or loss to eliminate accounting mismatch.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Group in the normal course of its business are in market conditions, financial assets at fair value through profit or loss are initially recognised at their fair value, with the costs or income associated with the transactions recognised in profit and loss at the initial moment. Subsequent changes in the fair value of these assets are recognised in profit and loss.

The accrual of interest and of the premium/discount (when applicable) is recognised in "Net interest income", based on the effective interest rate of each transaction, except the accrual of interest from trading derivatives that are recognised in “Gains/(losses) on financial operations at fair value through profit or loss”. Dividends are recognised in profit and loss when the right to receive them is attributed.

Trading derivatives with a positive fair value are included in the item "Financial assets held for trading", while trading derivatives with negative fair value are included in "Financial liabilities held for trading".

C1.2. Reclassification between categories of financial assets

Financial assets should be reclassified into other categories only if the business model used in their management has changed. In this case, all financial assets affected must be reclassified.

The reclassification must be applied prospectively from the date of reclassification and any gains, losses (including the ones related to impairment) or interest previously recognised should not be restated.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income is not allowed, nor of financial instruments designated at fair value through profit or loss.

C1.3. Modification and derecognition of financial assets

General principles

i) The Group shall derecognise a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire; or,
- it transfers the financial asset as set out in notes ii) and iii) below and the transfer qualifies for derecognition in accordance with note iv).

ii) The Group transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; or,
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions presented in note iii).

iii) When the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay these cash flows to one or more entities (the 'eventual recipients'), the Group shall treat the transaction as a transfer of a financial asset if all the following three conditions are met:

- the Group does not have any obligation to pay amounts to the eventual recipients, unless it collects equivalent amounts from the original asset. Short-term advances with the right of full recovery of the amount lent, plus accrued interest at market rates, do not violate this condition;
- the Group is contractually prohibited from selling or pledging the original asset other than as a security to the eventual recipients due its obligation to pay them cash flows; and,
- the Group has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, it is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in IAS 7 – Statement of Cash Flows) during the short settlement period from the collection date until the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

iv) When the Group transfers a financial asset (see note ii) above), it shall evaluate the extent to which it retains the risks and benefits arising from owning the financial asset. In this case:

- if the Group transfers substantially all the risks and benefits arising from owning the financial asset, it shall derecognise the financial asset and recognise separately any rights and obligations created or retained in the transfer, as assets or liabilities;
- if the Group retains substantially all the risks and benefits arising from owning the financial asset, it shall continue to recognise the financial asset;
- if the Group neither transfers nor retains substantially all the risks and benefits arising from owning the financial asset, it shall determine whether it retained control of the financial asset. In this case:

a) if the Group did not retain control, it shall derecognise the financial asset and recognise separately, as assets or liabilities, any rights and obligations created or retained in the transfer;

b) if the Group retained control, it shall continue to recognise the financial asset to the extent of its continued involvement in the financial asset.

v) The transfer of risks and benefits (see prior note) is evaluated by comparing the Group's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.

vi) The question of whether the Group retained or not control (see note iv) above) over the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally without needing to impose additional restrictions on the transfer, the entity did not retain control. In all other cases, the entity retained control.

Derecognition criteria

In the context of the general principles listed in the previous section, and considering that contract modification processes may lead, in some circumstances, to the derecognition of the original financial assets and recognition of new ones (subject to POCI identification), the purpose of this section is to set the criteria and circumstances that may lead to the derecognition of a financial asset.

The Group considers that a modification of the terms and conditions of a credit exposure will result in derecognition of the transaction and in recognition of a new transaction when the modification translates into at least one of the following conditions:

- Creation of a new exposure that results from a debt consolidation, without any of the derecognised instruments having a nominal value higher than 90% of the nominal amount of the new instrument;

- Double extension of the residual maturity, provided that the extension is not shorter than 3 years compared to the residual maturity in the moment of the modification;

- Increase of on balance exposure by more than 10% compared to the nominal amount (refers to the last approved amount on the operation subject to modification);

- Change in qualitative features, namely:

  i) Change of currency, unless the exchange rate between the old and the new currency is pegged or managed within limits restricted by law or the relevant monetary authorities;

  ii) Exclusion or addition of a substantial equity conversion feature to a debt instrument, unless it is not reasonably possible that it will be exercised over its term;

  iii) Transfer of the instrument's credit risk to another borrower, or a significant change in the structure of borrowers within the instrument.

  iv) Deletion or addition to the debt instrument of features of the "Pay If You Can" type or dependent on the financial performance of the debt instrument.

In the case of a restructuring due to financial difficulties of the debtor, only the criteria set out in items ii, iii and iv of the above paragraphs should be checked (the other criteria listed in this paragraph are not relevant in such situations).

Under the regulatory changes that occurred in Poland and the negotiations with customers holding mortgage loans in foreign currency described in note 57, and which correspond to contractual modifications made in accordance with IFRS 9, when the cash flows resulting from the agreement are subject to modification and a given asset is not derecognised, Bank Millennium adjusts the gross book value of the financial asset and recognises the profit or loss due to the modification in the Income Statement - Results on modification. The adjustment to the gross carrying amount of a financial asset is the difference between the discounted cash flows before and after contract modification.

Loans written-off

The Group writes off a loan when it does not have reasonable expectations of recovering a financial asset in its entirety or partially. Loans written-off are recognised in off-balance sheet accounts.

C1.4. Purchased or originated credit-impaired assets

Purchased or originated credit-impaired (POCI) assets are assets that present objective evidence of credit impairment in the moment of their initial recognition. An asset is credit-impaired if one or more events have occurred with a negative impact on the estimated future cash flows of the asset.

The two events that lead to the origin of a POCI exposure are presented as follows:

- financial assets arising from a recovery process, where there have been changes to the terms and conditions of the original agreement, which presented objective evidence of impairment that resulted in its derecognition (note C1.3) and recognition of a new contract that reflects the credit losses incurred;
- financial assets acquired with a significant discount, where the existence of a significant discount reflects credit losses incurred at the time of their initial recognition.

At initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime expected credit losses (ECL) are incorporated into the calculation of the effective interest rate (EIR). Consequently, at initial recognition, the gross book value of POCI (initial balance) is accounted for at fair value and it's equal to the net book value before being recognised as POCI (difference between the initial balance and the total discounted cash flows).

C1.5. Impairment losses

C1.5.1. Financial instruments subject to impairment losses recognition

The Group recognises impairment losses for expected credit losses on financial instruments recognised in the following accounting items:

C1.5.1.1. Financial assets at amortised cost

Impairment losses on financial assets at amortised cost reduce the balance sheet value of these financial assets against the item "Impairment of financial assets at amortised cost" (in the income statement).

C1.5.1.2. Debt instruments at fair value through other comprehensive income

Impairment losses for debt instruments at fair value through other comprehensive income are recognised in the income statement under "Impairment of financial assets at fair value through other comprehensive income", against other comprehensive income (they do not reduce the balance sheet amount of these financial assets).

C1.5.1.3. Credit commitments, documentary credits and financial guarantees

Impairment losses associated with credit commitments, documentary credits and financial guarantees are recognised in liabilities, under the balance "Provisions for guarantees and other commitments", against "Other provisions" (in the income statement).

C1.5.2. Classification of financial instruments by stages

	Changes in credit risk since the initial recognition		
	Stage 1	Stage 2	Stage 3
Classification criterion	Initial recognition	Significant increase in credit risk since initial recognition	Impaired
Impairment losses	12-month expected credit losses	Lifetime expected credit losses	

The Group determines the expected credit losses of each operation as a result of the deterioration of credit risk since its initial recognition. For this purpose, operations are classified into one of the following three stages:

- Stage 1: the operations in which there is no significant increase in credit risk since its initial recognition are classified in this stage. Impairment losses associated with operations classified in this stage correspond to expected credit losses resulting from a default event that may occur within 12 months after the reporting date (12-month expected credit losses);
- Stage 2: the operations in which there is a significant increase in credit risk since its initial recognition (note C1.5.3) but are not impaired (note C1.5.4) are classified in this stage. Impairment losses associated with operations classified in this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (lifetime expected credit losses);
- Stage 3: impaired operations are classified in this stage. Impairment losses associated with operations classified at this stage correspond to lifetime expected credit losses.

C1.5.3. Significant increase in credit risk (SICR)

The Bank uses a set of criteria to determine whether there is a significant increase in the Probability of Default (PD) (Significant increase in Credit Risk) associated with credit exposures, which leads to a stage 2 classification. Among the criteria considered by the Bank, the following are noteworthy: (i) customers classified with an internal procedural risk grade of 123 or 124, for material arrears exceeding 30 days or in the context of credit recovery procedures, or classified as unrated; (ii) customers with a downgrade in their internal risk grade, above pre-defined thresholds, between the initial recognition date of the contract and the impairment calculation date; (iii) customers with restructured exposures due to financial difficulties, (iv) customers with incidents reported through the Banco de Portugal's CRC, and (v) customers subject to individual analysis for whom a stage 2 classification has been concluded due to the occurrence of a significant increase in credit risk, taking into account a set of predetermined indicators.

Exposures that no longer meet the criteria to be classified as stage 2 are classified as stage 1.

C1.5.4. Definition of financial assets in default and impaired

All customers who meet at least one of the following conditions are marked as default and, consequently, in NPE:

a) Delay over 90 days of material payment:

- Amounts of principal, interest or fees not paid on the due date that, cumulatively, represent:
i) more than EUR 100 (retail) or more than EUR 500 (non-retail); and,
ii) more than 1% of the total debt (direct liabilities).

After these two conditions are met, the counting of days of delay begins: if more than 90 consecutive days in which the customer is in this situation have been counted, it is classified as default.

The existence of a material payment delay gives rise to the default setting of all holders of the operation (or operations).

b) Signs of low probability of payment:

i. Credit restructuring due to financial difficulties with loss of value;
ii. Delay after restructuring due to financial difficulties;
iii. Recurrence of restructuring due to financial difficulties;
iv. Credit with signs of impairment (or stage 3 of IFRS 9);
v. Insolvency or equivalent proceedings;
vi. Litigation;
vii. Guarantees of operations in default;
viii. Credit sales with losses;
ix. Credit fraud;
x. Unpaid credit status;
xi. Breach of covenants in a credit agreement;
xii. Spread of default in an economic group;
xiii. Cross default in BCP Group.

C1.5.5. Estimates of expected credit losses - Individual analysis

1. Customers who are in one of the following conditions are subject to individual analysis:

Customers in default	Customers in litigation or insolvency, if the total exposure of the group members in these situations exceeds EUR 1 million
	Customers integrated into groups with an exposure over EUR 5 million, if they have a risk grade 125
Groups or customers who are not in default	Other customers belonging to groups in the above conditions
	Groups or customers with an exposure over EUR 5 million, if a group member has a risk grade 124 or has a restructured loan and a risk grade 123
	Groups or customers with an exposure over EUR 10 million, if at least one member of the group is in stage 2
	Groups or customers not included in the preceding paragraphs, whose exposure exceeds EUR 25 million

2. Regardless of the criteria described in the previous point, the individual analysis is only performed for customers with a credit exposure over EUR 500,000, while customers with exposure below this limit are not considered for the purpose of determining the exposure referred to in the previous point.

3. Other customers that do not meet the criteria defined in 1 will also be subject to individual analysis, if under the following conditions:

- they have impairment as a result of the latest individual analysis;
- are classified in stage 2 as a result of the latest revision of the questionnaire analysing the signs of financial difficulties;
- according to recent information, they show a significant deterioration in risk levels.

4. The individual analysis includes the following procedures:

- for customers that are not in default, the analysis of financial difficulties indicators to determine whether the customer has objective signs of impairment, or whether it should be classified in stage 2 given the occurrence of a significant increase in credit risk, considering for this purpose a set of predetermined signs;
- for customers in default or for which the previous analysis has allowed to conclude that the customer has objective signs of impairment, determination of the loss.

5. For the situations identified in the first paragraph of point 4 above, involving corporate customers, the analysis is the responsibility of the Rating Division, and the responsibility of the Credit Division for the remaining customers.
6. For the situations identified in the second paragraph of point 4 above, the individual analysis to determine the loss is the responsibility of the customer's management divisions and of the Credit Division, the latter with regard to the customers managed by the Commercial Networks.

The assessment of existence of impairment losses in individual terms is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Group assessed at each balance sheet date the existence of objective evidence of impairment. In the assessment of impairment losses in individual terms, the following factors were considered:

- total exposure of each customer towards the Group and the existence of overdue loans;
- viability of the customer’s business and its capacity to generate enough cash flows to service debt obligations in the future;
- the existence, nature and estimated value of the collaterals associated to each loan;
- the customer’s available assets in liquidation or insolvency situations;
- the existence of preferential creditors;
- the amount and expected recovery term.

7. Each of the units referred to in the previous point is responsible for assigning an expectation and a recovery period to exposures relating to customers subject to individual analysis, which must be transmitted to the Risk Office as part of the regular process of collecting information, accompanied by detailed justification of the proposed impairment.

8. The expected recovery shall be represented by a recovery rate of the total outstanding exposure, which may be a weighted rate considering the different recovery prospects for each part of the customer's liabilities.

9. The recovery estimation referred to in the previous point should be influenced by future prospects (forward-looking), contemplating not only a more expected scenario but also alternative scenarios (an unbiased and probability-weighted amount). The application and weighting of the scenarios should be carried out both in a global perspective and in an individualized perspective, the latter when cases that, due to their specificity, have a high degree of uncertainty regarding the expected recovery estimation are identified.

10. The macroeconomic adjustment set out in previous point should be analysed annually and weighted according to the type of recovery strategy associated with the exposure under analysis:

- for Going Concern strategies (i.e., the estimation is based on the cash flows of the business), the possibility of applying the 2 additional macroeconomic scenarios (optimistic and pessimistic) should be analysed in a global way, to ascertain if there is the risk of a skewed view of the expected losses from the consideration of only one scenario;
- for Gone Concern strategies (i.e., the recovery estimation is based on the realization of the collateral), the impact of the macroeconomic scenario on collaterals should be analysed, for example, to what extent the projected real estate index indicates significant changes ahead for the current valuation values.

11. It is the responsibility of the units referred to in points 5 and 6 to consider in their forecast macroeconomic expectations that may influence the recoverability of the debt.

12. For the purposes of the preceding paragraphs, the Bank's Economic Studies Area shall disclose the macroeconomic data that allow the estimations to be made.

13. The decision to consider global impacts related to the going and gone concern scenarios should be made by the Risk Committee, as proposed by the Risk Office.

14. For specific cases with a high degree of uncertainty, the allocation of alternative scenarios should be considered casuistically. Examples of recovery situations with a degree of uncertainty include:

- recovery of collateral in geographies in which the Bank has no relevant recovery experience;
- recovery of debt related to geographies in which there is strong political instability;
- recovery of non-real estate collateral for which there is no evidence of market liquidity;
- recovery of related collateral or government guarantees in a currency other than the country's own;
- recovery of debt related to debtors for whom there is a strong negative public exposure.

15. The Risk Office is responsible for reviewing the information collected and for clarifying all identified inconsistencies, as well as for the final decision on the customer's impairment.

16. Customers that have objective signs of impairment, but an individual impairment amount is equal to zero, are included in the collective analysis, assuming a PD 12-month equivalent to the risk grade 115 of the Master Scale.

17. The individual impairment analysis must be carried out annually and may be carried out more frequently for customers who fall into certain situations of possible increased risk. In case significant signs of deterioration or improvement in the customer’s economic and financial situation are detected, as well as the macroeconomic conditions affecting the customer's ability to accomplish debt, it is the responsibility of the Risk Office to promote the review of the expected impairment of this customer.

C1.5.6. Estimates of expected credit losses - Collective analysis

Transactions that are not subject to an individual impairment analysis are grouped considering their risk characteristics and subject to a collective impairment analysis. The Group's credit portfolio is divided by internal risk grades and according to the following segments:

a) Segments with a reduced history of defaults, designated 'low default': Large corporate exposures, Project finance, Institutions (banks/financial institutions) and Sovereigns;

b) Segments not 'low default': - Retail: Mortgages; Overdrafts; Credit cards; Small and medium enterprises - Retail ('SME Retail'); and Others - Corporate: Small and medium enterprises - Corporate ('Large SME'); and Real Estate.

The Group performs statistical tests in order to prove the homogeneity of the segments mentioned above, with a minimum period of one year.

Expected credit losses are estimates of credit losses that are determined as follows:

- financial assets with no 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 impairment at the reporting date: the 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 resulting contractual cash flows if the commitment is made and the cash flows that the Group expects to receive;
- financial guarantees: the current value of the expected repayments less the amounts that the Group expects to recover.

The main inputs used to measure ECLs on a collective basis should include the following variables:

- Probability of Default – PD;
- Loss Given Default – LGD; and,
- Exposure at Default – EAD.

These parameters are obtained through internal statistical models and other relevant historical data, considering the already existing regulatory models adapted to the requirements of IFRS 9.

PDs are estimated based on a certain historical period and will be calculated based on statistical models. These models are based on internal data including both quantitative and qualitative factors. If there is a change in the risk of the counterparty or exposure, the estimate of the associated PD will also vary. The PDs will be calculated considering the contractual maturities of exposures.

The risk grades are a highly relevant input for determining the PD associated with each exposure.

The Group collects performance and default indicators about their credit risk exposures with analysis by types of customers and products.

LGD is the magnitude of the loss that is expected to occur if an exposure goes into default. The Group estimates the LGD parameters based on the historical recovery rates after entry into counterparty defaults. The LGD models consider the associated collaterals, the counterparty activity sector, the default time, as well as the recovery costs. In the case of contracts secured by real estate, it is expected that the LTV (loan-to-value) ratios are a parameter of high relevance in the determination of LGD.

The EAD represents the expected exposure if the exposure and/or customer defaults. The Group obtains the EAD values from the counterparty's current exposure and potential changes to its current value as a result of the contractual conditions, including amortisations and prepayments. For commitments and financial guarantees, the value of the EAD will consider both the amount of credit used and the expectation of future potential value that may be used in accordance with the agreement.

As described above, except for financial assets that consider a 12-month PD as they do not present a significant increase in credit risk, the Group will calculate the ECL value considering the risk of default during the maximum contractual maturity period of the contract, even if, for the purpose of risk management, it is considered to be a longer period. The maximum contractual period shall be considered as the period up to the date on which the Group has the right to require payment or end the commitment or guarantee.

The Bank conservatively considers a residual term of 5 years in the case of renewable operations, when in stage 2. This term was determined based on the behavioural models of this type of product applied by the Bank in the liquidity risk and interest rate analysis.

The Group uses models to forecast the evolution of the most relevant parameters for the expected credit losses, namely probability of default, which incorporate forward-looking information. This incorporation of forward-looking information is carried out in the relevant elements considered for the calculation of expected credit losses (ECL).

In particular, the PD point-in-time (PDpit) considered for the determination of the probability of performing exposures at the reference date becoming defaulted exposures considers the expected values for a set of macroeconomic variables, based on three scenarios (Central, Upside and Downside Scenario) prepared by the Bank's Economic Studies area. These scenarios, which are used across the Bank for various purposes besides calculating impairment, consider existing forecasts by reference entities.

In December 2024 the Bank carried out an update of the macroeconomic scenarios and of the corresponded adjustment of the parameters considered in the collective impairment model.

C2. Financial liabilities

C2.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified in one of the following categories:

- “Financial liabilities at amortised cost”;
- “Financial liabilities at fair value through profit or loss”.

C2.1.1. Financial liabilities at fair value through profit or loss

Classification

Financial liabilities classified under "Financial liabilities at fair value through profit or loss" include:

a) “Financial liabilities held for trading”

In this balance the issued liabilities are classified with the purpose of repurchasing in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or is a derivative (except for a derivative classified as hedging instrument).

b) “Financial liabilities designated at fair value through profit or loss”

The Group may irrevocably assign a financial liability at fair value through profit or loss at the time of its initial recognition if at least one of the following conditions is met:

- the financial liability is managed, evaluated and reported internally at its fair value; or,
- the designation eliminates or significantly reduces the accounting mismatch of transactions.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Group in the normal course of its business are made in market conditions, financial liabilities at fair value through profit or loss are initially recognised at fair value with the costs or income associated with the transactions recognised in profit or loss at the initial moment.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income;
- the remaining amount of change in the fair value of the liability shall be presented in profit or loss.

The accrual of interest and the premium/discount (when applicable) is recognised in "Interest and similar expense" based on the effective interest rate of each transaction.

C2.1.2. Financial guarantees

If they are not designated at fair value through profit or loss at the time of initial recognition, the financial guarantee contracts are subsequently measured at the highest of the following amounts:

- the provision for losses determined according to the criteria described in note C1.5;
- the amount initially recognised deducted, when appropriate, from the accumulated amount of income recognised according to IFRS 15 - Revenue from contracts with customers.

Financial guarantee contracts that are not designated at fair value through profit or loss are presented under "Provisions".

C2.1.3. Financial liabilities at amortised cost

Classification

Financial liabilities that were not classified at fair value through profit or loss, or correspond to financial guarantee contracts, are measured at amortised cost.

The category "Financial liabilities at amortised cost" includes deposits from credit institutions and other funds, deposits from customers and other funds, as well as subordinated and non-subordinated debt securities.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. Interest on financial liabilities at amortised cost are recognised in "Interest and similar expense", based on the effective interest rate method.

C2.2. Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

C2.3. Derecognition of financial liabilities

The Group derecognises financial liabilities when these are cancelled or extinct.

C3. Interest recognition

Income and expense related to interest from financial instruments measured at amortised cost are recognised in "Interest and similar income" and "Interest and similar expense" (net interest income) through the effective interest rate method. Interest related to financial assets at fair value through other comprehensive income is also recognised in net interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

For calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument (e.g., early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction, except for assets and liabilities at fair value through profit and loss.

Interest income recognised in income associated with contracts classified in stage 1 or 2 are determined by applying the effective interest rate for each contract on its gross book value. The gross balance of a contract is its amortised cost, before deducting the respective impairment. For financial assets included in stage 3, interest is recognised in the income statement based on its net book value (less impairment). The interest recognition is always made in a prospective way, i.e., for financial assets entering stage 3, interest is recognised at the amortised cost (net of impairment) in subsequent periods.

For purchased or originated credit-impaired assets (POCI), the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

C4. Hedge accounting

As allowed by IFRS 9, the Group opted to continue to apply the hedge accounting requirements in accordance with IAS 39.

The Group designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Group. A hedge relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed in a continuous basis and highly effective throughout the reporting period; and,
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange variations arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative is recognised through profit and loss, as well as changes in currency risk of the monetary items.

C4.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses due to variations of hedged risk linked to the hedge item recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual term of the hedged item.

C4.2. Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves in the effective part of the hedge relations. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- deferred over the residual period of the hedged instrument; or,
- recognised immediately in results if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

C4.3. Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness must be demonstrated. As such, the Group performs prospective tests at the beginning date of the initial hedge, if applicable, and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, demonstrating that the variations in fair value of the hedging instrument are hedged by the fair value variations of the hedged item in the portion assigned to the risk covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

C4.4. Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in profit and loss. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are recognised in equity and transferred to profit and loss, on the disposal of the foreign operation as part of the gain or loss from the disposal.

C5. Embedded Derivatives

An embedded derivative is a component of a hybrid agreement, which also includes a non-derived host instrument.

If the main instrument included in the hybrid contract is considered a financial asset, the classification and measurement of the entire hybrid contract is carried out in accordance with the criteria described in note C1.1.3.

Derivatives embedded in contracts that are not considered financial assets are treated separately whenever the economic risks and benefits of the derivative are not related to those of the main instrument, since the hybrid instrument is not initially recognised at fair value through profit or loss. Embedded derivatives are recorded at fair value with subsequent fair value changes recorded in profit or loss for the period and presented in the trading derivatives portfolio.

D. Securitization operations

D1. Traditional securitizations

As at 31 December 2024, Banco Comercial Português has in Portugal two residential mortgage credit securitization operations, Magellan Mortgages no.3 and no.4, in which the respective portfolios were derecognised from the Bank's individual balance sheet, as the risks and rewards related to the residual portions of the referred transactions, were transferred to institutional investors.

By purchasing a part or all of the most subordinated residual portion, the Group maintained control of the assets and liabilities of Magellan Mortgages no.3, this Special Purpose Entity (SPE) being consolidated in the Group's financial statements, in accordance with the accounting policy referred to in note 1 B.

The two operations are traditional securitizations, where each mortgage loan portfolio was sold to a Portuguese Loan Securitisation Fund, which has financed this purchase through the sale of securitisation units to an Irish-SPE. At the same time, this Special Purpose Entity (SPE) issued and sold in capital markets the different tranches of bonds.

D2. Synthetic securitizations

As at 31 December 2024, Banco Comercial Português has in Portugal four synthetic securitization operations, with similar characteristics, with reference to credit portfolios granted by the Bank mainly to Small and Medium Enterprises (SMEs).

Caravela SME no.3, which started on 28 June 2013, has a medium and long-term loan portfolio of current accounts and authorized overdrafts.

Caravela SME no.4, initiated on 5 June 2014, has a reference portfolio of vehicle, real estate and equipment leasing.

Caravela SME no.5, initiated on 20 December 2022, is supported on a credit portfolio of medium-and-long-term loans, leasing contracts and commercial paper programmes.

Caravela SME no.6, initiated on 28 February 2024, is supported on a credit portfolio of short-term exposures to Corporate customers, in the form of current accounts overdrafts, authorised overdrafts and confirming agreements.

In any of these operations, the Bank contracted a Credit Default Swap (CDS) from a Special Purpose Entity (SPE), buying, this way, protection over the total referenced portfolio. As in all synthetic securitizations, under CDS, the risk of the respective portfolios was divided in 3 tranches: senior, mezzanine and equity.

In the case of both Caravela no.3 and no.4, the mezzanine and part of the equity (20%) were placed in the market through the issuance of Credit Linked Notes (CLNs) by the above mentioned SPE which were subscribed by investors, while the Group retained the senior risk and the remaining part of the equity (80%). In the case of Caravela, SME no. 5 and no.6, only the full amount of the mezzanine was placed in the market, while the Group retained the risk of the full amount of the senior and equity tranches.

Note that in all the above-mentioned synthetic transactions, the product of the CLNs issue was invested by the SPE in a deposit, which fully collateralizes the responsibilities in the presence of its creditors including BCP in accordance with the CDS.

As described on note 48, in 23 December 2024 Bank Millennium S.A. concluded a synthetic securitisation transaction of a portfolio of corporates and SME loans and with a total nominal value of PLN 2,1 billion (EUR 491 million) with the option of increasing the nominal amount of the Transaction up to the maximum amount of PLN 4,1 billion (EUR 958.7 million) (Ramp-up Option).

As part of the transaction, Bank Millennium S.A. transferred to the investor – the European Bank for Reconstruction and Development (“EBRD”) - a significant part of the credit risk from the selected portfolio subject to securitisation. The selected loan portfolio covered by the securitisation remains on the Bank Millennium's balance sheet. The transfer of the risk of the securitised portfolio is carried out through a credit risk protection instrument in the form of a financial guarantee issued by the EBRD.

E. Equity instruments

A financial instrument is an equity instrument only if: i) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and, ii) the instrument will or may be settled in the issuer's own equity instruments, it is either a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

An equity instrument, independently from its legal form, evidences a residual interest in the assets of an entity after deducting all its liabilities.

Transaction costs directly attributable to an equity instrument issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Group are considered as an equity instrument when redemption of the shares is solely at the discretion of the Group and dividends are paid at the discretion of the Group.

Income from equity instruments (dividends) are recognised when the obligation to pay is established and are deducted to equity.

F. Securities borrowing and repurchase agreement transactions

F1. Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

F2. Repurchase agreements

The Group performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not recognised in the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as Deposits from customers and other funds or Deposits from credit institutions and other funds. The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

G. Non-current assets held for sale and Discontinued or discontinuing operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with related liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when the intention is to sell the referred assets and liabilities and when the referred assets or group of assets are available for immediate sale, subject to the terms of sale usually applicable to these types of assets, and its sale is highly probable, in accordance with IFRS 5. For the sale to be considered highly probable, the Group must be committed to a plan to sell the asset (or disposal group) and must have initiated an active program to locate a buyer and complete the plan. In addition, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Furthermore, it should be expected that the sale qualifies for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9 of IFRS 5, and that the Group remains committed to the asset sales plan and the delay is caused by events or circumstances beyond its control.

If the requirements set out in IFRS 5 for these assets are not met, the balance sheet value and respective impairment are reflected in the balance "Other assets". In 2023, a group of properties was reclassified, as described in notes 27 and 32.

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 its subsequent disposal, which are available for immediate sale and its sale is highly probable. Immediately before classification as held for sale, the measurement of the non-current assets or 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 fair value less costs to sell.

Discontinued operations and the subsidiaries acquired exclusively with the purpose to sell in the short-term are consolidated until the moment of their sale.

G1. Non-operating real estate (INAE)

The Group also classifies as non-current assets held for sale the non-operating real estate (INAE), which include properties acquired by the Group as a result of the resolution of customer credit processes, as well as own properties that are no longer used by the Group's services.

Properties held by real estate companies and real estate investment funds, which are part of the Group's consolidation perimeter, whose capital or units acquired by the Group as a result of the recovery loans are treated as INAE.

At the time of acquisition, real estate classified as INAE is recognised at the lower of the value of the loans existing on the date on which the recovery occurs, or the judicial decision is formalised, and the fair value of the property, net of estimated costs for sale. Subsequent measurement of INAE is made at the lower of their book value and the corresponding fair value, net of the estimated costs for their sale and are not subject to amortisation. Impairment losses are recorded in the results of the period in which they arise.

The fair value is determined based on the market value, which is determined based on the expected sales price obtained through periodic evaluations made by expert external evaluators accredited to the Comissão do Mercado de Valores Mobiliários (CMVM).

The principles used to determine the net fair value of selling costs of a property apply, whenever possible, to real estate like INAE held by Real Estate Companies and Real Estate Investment Funds for the purpose of consolidating Group accounts.

Whenever the net fair value of the selling costs calculated for an INAE is less than the amount by which the same is recognised in the Group's balance sheet, an impairment loss is recorded in the amount of the decrease in value ascertained. Impairment losses are recorded against income for the year.

If the net fair value of the selling costs of an INAE, after recognition of impairment, indicates a gain, the Group may reflect that gain up to the maximum of the impairment that has been recorded on that property.

H. Lease transactions (IFRS 16)

This standard establishes the requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases will continue to be classified as finance leases or operating leases;
- from the lessee’s perspective, the standard defines a single model of accounting for lease contracts, which results in the recognition of a right-of-use asset and a lease liability for all leases, except for those which the lease term ends within 12 months or for those which the underlying asset is of low-value and, in these cases, the lessee may opt for the exemption from recognition under IFRS 16 and shall recognise the lease payments associated with these leases as an expense.

The Group chose not to apply this standard to short-term lease contracts, i.e. contracts with a term shorter than or equal to one year, and to lease contracts in which the underlying asset’s value is below EUR 5,000. Additionally, this standard was not applied to leases of intangible assets.

Lease definition

The lease definition focuses on the control of the identified asset, establishing that a contract constitutes or contains a lease if it carries the right to control the use of an identified asset, i.e., the right to obtain substantially all the economic benefits of using it, and the right to choose how to use the identified asset over a period in exchange of a payment.

Impacts from the lessee's perspective

The Group recognises for all leases, except for those with a term under 12 months or for leases of low-value assets:

- a right-of-use asset initially measured at cost must consider the Net Present Value (NPV) of the lease liability plus the value of payments made (fixed and/or variable), deducted from any lease incentives received, penalties for terminating the lease (if reasonably certain), as well as any cost estimates to be supported by the lessee with the dismantling and removal of the underlying asset and/or with the recovery of its location. Subsequently, it will be measured according to the cost model (subject to depreciations/amortisations and impairment tests);
- a lease liability initially recorded at the present value of the remaining lease payments (NPV), which includes:
  - fixed payments deducted from any lease incentives receivable;
  - variable lease payments that depend on a rate or an index, initially measured considering the rate or index as at the commencement date;
  - amounts expected to be paid by the lessee under residual values guarantees;
  - the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
  - payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to end the lease.

Since it is not possible to easily determine the implicit interest rate in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental borrowing rate, which embodies the risk-free rate curve (swap curve) plus the Group's spread of risk, applied over the weighted average term of each lease contract. For term contracts, that date is considered as the end of lease date, while for contracts without term, or with renewable terms, it is assessed using the date in which the contract is enforceable, as well as eventual economic penalties associated with the lease contract. In the evaluation of enforceability, the particular clauses of the contracts are considered, as well as the current law on Urban Leases.

Subsequently, lease payments are measured as follows:

- by increasing their carrying amount to reflect interest;
- by reducing their carrying amount to reflect lease payments;
- carrying amount shall be remeasured to reflect any leases' revaluations or changes, as well as to reflect the review of in -substance fixed payments and the review of the lease term.

The Group remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.

The Group did not make any adjustment during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The implementation of this standard implies changes in the Group's financial statements, namely:

- in the consolidated income statement:

  (i) recording in "Interest Income" the interest expenses related to lease liabilities;

  (ii) recording in "Other administrative costs" the amounts related to short-term lease contracts and to lease contracts of low-value assets; and,

  (iii) recording in "Amortisations and depreciations" the depreciation expenses related to right-to-use assets.

- in the consolidated balance sheet:

  (i) recording in "Financial assets at amortised cost – Loans and advances to customers" the recognition of financial assets related to sublease operations measured accordingly to IFRS 9;

  (ii) recording in "Other tangible assets" the recognition of right-to-use assets; and,

  (iii) recording in "Other liabilities" the amount of recognised lease liabilities.

- in the consolidated statement of cash flows, the balance "Cash flows arising from operating activities – Payments (cash) to suppliers and employees" includes amounts related to short-term lease contracts and to lease contracts of low-value assets, and the balance "Cash flows arising from financing activities - Decrease in other sundry liabilities and non-controlling interests" includes amounts related to payments of lease liabilities' capital portions, as detailed in the consolidated statement of cash flows.

Impact from the lessor's perspective

In accordance with IFRS 16, paragraph 62, lessors shall classify leases as finance or operational leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards inherent to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards inherent to ownership of an underlying asset.

Subleases

A sublease implies that the lessee establishes a lease contract with a third party, which acts as an intermediary, and the lease contract with the original lessor is kept in force.

IFRS 16 – Leases requires that the lessor evaluates subleases regarding right-to-use and not regarding the underlying asset.

The sublease's lessor, simultaneously lessee regarding the original lease, shall recognise an asset in the financial statement – a right-to-use related to the initial lease (if the lease is classified as operating) or a financial asset, measured according to IFRS 9, related to the sublease (if the lease is classified as financing).

In case the primary lease is short-term, then the sublease should be classified as an operating lease.

I. Recognition of income from services and commissions

In accordance with IFRS 15, the Group recognises revenue associated with services and commissions when (or as) a performance obligation is satisfied when transferring a service, based on the transaction price associated with this performance obligation. In this context, the Group takes the following steps to recognise revenue associated with services and commissions:

- Recognition (satisfaction of the performance obligation): (i) identification of the contract associated with the service provided and whether it should be covered by IFRS 15; (ii) identification of performance obligations associated with each contract; (iii) definition of the criteria for the fulfilment of performance obligations, also considering the contractual terms established with the counterparty. According to this definition, a service is transferred when the customer obtains the benefits and control associated with the service provided. In this context, the Group also identifies whether performance obligations are met over time ("over time") or at an exact moment ("point in time"), with revenue being recognised accordingly.

- Measurement (price to be recognised associated with each performance obligation): (i) determine the transaction price associated with the service provided, considering the contractual terms established with the counterparty and its usual commercial practices. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised services to the customer, excluding amounts collected on behalf of third parties. The Group includes in the transaction price part or all of the estimated amount of the variable consideration associated with a performance obligation, only to the extent that it is highly probable that a significant reversal in the amount of the accrued revenue recognised will not occur when the uncertainty associated with that variable consideration is subsequently resolved; and (ii) allocate the transaction price to each of the performance obligations identified under the contract established with the customer.

It should be noted that when services or commissions are an integral part of the effective interest rate of a financial instrument, income resulting from services and commissions is recorded in net interest income (note C.3).

J. Gains/(losses) on financial operations at fair value through profit or loss, Foreign exchange gains/(losses), Gains/(losses) on hedge accounting and Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss

These balances include gains and losses on financial assets and liabilities at fair value through profit and loss, i.e., fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received. This balance also includes the gains and losses on sale of financial assets at fair value through other comprehensive income and financial assets and financial liabilities at amortised cost. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this balance, as well as the foreign exchange gains or losses.

K. Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Group's consolidated financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period in which they occur.

L. Other tangible assets

Other tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Group. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred, under the principle of accrual-based accounting.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Buildings	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other tangible assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount. The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of 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 the fixed tangible assets are recognised in the income statement of the period.

M. Investment properties

Real estate properties owned by the Group are recognised as 'Investment properties' considering that the main objective of these buildings is their capital appreciation on a long-term basis and not their sale in a short-term period, nor their maintenance for own use.

These investments are initially recognised at their acquisition cost, including transaction costs, and subsequently revaluated at their fair value. The fair value of investment properties should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in the income statement, as "Other operating income/(expenses)" (note 6).

The experts responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

N. Intangible assets

N1. Research and development expenditure

The Group does not capitalise any research and development costs. All expenses are recognised as costs in the period in which they occur.

N2. Software

The Group recognises as intangible assets the costs associated to software acquired from external entities and depreciates them on a straight-line basis by an estimated lifetime of 6 years. The Group does not capitalise internal costs arising from software development.

O. Cash and cash equivalents

For the purposes of the cash flow statement, the balance "Cash and cash equivalents" comprises balances with a maturity of less than three months from the date of acquisition, where "Cash", "Cash and deposits at Central Banks" and "Loans and advances to credit institutions" are included.

P. Offsetting

Financial assets and liabilities are offset and recognised at their net book value when: i) the Group has a legal right to offset the amounts recognised and transactions can be settled at their net value; and, ii) the Group intends to settle on a net basis or realize the asset and settle the liability simultaneously. Considering the current operations of the Group, no compensation of material amount is made. In case of reclassification of comparative amounts, the provisions of IAS 1.41 are disclosed: i) the nature of the reclassification; ii) the amount of each item (or class of items) reclassified; and, iii) the reason for the reclassification.

Q. Foreign currency transactions

Transactions in foreign currencies are converted 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 converted into the respective functional currency of the operation at the foreign exchange rate on the reporting date. Foreign exchange differences arising from conversion are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are converted into the respective functional currency of the operation 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 converted into the respective functional currency of the operation at the foreign exchange rate on the date that the fair value was determined against profit and loss, except for financial assets at fair value through other comprehensive income, for which the difference is recognised against equity.

R. Employee benefits

R1. Defined benefit plans

The Group has the responsibility to pay its employees' retirement pensions, invalidity pensions and survivor's pensions for their death, in accordance with the terms of the two collective labour agreements approved. These benefits are provided for in the pension plans 'Plano ACT' and 'Plano ACTQ' of the Banco Comercial Português Group Pension Fund.

Following the publication of Decree-Law no. 54/2009, of 2 March, banking entities are obligatorily enrolling new employees in the General Social Security System (RGSS). These employees have the RGSS as their basic retirement scheme, and do not have any benefits under the ACT (base plan). Under the scope of its management and human resources, the Group had already adopted as a rule the inclusion of new employees in the RGSS since July 2005. However, until the transposition into the ACT of the alterations resulting from the referred Decree-Law no. 54/2009, all employees were covered by the provisions of the social security chapter of the ACT, and for employees who were already registered with the RGSS, the ACT benefit worked as a complement to the RGSS. As of 1 July 2009, in accordance with the ACT, all new employees only have the RGSS as their basic social security scheme.

Until 2011, in addition to the benefits provided for in the two plans above-mentioned, the Group had assumed the responsibility, if certain conditions of profitability were verified in each year, of assigning retirement supplements to the Group's employees hired up to 21 September 2006 (Complementary Plan). The Group, at the end of 2012, determined the extinction (cut) of the old-age benefit of the Complementary Plan. On 14 December 2012, Instituto de Seguros de Portugal (ISP) formally approved this change to the Group's benefit plan, effective from 1 January 2012. The plan was cut, and employees were given individual acquired rights. On that date, the Group also proceeded to the settlement of the respective liability.

From 1 January 2011, Bank employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the banks remain liable for benefits that concern illness, disability and life insurance (Decree-Law no. 1-A/2011, of 3 January).

The contributory rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employee, replacing the Banking Social Healthcare System which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The banks support the remaining difference for the total pension assured in the Collective Labour Agreement (ACT).

This integration has led to a decrease in the present value of the total benefits reported to the retirement age to be borne by the Pension Fund, and this effect is to be recorded in accordance with the Projected Unit Credit during the average lifetime of the pension until the normal retirement age is reached. The calculation of the liability for pensions carried out periodically by the actuary considers this effect and is calculated considering the actuarial assumptions in force, ensuring that the liabilities calculated as at 31 December 2010, not considering the effect of the integration of bank employees into the General Social Security Scheme are fully covered and deducted from the amount of the effect recognised until the date. The component of this effect for the year is recognised under the heading "Current service costs".

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, an agreement was established between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related to pensions currently being paid to pensioners and retirees, as at 31 December 2011.

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the IRCT - Instrument of Collective Regulation of Work of the retirees and pensioners. The responsibilities related to the increase in pensions as well as any other complements, namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions.

At the end of December 2016, a revision of the ACT was reached between the BCP Group and four unions from the two union federations of the unions that represent the Group's employees, which introduced changes in the Social Security clause and consequently in the pension plan financed by the BCP Group Pension Fund. The new ACT was published by the Ministry of Labour in the Bulletin of Labour and Employment on 15 February 2017 and the effects were recorded in the financial statements of 31 December 2016, for employees associated with these four unions.

The negotiation with Sindicato dos Bancários do Norte (SBN), which was also involved in the negotiations of the new ACT, was concluded in April 2017 with the publication of the Bulletin of Labour and Employment, with the effects of this new ACT recorded in the financial statements as at 31 December 2017, for SBN associate employees.

The most relevant changes in the ACT were the change in the retirement age (presumed disability) from 65 years to 66 years and two months in 2016 and the subsequent update of an additional month in each year, which cannot, in any case, be higher than the one in force at any moment in the General Regime of Social Security, the change in the formula for determining the employer's contribution to SAMS and, lastly, the introduction of a new benefit called the End of Career Premium, which replaces the Seniority Premium.

These changes were framed by the Group as a change to the pension plan under the terms of IAS 19, as such had an impact on the present value of the liabilities with services rendered and were recognised in the income statement for the year under "Staff costs".

In 2017, after the authorization of the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF - Portuguese Insurance and Pension Funds Supervision Authority), the BCP Group's pension fund agreement was amended. The main purpose of the process was to incorporate into the pension fund the changes introduced in the Group's ACT in terms of retirement benefits, as well as to transfer to the pension fund the responsibilities that were directly chargeable to the company (extra-fund liabilities). The pension fund has a part exclusively for the financing of these liabilities which, in the scope of the fund, is called Additional Complement. The End of Career Premium also became the responsibility of the pension fund under the basic pension plan.

The Group’s net obligation in respect of pension plans (defined benefit pensions plan) is calculated on a half year basis on 31 December and 30 June of each year, and whenever there are significant market fluctuations or significant specific events, such as changes in the plan, curtailments or settlements since the last estimation. The responsibilities with past service are calculated using the Projected Unit Credit method and actuarial assumptions considered adequate.

Pension liabilities are calculated by the responsible actuary, who is certified by the ASF.

The Group’s net obligation in respect of defined benefit pension plans and other benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, using a discount rate determined by reference to interest rates of high- quality corporate bonds that have maturity dates approximating the terms of the Group’s obligations. The net obligations are determined after the deduction of the fair value of the Pension Plan's assets.

The income/cost of interest with the pension plan is calculated by the Group, multiplying the net asset/liability with retirement pension (liabilities less the fair value of the plan's assets) by the discount rate used in the determination of the retirement pension liabilities. On this basis, the income/cost net of interest includes the interest costs associated with retirement pension liabilities and the expected return of the plan's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the re-measurement, namely (i) actuarial gains and losses resulting from differences between actuarial assumptions used and the amounts actually observed (experienced gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return of the plan's assets and the amounts obtained, are recognised against equity under "Other comprehensive income".

The Group recognises in its income statement a net total amount that comprises (i) the current service cost, (ii) the income/cost net of interest with the pension plan, (iii) the effect of early retirement, (iv) past service costs and, (v) the effects of any settlement or curtailment occurred during the period. The net income/cost with the pension plan is recognised as interest and similar income or interest and similar expense depending on their nature. The costs of early retirements correspond to the increase in liabilities due to the employee's retirement before reaching the age of retirement.

Employee benefits, other than pension plans, namely post-retirement health care benefits and benefits for the spouse and descendants for death before retirement are also included in the benefit plan calculation.

The contributions to the funds are made annually by each company of the Group, according to a specific contribution plan that ensures the solvency of the fund. In the end of each year, according to Banco de Portugal Notice no. 12/2001, the minimum level required for the responsibilities funding must be 100% regarding pension payments and 95% regarding past services of active employees.

R2. Revision of the salary tables for employees in service and pensions in payment

In 2024, negotiations continued with all the unions subscribing to the Group's Collective Labour Agreements, for the conclusion of the full review of the respective clauses, negotiations which are still ongoing.

At the same time, it was agreed with all unions that subscribed the Group's Collective Labor Agreements, with the exception of “SIB – Sindicato Independente da Banca” the review of the salary tables and remaining pecuniary clauses relating to the year 2024, having been agreed an increase of 3.00% for salary tables and other pecuniary clauses relating to the year 2024, and an increase of 5.88% for the daily lunch allowance, which increase from EUR 12.75 to EUR 13.50 per day. This review was agreed with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” on 18 September 2024, with the agreement with the unions: “SBN – Sindicato dos Trabalhadores do Setor Financeiro de Portugal”, “SBC - Sindicato Nacional dos Trabalhadores da Banca, Seguros e Tecnologias” and “Sindicato da Banca, Seguros e Tecnologias - MAIS SINDICATO”, obtained on 2 January 2025, within the scope of the mediation process taking place at Government Labour Minister Department “DGERT – Direção-Geral do Emprego e das Relações de Trabalho”, and according with the proposal presented by this entity on 23 December 2024 to the parties under mediation. Within the scope of this process, an increase of 2.50% for salary tables and other pecuniary clauses relating to the year 2025 was also agreed with these three Unions.

Negotiations are also taking place with the “SIB – Sindicato Independente da Banca” for the review of salary tables and other pecuniary expression clauses relating to the years 2024 and 2025, as well as negotiations with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” for the 2025 review.

R3. Defined contribution plan

For the defined contribution plans, the responsibilities related to the benefits attributed to the Group's employees are recognised as expenses when incurred.

As at 31 December 2024, the Group has two defined contribution plans. One plan covers employees who were hired before 1 July 2009. For this plan, called non-contributory, Group's contributions will be made annually and equal to 1% of the annual remuneration paid to covered employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português. As in the year 2024 the indicated requirements were fulfilled a provision for the annual contribution, which was carried out in May 2025, was recorded in the 2024 costs.

The other plan covers employees who have been hired after 1 July 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, by the Group and by the employees. This contribution has a mandatory character and is defined in the Collective Labour Agreement of the BCP Group and does not have a performance criterion.

R4. Variable remuneration paid to employees

In the remuneration policy for employees in force it is foreseen an annual variable remuneration system for employees not covered by commercial incentive systems, based on the performance assessment of each employee, in accordance with quantitative and qualitative criteria, that is carried out annually. As a result of this assessment and of the annual fixed remuneration of reference for the role performed, and provided that the Bank's minimum level of performance, as measured by a set of quantitative indicators, is met, the amount of the variable remuneration to be attributed to each employee is determined.

The Executive Committee is responsible, under the terms defined in the remuneration policy, for setting the respective allocation criteria for each employee, whenever it is attributed. The variable remuneration attributed to employees is recorded against the income statement in the period to which it relates.

R5. Share-based compensation plan

As at 31 December 2024, a variable compensation plan with BCP shares is in force for the members of the Executive Committee and for the employees considered Key Function Holders (includes Key Management Members), resulting from the Remuneration Policies for the members of the management and supervisory bodies and for the Employees, both approved for the financial year of 2024 and following years, with the changes that may be approved in each financial year, namely by the General Shareholders' Meeting regarding the Remuneration Policy for the members of the management and supervisory bodies, and by the Board of Directors regarding the Remuneration Policy for Employees.

Key Function Holders include Key Management Members, which are the first line directors who report directly to the Board of Directors and the remaining employees whose professional activities have a significant impact on the Bank's risk profile.

As defined in the Remuneration Policy for the members of the management and supervisory bodies, an annual variable remuneration system is foreseen, for which an assessment of the performance of each member of the Executive Committee is carried out on an annual basis based on quantitative and qualitative criteria. According to this assessment and the annual fixed remuneration, and provided that the Bank's minimum level of performance as measured by a set of quantitative indicators is met, the amount of the variable remuneration to be attributed to each member of the Executive Committee is decided by the Remuneration and Welfare Board. The payment of the amount of the variable remuneration attributed is subject to a deferral period of 5 years for 50% of its value, being 50% of its value paid in the year following the financial year in question. For the members with variable remuneration awarded greater than two thirds of the fixed annual remuneration earned in the financial year in question, 60% of the amount must be deferred. The amounts related to the non-deferred and deferred portion are paid 50% in cash and 50% in BCP shares. The number of BCP shares attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy.

The Remuneration Policy for Employees foresees an annual variable remuneration system for Employees not covered by Commercial Incentives Systems, based on the performance assessment of each employee, in accordance with quantitative and qualitative criteria, that is carried out annually. As a result of this assessment and the fixed reference remuneration for the function performed, and provided that the Bank's minimum level of performance in a set of quantitative indicators is met, the value of the variable remuneration to be attributed to each Employee is decided by the Executive Committee. For Employees considered as Key Function Holders (KFH), the payment of the amount of the variable remuneration to be attributed to each Employee is decided by the Nominations and Remunerations Committee, and its payment subject to a deferral period of 5 years for 40% of its value, with 60% of its value paid in the year following the financial year in question. For the KFH with variable remuneration awarded greater than two thirds of the fixed annual remuneration earned in the financial year in question, 60% of the amount must be deferred. The amounts related to the non-deferred and deferred portion are paid 50% in cash and 50% in BCP shares. The number of BCP shares attributed and to be attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy. As provided for in the Remuneration Policy for Employees, if the amount of the annual variable remuneration awarded to a Key Function Holder is less than EUR 50,000 and does not represent more than one third of the total annual remuneration of the Key Function Holder the payment of the annual variable remuneration will be 100% in cash and there will be no deferral.

Employees considered as Key Function Holders are not covered by Commercial Incentives Systems.

For the remaining Employees not covered by Commercial Incentive Systems, the payment of the variable remuneration amount awarded is fully paid in cash in the following year to which it relates.

For the members of the Executive Committee and to the Employees considered as Key Function Holders (KFH), a long-term variable remuneration (LTVR) system is also foreseen, through which these members may receive variable remuneration fully paid in BCP shares after the end of the assessment period, from 1 January 2022 until 31 December 2025 (from 1 January 2023 until 31 December 2025 to the Employees Key Function Holders), provided that a certain level of performance is achieved in a set of long-term objectives. The amount of the long-term variable remuneration attributed is subject to a deferral period of 5 years for 50% of its value, being 50% of its value paid in the year following the assessment period to which it relates. If the LTVR of each member of the Executive Committee or KFH, equal to or greater than two thirds of the annual fixed remunerations due in the LTVR valuation period, the deferred amount will correspond to 60%. The number of BCP shares attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy.

All the shares attributed to the members of the Executive Committee and to the Key Function Holders, within the scope of the payment of variable remuneration, including long-term, are subject to a retention period of 1 year after their payment.

The total variable remuneration to be attributed, each year, to each member of the Executive Committee and to the Key Function Holders, regarding the proportion between its amount and the annual fixed remuneration, is limited to the limits provided in the respective Remuneration Policy.

As foreseen in the approved Remuneration Policy and in the applicable legislation, the amounts of variable remuneration attributed to the members of the Executive Committee and to the Employees Key Function Holders are subject to reduction and reversal mechanisms, to be applied in case of verification of extremely significant events, duly identified, in which the people covered have had a direct participation.

S. Income taxes

The Group is subject to income tax in several jurisdictions. The Bank is subject, in individual terms, to the regime established by the Corporate Income Tax Code (CIRC), the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014 of 26 August, to which it adhered, and individual legislation. Additionally, deferred taxes relating to tax losses and to temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation are accounted for, whenever there is a reasonable probability that these taxes will be paid or recovered in the future.

Income tax recorded in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets at fair value through other comprehensive income and cash flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

Current tax is the value that determines the taxable income for the year, using tax rates enacted or substantively enacted by authorities at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for non-deductible goodwill for tax purposes, differences arising from initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

The item “Deferred tax assets” includes amounts associated with credit impairments not accepted for tax purposes whose credits have been written-off, according to the expectation that the use of such impairments will be deductible for the purposes of determining taxable income for the tax periods in which the legal conditions required for their tax deductibility are met.

Deferred tax assets are recognised when it is probable that there will be future taxable profits that absorb the deductible temporary differences for tax purposes (including reportable tax losses).

The Group, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) it has a legally enforceable right to offset current tax assets and current tax liabilities; and, (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes released by the same Tax Authority on the same taxable entity.

The Group complies with the guidelines of IFRIC 23 – Uncertainty over Income Tax Treatments on the determination of taxable profit, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the income tax treatment, not having occurred any material impact on the Bank’s financial statements resulting from its application.

In 2016, the Banco Comercial Português adhered to the Special Tax Regime for Groups of Companies (RETGS) for the purposes of corporate income (IRC) taxation, with BCP being the dominant entity. In the financial years of 2024 and 2023, RETGS application was maintained. The group's taxable profit is calculated by the algebraic sum of taxable profits and individual tax losses of the companies that integrate it.

T. Segmental reporting

The Group adopted IFRS 8 – Operating Segments for the purpose of disclosing financial information by operating and geographic segments. A business segment is a Group's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance; and, (iii) for which separate financial information is available.

The Group controls its activity through the following major operating segments:

Portugal activity:

- Retail Banking, also including ActivoBank;
- Companies and Corporate;
- Private Banking;
- Other.

The Other segment (Portugal activity) includes activities that are not allocated to remaining segments, namely centralized management of financial investments, corporate activities, and insurance activity.

International activity:

- Poland;
- Mozambique;
- Other.

The contribution from the shareholding in the associate in Angola is included in the "Other" segment (international activity).

U. Provisions, Contingent liabilities and Contingent assets

U1. Provisions

Provisions are recognised when (i) the Group has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities); (ii) it is probable that a payment will be required to settle; and, (iii) a reliable estimation can be made of the amount of the obligation.

Additionally, when fundamental reorganizations occur that have a material effect on the nature and focus of the company's operations, and the criteria for recognition of provisions referred to above are met, provisions are recognised for restructuring costs.

The measurement of provisions considers the principles set in IAS 37 regarding the best estimate of the expected cost, the most likely result of current actions and considering the risks and uncertainties inherent to the process result. On the cases that the discount effect is material, provision corresponds to the actual value of the expected future payments, discounted at a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable.

Provisions are derecognised through their use in the obligations for which they were initially created, or in the case that these obligations cease to exist.

U2. Contingent assets

Contingent assets are not recognised in the financial statements and are disclosed when a future economic inflow of resources is probable.

U3. Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being framed under IAS 37 whenever the possibility of an outflow of resources regarding economic benefits are not remote. The Group records a contingent liability when:

i) it is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of one or more uncertain future events that are not wholly within the control of the Group; or,
ii) it is a present obligation that arises from past events but is not recognised because:
   a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
   b) the amount of the obligation cannot be measured with sufficient reliability.

The contingent liabilities identified are subject to disclosure, unless the possibility of an outflow of resources incorporating economic benefits is remote.

V. Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders of the Group by the weighted average number of ordinary shares outstanding, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share. If the earnings per share are changed because of an issue with premium or discount or other event that changed the potential number of ordinary shares or because of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

W. Insurance contracts

W1. Classification

IFRS 17 is the new accounting standard for insurance contracts, reinsurance contracts and for Investment contracts with discretionary participation features, covering aspects such as recognition and measurement, presentation and disclosure of information, replacing IFRS 4 – Insurance contracts.

The Group issues contracts that include insurance risk, financial risk or a combination of both insurance and financial risk. A contract, in which the Group accepts a significant insurance risk from another party, by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract.

A contract issued by the Group without significant insurance risk, but on which financial risk is transferred with discretionary participating features is classified as an investment contract recognised and measured in accordance with the accounting policies applicable to insurance contracts. A contract issued by the Group that transfers only financial risk, without discretionary participating features, is accounted for as a financial instrument.

W2. Recognition and measurement

IFRS 17 defines new principles for recognition, measurement, presentation and disclosure of insurance contracts, reinsurance contracts and Investment contracts with discretionary participation features. The references below apply to these three types of contracts.

In terms of recognition and measurement, insurance contracts are divided into portfolios, annual cohorts and groups of contracts. In the initial recognition, contracts that have similar risk and can be managed together, must be identified, grouping them into portfolios. For measurement purposes, these portfolios are further subdivided into annual cohorts, according to the issuance year. Each of the cohorts, according to the expected future return, is then divided into the following groups: i) contracts that are onerous at initial recognition; ii) contracts that do not present a significant possibility of subsequently becoming onerous; and iii) remaining contracts in the portfolio.

The liability of an insurance contract begins when one of the following conditions is met: i) beginning of the coverage period of the contract, ii) date on which the first payment is made by the insured and this becomes due or iii) in the case of an onerous contract, when it becomes onerous.

IFRS 17 defines 3 measurement models of the insurance liabilities: GMM (General Measurement Model) as a general modal, VFA (Variable Fee Approach) to be applied for investment contracts, which does not include a transfer of significant insurance risk and PAA (Premium Allocation Approach), which can be applied for short term contracts (less than 1 year).

The measurement of the value of a contract is the sum of (except where contracts are being measured using the premium allocation approach): (i) the present value of future cash flows; (ii) a non-financial risk adjustment; and the amount of future profit that is estimated that this contract will generate the Contractual Service Margin (CSM), unless the contract group is onerous. In this case, the estimated loss is recognised immediately.

The liability for future services in contracts measured using the premium allocation approach is based on premiums received, less amounts recognised in profit or loss already incurred in the period.

In terms of the discount rate for determining future cash flows, it should: (i) reflect the time value of money; ii) be consistent with similar ones applied in the market for situations with similar characteristics and iii) exclude the effect of factors that do not affect the future cash flows of the insurance contract.

In the subsequent valuation, the Statement of Financial Position shall include liabilities for insurance contracts, divided into i) liabilities for future services and ii) liabilities for past services. In terms of the Income Statement, it should include: i) income from insurance contracts, ii) expenses from insurance contracts and iii) losses from the financial component of insurance contracts.

W3. Presentation and disclosures

In the Statement of Financial Position should appear in disaggregated form i) insurance contract assets, ii) reinsurance ceded contract assets iii) insurance contracts liabilities and iv) reinsurance ceded contract liabilities.

In terms of the Income Statement, it should be evidenced i) insurance revenue, ii) insurance service expense and iii) Insurance finance result, as well as iv) the net result arising from reinsurance contracts.

Together with the Financial Statements, the standard provides for additional qualitative and quantitative disclosures of i) amounts recognised in the financial statements that fall within the scope of IFRS 17; ii) significant judgments and changes to those judgments made with the application of IFRS 17 and iii) nature and extent of the risks inherent in contracts that fall within the scope of IFRS 17.

For risks falling within the scope of IFRS 17, the entity shall analyse: (i) concentration risk, (ii) sensitivity analysis to the most significant risks, (iii) claims development, (iv) credit risk and (v) liquidity risk.

X. Insurance or reinsurance intermediation services

Banco Comercial Português and Banco ActivoBank are entities authorized by the Insurance and Pension Funds Supervisory Authority (ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões) for the practice of the activity of insurance mediation, in the category of tied Insurance Intermediary, in accordance with article 8(a)(i) of Decree-Law no. 144/2006, of 31 July, developing the activity of insurance intermediation in the life and non-life branches.

Within the scope of insurance mediation services, these Banks sell insurance contracts. As remuneration for the services provided of insurance mediation, they receive commissions for the mediation of insurance contracts and investment contracts, which are defined in agreements/protocols established with the Insurers.

Commissions received by insurance mediation services are recognised in accordance with the accrual principle, so that commissions received at a time other than the period to which it relates are recorded as receivables under "Other assets". Commissions received for insurance mediation services are recognised in accordance with the policy described in note I. Recognition of income from services and commissions.

Y. Accounting estimates and judgments in applying accounting policies

IFRS set forth a range of accounting treatments that require the Board of Directors, under advice of the Executive Committee, to apply judgments and to make estimations when deciding which treatment is the most appropriate. These estimates were made considering the best information available at the date of preparation of the consolidated financial statements, considering the context of uncertainty that results from the current economic scope and the geopolitical conflict in Eastern Europe. The most significant of these accounting estimates and judgments used when applying accounting principles are discussed in this section to improve understanding of how they affect 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, under advice of the Executive Committee, the Group’s reported results would differ if a different treatment was chosen. The Executive Committee believes that the choices made are appropriate and that the financial statements present the Group’s financial position and results fairly in all material relevant 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 estimations would be more appropriate.

Y1. Entities included in the consolidation perimeter

For the purposes of determining 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 if it can take possession of these results through the power it holds *(de facto control)*. The decision if an entity needs to be consolidated by the Group requires the use of judgment, estimations and assumptions to determine at what extent the Group is exposed to the variable returns and its ability to use its power to affect these returns. Different estimations and assumptions could lead the Group to a different scope of consolidation perimeter with a direct impact in consolidated income.

Y2. Goodwill impairment

The recoverable amount of the goodwill recorded in the Group's assets is assessed annually in the preparation of accounts with reference to the end of the year or whenever there are indications of eventual loss of value. For this purpose, the carrying amount of the business units of the Group for which goodwill has been recognised is compared with the respective recoverable amount. A goodwill impairment loss is recognised when the carrying amount of the business unit exceeds the respective recoverable amount.

In the absence of an available market value, the recoverable amount is determined using cash flows predictions, applying a discount rate that includes a risk premium appropriated to the business unit being tested. Determining the cash flows to discount and the discount rate, involves judgment.

Y3. Income taxes

Interpretations and estimations were required to determine the total amount of income taxes in each of the jurisdictions where the Group operates. There are many transactions and calculations for which the tax determination is uncertain during the ordinary course of business. Different interpretations and estimations could result in a different level of income taxes, current and deferred, recognised in the year.

This aspect assumes greater relevance for the purposes of the analysis of the recoverability of deferred taxes, in which the Group considers forecasts of future taxable income based on a set of assumptions, including the estimate of income before tax, adjustments to taxable income, evolution of tax legislation and its interpretation. Thus, the recoverability of deferred tax assets depends on the implementation of the Bank's Board of Directors strategy, namely the ability to generate the estimated taxable income, the evolution of tax law and its interpretation.

Regarding the activity in Portugal, the Law No. 98/2019, of 4 September established the tax regime for credit impairments and provisions for guarantees for tax periods beginning on or after 1 January 2019, providing for approximation between the accounting and tax rules for the purposes of deductibility of expenses with the reinforcement of credit impairments. The rules in force until 2018 could continue to be applied until the end of the 2023 financial year, unless the option to apply the new regime was exercised in advance.

In 2022, the Banco Comercial Português, S.A. and the Banco ActivoBank, S.A. exercised the option to apply the new regime, under the terms of which the impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis recognised in accordance with the applicable accounting standards and regulations are fully deductible for the purposes of determining taxable profit, with the exceptions provided for in the Corporate Income Tax Code. The exceptions apply to impairment losses relating to credits and other rights over natural or legal persons who hold, directly or indirectly, more than 10 % of the Bank's capital, over members of its corporate bodies, over companies in which the Bank holds, directly or indirectly, more than 10 % of the capital or over entities with which it is in a situation of special relations.

The Impairment losses and other value corrections for specific credit risk recorded until 31 December 2021 and still not accepted for tax purposes are only deductible up to the amount that, in each tax period, corresponds to the application of the mandatory minimum limits set out in Notice of Banco de Portugal No. 3/95, as amended before its repeal by Notice of Banco de Portugal No. 5/2015, and, between other conditions, provided that they are not credits covered by real estate rights.

Following the amendments provided for in Law No. 24-D/2022, of 30 December, within the scope of the State Budget for 2023, the time limit applicable to the carrying forward of tax losses in Portugal was eliminated. This amendment applies to tax losses calculated in tax periods beginning on or after 1 January 2023, as well as to tax losses calculated in tax periods prior to 1 January 2023 and whose deduction period is still in progress on that date. Thus, tax losses calculated in 2014 and subsequent years may be deducted from future taxable income. The deduction limit for tax losses went from 70% to 65%, being increased by ten percentage points when the difference results from the deduction of tax losses calculated in the 2020 and 2021 tax periods, under the terms of the special regime provided for in Law n. 27-A/2020, of 24 July.

In the forecasts of future taxable income, namely for purposes of the analysis of the recoverability of deferred taxes assets carried out with reference to 31 December 2023, the approximation between the accounting and tax rules provided for in the aforementioned Law n.º 98/2019, of 4 September, taking into account the option for applying the new regime exercised in 2022, as well as the changes in terms of the elimination of the time limit on the use of tax losses provided for in said Law no. 24-D/2022, of 30 December.

The taxable profit or tax loss calculated by the Bank or its subsidiaries residing in Portugal can be corrected by the Portuguese tax administration within a period of four years, except in the case of any tax losses deduction has been made or tax credit has been used, in which the expiry period is the exercise of that right. The Bank recorded provisions, current tax liabilities or deferred taxes liabilities in the amount it considers appropriate to cover tax corrections or tax losses incurred, as well as contingencies relating to years not yet reviewed by the tax authorities.

Y4. Valuation of real estate recorded in Non-current assets held for sale and in Other assets

The valuation of these assets, and consequently the impairment losses, is supported by evaluations carried out by external experts, which incorporate several assumptions, namely the selling price per square meter, discount rate, better use of the real estate and expectations regarding the development of real estate projects, as applicable, and also considers the Bank's historical experience in the commercialization of real estate, its perspectives on the evolution of the real estate market and the intentions of the management body regarding the commercialization of these assets. The assumptions used in the valuations of these assets have an impact on their valuation and consequently on the determination of impairment.

Y5. Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimations, including the use of actuarial forecasts, estimated returns on investment, and other factors, such as discount rate, pensions and salary growth rates, mortality tables, that could impact the cost and liability of the pension plan.

The discount rate used to update the Bank's pension fund liabilities, regarding the defined benefit pension plans of its employees and managers, was determined based on an analysis carried out on a set of available information, which includes, among other elements, the market references for this indicator published by internationally recognised specialized entities and which are based, as defined by IAS 19, on market yields of a universe of high quality bond issues (low risk), different maturities, called in euro and relating to a diverse and representative range of issuers (non-sovereign).

Y6. Financial instruments – IFRS 9

Y6.1. Classification and measurement

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows to determine if they correspond only to payments of principal and interest on the outstanding capital) and the testing of the business model.

The Group determines the business model at a level that reflects how financial asset groups are managed together to achieve a specific business objective. This evaluation requires judgment, since the following aspects, among others, must be considered: the way in which the performance of assets is evaluated; the risks that affect the performance of the assets and the way these risks are managed; and how asset managers are rewarded.

The Group monitors the financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised prior to their maturity to understand the underlying reasons for their disposal and to determine whether they are consistent with the purpose of the business model defined for these assets. This monitoring is part of a process of continuous evaluation by the Group of the business model of the financial assets that remain in the portfolio, to determine if it is adequate and, if it is not, if there was a change in the business model and, consequently, a prospective classification change of these financial assets.

Y6.2. Impairment losses on financial assets at amortised cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses on financial instruments involves judgments and estimations regarding, among others, the following:

Significant increase in credit risk:

Impairment losses correspond to the expected losses on a 12-month for the assets in Stage 1 and the expected losses considering the probability of a default event occurring at some point up to the maturity date of the instrument financial assets for assets in Stages 2 and 3. An asset is classified in 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 qualitative and quantitative information, reasonable and sustainable.

In order to comply with the supervisors' guidelines, namely regarding to the identification and measuring credit risk in the current context of uncertainty, largely associated with the worsening of the international geopolitical context, the constraints in several relevant European economies (political instability, public budgetary pressures and lower growth) and the existence of higher interest rate levels (albeit in an process of adjustment), the Group proceeded to record additional impairments in relation to the current models of collective impairment calculation (overlays).

The exercise carried out was based on an analysis of migrations from customers identified as having the highest risk for Stage 2 and Stage 3, with the greatest impact on the corporate segment.

Definition of groups of assets with common credit risk characteristics:

When expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics. The Group monitors the adequacy of credit risk characteristics on a regular basis to assess whether it maintains its similarity. This procedure is necessary to ensure that, in the event of a change in the credit risk characteristics, the asset segmentation is reviewed. This review may result in the creation of new portfolios or in transferring assets to existing portfolios that better reflect their credit risk characteristics.

Definition of the number and relative weight of prospective information for each type of product/market and determination of relevant prospective information:

In estimating expected credit losses, the Group uses reasonable and sustainable forecasting information that is based on assumptions about the future evolution of different economic drivers and how each of the drivers impacts the remaining drivers.

Probability of default:

The probability of default represents a determining factor in the measurement of expected credit losses and corresponds to an estimation of the probability of default in each period, which is calculated based on historical data, assumptions and expectations about future conditions.

Loss given default:

It corresponds to a loss estimation in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, through the cash flows generated by the customers' business or credit collaterals. The estimation of loss given default is based on, among other aspects, the different recovery scenarios, historical information, the costs involved in the recovery process and the estimation of the valuation of collaterals associated with credit operations.

Y6.3. Fair value of financial instruments

Fair value is determined based on market quotations when available. In their absence, it is determined using prices of recent transactions for similar instruments carried out under market conditions or through valuation methodologies supported by discounted cash flow techniques, taking into consideration factors such as market conditions, the time value, the yield curve, and volatility. When these methodologies involve the use of significant unobservable inputs or assumptions, the instruments are classified as Level 3 in the fair value hierarchy, in accordance with applicable accounting standards (IFRS 13). The use of different methodologies, assumptions, or judgments may result in outcomes that differ from those reported.

In market environments characterized by higher macroeconomic uncertainty, the Bank may, among other measures, reallocate risk limits and review both stress scenarios and the calculation of fair value adjustments.

Y7. Provisions for legal risk related to foreign currency-indexed mortgage loans (mostly to Swiss franc)

The Group creates provisions for legal contingencies related foreign currency-indexed mortgage loans, mostly to Swiss franc granted by Bank Millennium, S.A.

The assumptions used by Bank Millennium are essentially based on historical observations and will have to be updated in subsequent periods, which may have a relevant impact on the provision’s estimation. The methodology developed by Bank Millennium is based on the following parameters: (i) the number of ongoing cases (including class action agreements) and potential future lawsuits; (ii) the currently estimated amount of Bank Millennium's potential loss in the event of a specific court judgment; (iii) the probability of obtaining a specific court judgment calculated on the basis of statistics of judgments in cases where Bank Millennium is a party and legal opinions obtained; (iv) customer behaviours monitoring by analysing their willingness to sue the Bank, including due to economic factors (v) estimates involved with amicable settlements with customers, concluded in court or out of court.

The evolution of responsibilities with legal contingencies related to mortgage loans indexed to the Swiss franc and the amount of the Bank Millennium’s actual losses depend, namely, on the number of ongoing and potential lawsuits, as well as on the final court decisions about each case and amicable settlement with customers, concluded in court or out of court.

Z. Subsequent events

The Group analyses events occurred after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date the financial statements were authorized for issue. In this context, two types of events can be identified:

i) those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and,
ii) those that are indicative of the conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events occurred after the date of the financial statements that are not considered as adjustable events, if significant, are disclosed in the notes to the consolidated financial statements.

2. Net interest income

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Interest and similar income		
Interest on deposits at Central Banks and on loans and advances to credit institutions repayable on demand	104,986	105,333
Interest on financial assets at amortised cost		
Loans and advances to credit institutions	84,063	74,377
Loans and advances to customers	3,110,064	3,243,794
Debt securities	628,653	491,969
Interest on financial assets at fair value through profit or loss		
Financial assets held for trading	60,542	53,684
Financial assets not held for trading mandatorily at fair value through profit or loss	763	2,202
Financial assets designated at fair value through profit or loss	947	452
Interest on financial assets at fair value through other comprehensive income	506,553	268,650
Interest on hedging derivatives	200,195	114,085
Interest on other assets	19,068	16,743
	4,715,834	4,371,289
Interest and similar expense		
Interest on financial liabilities at amortised cost		
Deposits from credit institutions and other funds	(47,734)	(50,838)
Deposits from customers and other funds	(1,164,608)	(873,330)
Non-subordinated debt securities issued	(179,391)	(90,084)
Subordinated debt	(82,713)	(84,234)
Interest on financial liabilities at fair value through profit or loss		
Financial liabilities held for trading		
Derivatives	(45,731)	(33,724)
Financial liabilities designated at fair value through profit or loss		
Deposits from customers and other funds	(19,250)	(8,582)
Non-subordinated debt securities issued	(374)	(631)
Interest on hedging derivatives	(332,828)	(392,995)
Interest on leasing	(12,071)	(10,983)
Interest on other liabilities	(281)	(164)
	(1,884,981)	(1,545,565)
	2,830,853	2,825,724

The balance Interest and similar income - Interest on financial assets at amortised cost - Loans and advances to customers includes the amount of EUR 103,148,000 (2023: EUR 54,823,000) related to commissions and other gains accounted for under the effective interest method, as referred in the accounting policy described in note 1 C3. The balance also includes the amount of EUR 69,937,000 (2023: EUR 92,894,000) related to interest income arising from customers classified in stage 3.

The balances Interest and similar income and Interest and similar expense include the following amounts related to hedge breakages: Interest on financial assets at amortised cost - Loans and advances to customers, negative interest of EUR 331,032,000 (2023: negative interests of EUR 32,558,000), Interest on financial assets at amortised cost - Debt securities, positive interest of EUR 65,034,000 (2023: positive interests of EUR 64,385,000), Interest on financial assets at fair value through other comprehensive income, positive interests of EUR 636,000 (2023: positive interests of EUR 5,360,000), Interest on financial liabilities at amortised cost - Deposits from customers and other funds, positive interests of EUR 2,517,000 (2023: EUR 0).

The increase recorded in Interest on financial assets at fair value through other comprehensive income mainly reflects the impact of the increase in the balance of the securities portfolio, resulting from the increase in liquidity investments in public debt securities at both BCP and Bank Millennium S.A.

The evolution of Interest on Deposits from customers and other funds, compared to 2023, mainly reflects the contribution of the activity in Portugal, mainly influenced by the increases in interest rates in the last year, but also, although less significantly, by the increase in the balance of interest-bearing deposits in that period.

The balance Interest and similar expense - Interest on non-subordinated debt securities issued and Interest on subordinated debt include the amount of EUR 3,421,000 and EUR 815,000, respectively (2023: EUR 2,892,000 and EUR 712,000, respectively) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1 C3.

The balance Interest and similar expense - Interest on leasing refers to the interest cost related to the leasing liabilities recognised under IFRS 16, as referred in accounting policy described 1 H.

3. Dividends from equity instruments

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Dividends from financial assets through other comprehensive income	1,016	1,783
	1,016	1,783

4. Net fees and commissions income

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Fees and commissions received		
Banking services provided	534,839	511,356
Management and maintenance of accounts	170,084	168,859
Bancassurance	140,655	120,702
Securities operations	51,459	43,815
From guarantees granted	47,011	49,551
From commitments to third parties	5,229	5,243
Management and intervention commissions	24,448	23,381
Other commissions	22,341	21,404
	996,066	944,311
Fees and commissions paid		
Banking services provided by third parties	(141,018)	(131,769)
Securities operations	(8,584)	(7,520)
From guarantees received	(5,988)	(8,357)
Other commissions	(31,936)	(24,992)
	(187,526)	(172,638)
	808,540	771,673

5. Gains / (losses) on financial operations

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023 (restated)
Gains/(losses) on financial operations at fair value through profit or loss		
Gains/(losses) on financial assets held for trading	155,978	172,619
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss	6,754	(1,552)
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(217,904)	(176,058)
	(55,172)	(4,991)
Foreign exchange gains/(losses)	41,594	17,469
Gains/(losses) on hedge accounting	5,775	21,808
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	12,785	112,088
	4,982	146,374

The balances Gains/(losses) on financial operations at fair value through profit or loss is comprised of:

(Thousands of euros)

	2024	2023 (restated)
Gains/(losses) on financial assets held for trading		
Gains		
Debt securities portfolio	16,162	12,001
Equity instruments	28,349	13,414
Derivative financial instruments	695,312	335,620
Other operations	1,202	1,374
	741,025	362,409
Losses		
Debt securities portfolio	(9,688)	(7,578)
Equity instruments	(23,683)	(9,613)
Derivative financial instruments	(551,221)	(171,890)
Other operations	(455)	(709)
	(585,047)	(189,790)
	155,978	172,619

(continues)

(continuation)

(Thousands of euros)

	2024	2023 (restated)
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss		
Gains		
Loans and advances to customers	1,510	3,011
Debt securities portfolio	23,013	47,808
Equity instruments	25,870	10,307
	50,393	61,126
Losses		
Loans and advances to customers	(1,337)	(3,222)
Debt securities portfolio	(27,185)	(36,028)
Equity instruments	(15,117)	(23,428)
	(43,639)	(62,678)
	6,754	(1,552)
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss		
Gains		
Debt securities portfolio	359	207
Deposits from customers and other funds	42,796	6,243
Debt securities issued		
Certificates and structured securities issued	66,533	66,658
Other debt securities issued	39	188
	109,727	73,296
Losses		
Debt securities portfolio	(477)	–
Deposits from customers and other funds	(43,132)	(11,495)
Debt securities issued		
Certificates and structured securities issued	(275,037)	(224,547)
Other debt securities issued	(8,985)	(13,312)
	(327,631)	(249,354)
	(217,904)	(176,058)

The balances Gains / (losses) on financial assets and liabilities designated at fair value through profit or loss - Gains/(Losses) - Certificates and structured securities issued record the valuations and devaluations of certificates issued by the Group. These liabilities are covered by futures, which valuation and devaluation are recorded in Gains / (losses) on financial assets held for trading - Gains/(Losses) - Derivative financial instruments and foreign exchange transactions recorded under the balances “Foreign exchange gains/(losses)” shown in the table below.

The balances Foreign exchange gains/(losses), Gains/(losses) on hedge accounting and Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss, are presented as follows:

(Thousands of euros)

	2024	2023 (restated)
Foreign exchange gains/(losses)		
Gains	2,544,176	3,714,151
Losses	(2,502,582)	(3,696,682)
	41,594	17,469
Gains/(losses) on hedge accounting		
Gains		
Hedging derivatives	554,220	274,230
Hedged items	412,301	214,420
	966,521	488,650
Losses		
Hedging derivatives	(505,486)	(289,761)
Hedged items	(455,260)	(177,081)
	(960,746)	(466,842)
	5,775	21,808
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss		
Gains		
Credit sales	38,293	9,840
Debt securities portfolio at amortised cost	–	1,070
Debt securities portfolio at fair value through other comprehensive income	6,314	2,102
Debt securities issued	538	1,614
Others	2,255	128,825
	47,400	143,451
Losses		
Credit sales	(7,024)	(15,082)
Debt securities portfolio at amortised cost	(7,073)	–
Debt securities portfolio at fair value through other comprehensive income	(18,109)	(14,744)
Debt securities issued	–	(1,027)
Others	(2,409)	(510)
	(34,615)	(31,363)
	12,785	112,088

The main contributions for the balance Gains/(losses) on hedge accounting were the loss of EUR 5,957,000 (2023: gain of EUR 12,755,000), a gain of EUR 5,137,000 (2023: gain of EUR 477,000) and a gain of EUR 3,673,000 (2023: gain of EUR 8,713,000) relating to the deposits portfolio hedge and the non-subordinated and subordinated issues portfolio hedge, respectively.

Regarding the sale of financial assets at fair value through other comprehensive income subject to hedge accounting, the balance Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss - Debt securities portfolio at fair value through other comprehensive income, includes a net gain of EUR 2,190,000 (2023: net gain of EUR 853,000), which is offset in the balance Gains/(losses) on hedge accounting.

On 13 February 2023, the Bank concluded an agreement ("Agreement") for the sale of 80% of shares in Millennium Financial Services sp. z o. o. ("Company") to Towarzystwo Ubezpieczeń na Życie Europa S.A., which acquires 72% of the Company's shares, and Towarzystwo Ubezpieczeń Europa S.A., which acquires 8% of the Company's shares (collectively, the "Buyers").

On 29 March 2023, 80% of the shares in the company were transferred to the Buyers, and the final settlement of the transaction, together with the price adjustment, took place in December 2023.

As a result, Bank Millennium recognized in 2023 in the Profit and Loss Account a result of EUR 143.7 million (PLN 652.4 million) (gross), which consisted of:

1. profit realized on sale: payment of the price less the fair value of the shares at the moment of loss of control in the amount of EUR 122 million (PLN 553.9 million) (gross) was included in the item “Gains arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss - Others”;

2. an inflow of EUR 10.1 million (PLN 46 million) (gross) as a valuation of the derivative at the time of final settlement of the transaction in December 2023, resulting from the agreed potential future remuneration payments, was recognized as “Gains on financial assets held for trading”;

3. At the same time, due to the loss of control over the Company, the Bank valued the remaining non-controlling share in the Company at fair value of EUR 11.6 million (PLN 52.5 million) (gross), this amount was included in "Gains/(losses) on disposal of subsidiaries and other assets" (note 16).

Starting from the moment of loss of control, the investment in the Company is treated as an involvement in an associated entity (Bank Millennium holds 20% of the shares in the Company) and is valued at the Group level using the equity method.

6. Other operating income / (expenses)

The amount of this account is comprised of

(Thousands of euros)

	2024	2023
Operating income		
Gains on leasing operations	8,022	3,783
Income from services provided	32,286	30,026
Rents	1,970	2,133
Sales of cheques and others	7,239	8,357
Other operating income	73,676	80,583
	123,193	124,882
Operating expenses		
Donations and contributions	(4,605)	(4,151)
Contribution on the Banking Sector	(32,867)	(44,807)
Contributions to Resolution Funds	(20,625)	(22,716)
Contribution to the Single Resolution Fund	—	(17,729)
Contributions to the Deposit Guarantee Fund	(810)	(665)
Special tax on the polish banking sector	(53,991)	—
Taxes	(15,617)	(16,098)
Losses on financial leasing operations	(50)	(25)
Other operating costs	(146,901)	(79,106)
	(275,466)	(185,297)
	(152,273)	(60,415)

The balance Contribution on the Banking Sector in Portugal is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and supplementary capital (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) notional amount of derivatives.

The balance Contributions to Resolution Funds includes the periodic contributions that must be paid to the Portuguese Fund, as stipulated in Decree-Law No 24/2013. The periodic contributions are determined by a base rate, established by the Banco de Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile based on the objective incidence of those contributions. The period contributions affect the liabilities of the credit institutions members of the Fund, as per the article 10 of the referred Decree-Law, deducted from the liability elements that are part of the core capital and supplementary and from the deposits covered by the Deposit Guarantee Fund.

The balance Contributions to Resolution Funds also includes the mandatory contributions made by Bank Millennium, S.A to the Bank Guarantee Fund in Poland. The current principles of financing the deposit guarantee system and resolution in Poland, as defined in the Act of 10 June 2016 on the Bank Guarantee Fund, deposit guarantee system and forced restructuring, and are effective from 2017.

The method of calculating contributions regarding the resolution fund of banks in Poland was defined in the Delegated Regulation of the European Commission No. 2015/63 (amended by regulation 2016/1434), which applies directly to all European Union countries. The contribution for a given year from each entity is calculated by BFG in accordance with this regulation and the entity is notified by 1 May, each year.

The balance Contribution to the Single Resolution Fund ('SRF') corresponds to the Bank's annual ex-ante contribution to support the application of resolution measures at EU level. The SRF has been established by Regulation (EU) No 806/2014 (the "SRM Regulation"). The SRF is financed from ex-ante contributions paid annually at individual level by all credit institutions within the Banking Union. Contributions to the SRF consider the annual target level as well as the size and the risk profile of institutions.

In calculating the ex-ante contributions, the SRF applies the methodology as set out in the Commission Delegated Regulation (EU) No 2015/63 and European Parliament and of the Council Regulation (EU) No 806/2014. The annual contribution to the Fund is based on the institution's liabilities excluding own funds and covered deposits considering adjustments due to derivatives and intra group liabilities and on a risk factor adjustment that depends on the risk profile of the institution.

In accordance with Article 67(4) of SRM Regulation and in accordance with the Intergovernmental Agreement on the transfer and mutualisation of contributions to the SRF, the ex-ante contributions are collected by national resolution authorities and transferred to the SRF by 30 June of each year.

In 2024, no contribution was made to the Single Resolution Fund attributable to the to the Group (BCP and ActivoBank) according to information from the SRB – Single Resolution Board of 15 February 2024, which states that the financial means available in the Single Resolution Fund as at 31 December 2023 have already reached the target level of at least 1% of covered deposits held by the Member States participating in the Single Resolution Mechanism, as established in Article 69 (1) of Regulation (EU) No. 806/2014.

In 2023, the total value of the contribution to the Single Resolution Fund attributable to the Group (BCP and ActivoBank) amounted to EUR 22,861,000. The Group delivered the amount of EUR 17,729,000 to the Single Resolution Fund and chose to constitute an irrevocable commitment in the amount of EUR 5,132,000, under the terms set out in Decree-Law no. 24/2013, of 19 February. As a guarantee of the assumption of the irrevocable payment commitment made in the year with the Single Resolution Fund, a deposit was set up for this purpose, in the amount of EUR 5,132,000, which is fully secured and accounted for in Other assets - Deposit account applications (note 32).

In 2024 and 2023, the accumulated irrevocable payments commitments constituted in the amount of EUR 30,638,000, are accounted in off-balance sheet items (note 45) and are fully collateralized by assets recorded in Other assets - Deposit account applications (note 32).

The total value of the contribution to the Deposit Guarantee Fund attributable to the Group (BCP and ActivoBank) amounted to EUR 289,000 (2023: EUR 538,000), with the Group delivering the entire annual contribution to the Deposit Guarantee Fund.

Up to and including 2011, inclusive, under the terms set out in Banco de Portugal Notice No. 11/94, the Bank could choose to deliver part of the contribution to the Deposit Guarantee Fund and the other part to constitute an irrevocable payment commitment. As a guarantee of the assumption of irrevocable payment commitments assumed until 2012 with the Deposit Guarantee Fund, a security pledge has been created for this purpose, in the amount of EUR 49,874,000 (2023: EUR 99,824,000). Additionally, in 2024, the Group (BCP and ActivoBank) made a payment of EUR 47,595,000, with accumulated irrevocable payment commitments amounting to EUR 47,595,000 (2023: EUR 95,190,000) recorded in the off-balance sheet items (note 45).

Regarding the item Special tax on the polish banking sector, as a result of the implementation of the Recovery Plan from July 2022, Bank Millennium S.A. benefited from the exemption from the special tax on the polish banking sector in 2023. As described in note 48, Bank Millennium S.A. took the decision to complete the implementation of the Recovery Plan, on 19 June 2024, no longer benefiting from the exemption from this tax.

7. Staff costs

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Remunerations	577,064	517,492
Mandatory social security charges		
Post-employment benefits (note 50)		
Service cost	(9,738)	(9,616)
Net interest cost / (income) in the liability coverage balance	(6,301)	(17,062)
Cost with early retirement programs	10,478	7,043
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	—	(9)
	(5,561)	(19,644)
Other mandatory social security charges	125,818	113,622
	120,257	93,978
Voluntary social security charges	14,635	15,538
Other staff costs	10,020	4,798
	721,976	631,806

In 2024, the Group paid severance payments in the amount of EUR 4,431,000 (2023: EUR 3,718,000), of which the highest amounted to EUR 381,000 (2023: EUR 565,000).

In 2023, the balance Remunerations included the amount of EUR 9,740,000 related to the extraordinary distribution of profits to Bank's employees, as described in note 56. In 2024 there was no extraordinary distribution of profits to employees.

The average number of employees by professional category, at service in the Group, is analysed as follows by category:

	2024	2023
Portugal		
Top Management	881	880
Intermediary Management	1,449	1,426
Specific/Technical functions	2,926	2,926
Other functions	1,010	1,032
	6,266	6,264
Abroad	9,310	9,318
	15,576	15,582

Remunerations

In compliance with the provisions of Article 47 of Banco de Portugal Notice no. 3/2020, quantitative information is disclosed regarding the remuneration paid to different categories of members of governing bodies and categories of employees provided for in Article 115 C no. 2 of the RGICS, as well as the information provided for in Article 450 g) to i) of Regulation (EU) 2019/876 of the European Parliament and of the Council.

A. BCP Board of Directors

The fixed remuneration and social charges paid to members of the Board of Directors of Banco Comercial Português, S.A. are analysed as follows:

(Thousands of euros)

	Board of Directors			
	Executive Committee		Non-executive directors	
	2024	2023	2024	2023
Fixed remuneration	3,342	3,177	2,056	2,083
Variable remuneration				
Pecuniary	692	461	—	—
Shares	856	460	—	—
Deferred	1,037	534	—	—
Supplementary retirement pension	669	635	222	144
Post-employment benefits	(16)	(14)	—	—
Other mandatory social security charges	802	763	455	491
	7,382	6,016	2,733	2,718
Number of beneficiaries	6	6	10	11

Considering that the remuneration of members of the Executive Committee and Directors, with an exclusivity contract, intends to compensate the functions that are performed in the Bank and in all other functions performed in subsidiaries or governing bodies for which they have been designated by indication or in representation of the Bank, in the latter case, the net amount of the remuneration annually received by each member of the Executive Committee will be deducted from the fixed annual remuneration attributed by the Bank, ensuring that the effective payable amount corresponds to the one approved by the Remuneration and Welfare Board.

The amount of remuneration paid to the Executive Committee includes the amount of EUR 128,000 (2023: EUR 113,000) supported by subsidiaries or companies whose governing bodies represent the Group's interests. Regarding the Non-executive directors, this amount was EUR 34,000 (2023: EUR 27,000).

In 2024, it was assigned variable remuneration in accordance with the Remuneration policies for the members of the management and supervisory bodies and for employees, approved for 2023, as described in accounting policies 1 R4 and 1 R5.

In 2024, the variable remuneration attributed was EUR 1,384,000 in cash, of which EUR 692,000 are deferred for 5 years, and 4,684,579 shares corresponding to EUR 2,769,000, of which 2,342,290 shares are deferred for 5 years.

In 2024, the deferred variable remuneration paid refers to the years 2022, 2021, 2020, 2019 and 2018, of which EUR 224,000 in cash and 2,225,180 BCP shares in the amount of EUR 813,000.

In 2023, it was assigned variable remuneration in accordance with the remuneration policies for the members of the management and supervisory bodies and for employees, approved for 2022, as described in accounting policies 1 R4 and 1 R5.

In 2023, the variable remuneration attributed was EUR 923,000 in cash, of which EUR 463,000 are deferred for 5 years, and 4,136,539 shares corresponding to EUR 1,846,000, of which 2,068,268 shares are deferred for 5 years.

In 2023, the deferred variable remuneration paid refers to the years 2021, 2020, 2019 and 2018, of which EUR 131,000 in cash and 1,811,526 BCP shares in the amount of EUR 403,000.

In 2024 and 2023, no severance payments were paid to members of the Board of Directors.

B. *Key Function Holders (KFH)*

In 2024, the remunerations and social security charges supported with the Group's Key Function Holders are, detailed by segment, as follows:

(Thousands of euros)

	2024				
	Retail	Corporate	Control functions	Others	Total
Fixed remuneration	1,253	2,456	2,982	5,350	12,041
Variable remuneration					
Pecuniary	173	195	528	916	1,812
Shares	134	153	70	506	863
Deferred	62	72	37	252	423
Post-employment benefits	(82)	(55)	(140)	(221)	(498)
Other mandatory social security charges	313	534	756	1,345	2,948
	1,853	3,355	4,233	8,148	17,589
Number of beneficiaries	8	13	33	39	93

Arising from the application of the Remuneration Policies for Employees, approved for the financial year 2023, as described in accounting policies 1 R4 and 1 R5, in 2024, the 93 Key Function Holders (KFH) were awarded with variable remuneration, in the amount of EUR 487,000 in cash and 1,798,447 shares deferred for 5 years.

In 2024, deferred variable remunerations were paid to KFH deferred from 2022, 2021, 2020 and 2019, corresponding in cash to EUR 164,000 and shares in the amount of EUR 258,000.

In 2024, severance payments were paid to 5 KFH in the amount of EUR 915,000, of which the highest payment was EUR 381,000 and end-of-career bonuses in the amount of EUR 83,000.

In 2023, the remunerations and social security charges supported with the Group's Key Function Holders are, detailed by segment, as follows:

(Thousands of euros)

	2023				
	Retail	Corporate	Control functions	Others	Total
Fixed remuneration	1,391	2,387	2,838	5,098	11,714
Variable remuneration					
Pecuniary	287	335	475	1,028	2,125
Shares	98	119	166	369	752
Deferred	42	36	19	125	222
Post-employment benefits	(72)	(39)	(146)	(234)	(491)
Other mandatory social security charges	368	504	708	1,283	2,863
	2,114	3,342	4,060	7,669	17,185
Number of beneficiaries	10	13	31	38	92

Arising from the application of the Remuneration Policies for Employees, approved for the financial year 2022, as described in accounting policies 1 R4 and 1 R5, in 2023, the 92 Key Function Holders were awarded with variable remuneration, in the amount of EUR 337,000 in cash and 1,494,050 shares deferred for 5 years, as well as 229 participation units from AF Portfólio Imobiliário Fund deferred for 3 years.

In 2023, deferred variable remunerations were paid to KFH deferred from 2021, 2020 and 2019, corresponding in cash to EUR 102,000 and shares in the amount of EUR 120,000.

In 2023, severance payments were paid to 5 KFH in the amount of EUR 267,000, of which the highest payment was EUR 110.000 and end-of-career bonuses in the amount of EUR 35,000.

The remunerations and social security charges supported with the Group's Key Function Holders, discriminated by Key management personnel and by members whose professional activities have significant impact in the risk profile of the Bank (Other KFH), are as follows:

(Thousands of euros)

	Key Function Holders					
	Key management personnel		Other KFH		Total	
	2024	2023	2024	2023	2024	2023
Fixed remuneration	7,887	7,785	4,155	3,929	12,042	11,714
Variable remuneration						
Pecuniary	1,128	1,497	682	628	1,810	2,125
Shares	863	538	—	214	863	752
Deferred	415	217	7	5	422	222
Post-employment benefits	(296)	(265)	(200)	(226)	(496)	(491)
Other mandatory social security charges	1,979	1,944	968	919	2,947	2,863
	11,976	11,716	5,612	5,469	17,588	17,185
Number of beneficiaries	53	54	40	38	93	92

In 2024, the Key management personnel were awarded with deferred variable remuneration in the amount of EUR 487,000 and 1,798,447 shares deferred for 5 years.

In 2024 deferred variable remunerations from 2022, 2021, 2020 and 2019 years were paid in cash to Key management members, in the amount of EUR 161,000, as well as BCP shares and participation units from AF Portfólio Imobiliário Fund corresponding to EUR 254,000. Regarding the other KFH, were paid EUR 3,000 in cash deferred from 2019, BCP shares and participation units from AF Portfólio Imobiliário Fund, from the years 2019, corresponding to EUR 4,000.

In 2023, the Key management personnel were awarded with deferred variable remuneration in the amount of EUR 337,000 and 1,494,050 shares deferred for 5 years, as well as 229 participation units from AF Portfólio Imobiliário Fund deferred for 3 years.

In 2023 deferred variable remunerations from 2021, 2020 and 2019 years were paid in cash to Key management personnel, in the amount of EUR 99,000, as well as BCP shares and participation units from AF Portfólio Imobiliário Fund corresponding to EUR 118,000. Regarding the other KFH, were paid EUR 2,000 in cash deferred from 2019, BCP shares and participation units from AF Portfólio Imobiliário Fund, from the years 2019, corresponding to EUR 3,000.

In accordance with regulation (EU) 11º 575/2013, Article 450 (1)(i), in 2024 the Bank has 3 employees on the Board of Directors with remuneration between EUR 1 million and EUR 1.5 million (2023: 1 employee).

8. Other administrative costs

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Water, electricity and fuel	13,960	14,846
Credit cards and mortgage	12,698	8,621
Communications	27,483	25,152
Maintenance and related services	20,323	18,407
Legal expenses	5,286	5,011
Travel, hotel and representation costs	10,398	7,279
Advisory services	53,727	44,301
Training costs	2,175	1,453
Information technology services	27,724	25,708
Consumables	8,259	7,601
Outsourcing and independent labour	116,311	111,577
Advertising	31,127	27,705
Rents and leases	30,137	26,769
Insurance	5,352	4,943
Transportation	11,901	11,192
Other specialised services	36,164	28,869
Other supplies and services	27,442	23,812
	440,467	393,246

The balance Rents and leases includes the amount of EUR 262,000 (2023: EUR 1,440,000) related to short-term lease contracts and the amount of EUR 2,473,000 (2023: EUR 2,612,000) related to lease contracts of low-value assets, as described in the accounting policy 1 H.

The balance Other specialised services includes fees for services rendered by the Statutory Auditor of the Group, currently in functions, and by companies in its network as part of its statutory audit functions, as well as other services, is analysed as follows:

(Thousands of euros)

	2024	2023
Auditing services		
Statutory audit services	1,792	3,310
Other assurance services	1,140	1,180
Other services	899	747
	3,831	5,237

KPMG was appointed as the Bank's auditor at the General Meeting of 22 May 2024.

In addition to the above amounts, between January and May 2024, fees were recorded for Deloitte, for services provided in the amount of EUR 905,000, including EUR 279,000 of audit services.

9. Amortisations and depreciations

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Amortisations of intangible assets (note 30):		
Software	35,632	33,928
Other intangible assets	7,043	5,289
	42,675	39,217
Depreciations of other tangible assets (note 29):		
Properties	14,769	14,324
Equipment		
Computers	18,347	17,738
Security equipment	1,076	958
Indoor facilities	3,305	3,167
Machinery	1,682	1,649
Furniture	2,423	2,540
Vehicles	5,702	5,054
Other equipment	1,994	1,662
Right-of-use		
Real estate	52,827	51,190
	102,125	98,282
	144,800	137,499

10. Results on modification

The Group has accounted for in this balance the negative amount of EUR 42,334,000 (2023: negative amount of EUR 19,426,000) relating to contractual modifications made in accordance with IFRS 9, namely those negotiated with customers holding foreign currency-indexed mortgage loans in Poland, described in note 57, which amounted, in 2024, to EUR 34.055.000 (2023: EUR 11,505,000).

As described in note 48, following the signing by the President of the Republic of Poland and the announcement in the Journal of Laws of the Republic of Poland of the Act of 12 April 2024 amending the Act on support for borrowers who have taken out a mortgage loan and are in a difficult financial situation and the Act on crowdfunding for business ventures and aid borrowers. The new Act introduced, among other things, the possibility for borrowers to suspend the repayment of a mortgage loan granted in Polish currency for a period of up to four months (suspension of repayments up to 4 monthly instalments) in 2024 ("credit holidays"). As a result, Bank Millennium Group recorded in 2024 one-off costs related to credit holidays in the amount of EUR 26,182,000.

11. Impairment of financial assets at amortised cost

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Loans and advances to credit institutions (note 21)		
Charge for the year	216	92
Reversals for the year	(327)	(762)
	(111)	(670)
Loans and advances to customers (note 22)		
Charge for the year	804,883	805,500
Reversals for the year	(550,457)	(511,733)
Recoveries of loans and interest charged-off	(70,624)	(57,731)
	183,802	236,036
Debt securities (note 23)		
Associated to credit operations		
Charge for the year	1,691	3,991
Reversals for the year	(3,099)	—
	(1,408)	3,991
Not associated to credit operations		
Charge for the year	35,485	9,323
Reversals for the year	(2,571)	(688)
	32,914	8,635
	31,506	12,626
	215,197	247,992

The balances Loans and advances to customers and Debt securities not associated to credit operations, include a net reversal of charge recorded in BIM - Banco Internacional de Moçambique, S.A., in the amount of EUR 4,637,000 (2023: EUR 12,822,000) and EUR 27,157,000 (2023: EUR 4,311,000), respectively.

12. Impairment of financial assets at fair value through other comprehensive income

The detail of this balance is comprised of:

(Thousands of euros)

	2024	2023
Impairment of financial assets at fair value through other comprehensive income (note 24)		
Charge for the year	10,255	2,641
Reversals for the year	(42)	(1,319)
	10,213	1,322

13. Impairment of other assets

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Impairment of non-current assets held for sale (note 27)		
Charge for the year	5,722	12,899
Reversals for the year	(1,398)	(1,656)
	4,324	11,243
Impairment of tangible fixed assets (note 29)		
Charge for the year	184	—
	184	—
Impairment of other assets (note 32)		
Charge for the year	18,407	17,673
Reversals for the year	(5,339)	(7,150)
	13,068	10,523
Impairment of real estate and other assets arising from recovered loans (note 32)		
Charge for the year	33,875	34,706
Reversals for the year	(407)	(98)
	33,468	34,608
	51,044	56,374

14. Other provisions

This balance is comprised of:

(Thousands of euros)

	2024	2023
Provision for guarantees and other commitments (note 39)		
Charge for the year	34,826	40,602
Reversals for the year	(37,481)	(28,372)
	(2,655)	12,230
Other provisions for liabilities and charges (note 39)		
Charge for the year	588,351	785,928
Reversals for the year	(4,672)	(4,000)
	583,679	781,928
	581,024	794,158

The balance Other provisions for liabilities and charges - Charge for the year refers essentially to provisions for legal risk accounted for by Bank Millennium, related to foreign currency-indexed mortgage loans, as described in note 57, which, in 2024, amounted to EUR 506,195,000 (2023: EUR 675,252,000).

15. Share of profit of associates accounted for using the equity method

The main contributions of the investments accounted for using the equity method are analysed as follows:

(Thousands of euros)

	2024	2023
Banco Millennium Atlântico, S.A. (note 26)		
Appropriation relating to the current year	4,101	2,977
Effect of the application of IAS 29:		
Amortization of the effect calculated until 31 December 2018 (a)	(182)	(268)
	3,919	2,709
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	28,360	40,422
Unicre - Instituição Financeira de Crédito, S.A.	5,373	6,597
SIBS, S.G.P.S, S.A.	15,385	9,851
Banque BCP, S.A.S.	2,995	2,745
Fidelidade Moçambique - Companhia de Seguros S.A.	1,546	1,942
Other companies	1,310	(1,559)
	54,969	59,998
	58,888	62,707

(a) Based on the requirements of IAS 29, Angola was considered as a high inflation economy until 31 December 2018, for the purposes of presentation of consolidated financial statements, as described in accounting policy 1 B6. This classification is no longer applied since 1 January 2019.

16. Gains/(losses) on disposal of subsidiaries and other assets

This balance is comprised of:

(Thousands of euros)

	2024	2023
Gains /(Losses) on disposal of investments	(58)	11,539
Gains /(Losses) on disposal of other assets	22,701	10,270
	22,643	21,809

As mentioned in note 5, in 2023, Bank Millennium in Poland, sold 80% of the shares of Millennium Financial Services sp. z o.o. This sale resulted in the loss of control over the company, so the Group measured its remaining non-controlling stake (20%) at fair value, recording a gain of EUR 11,562,000 in 2023, recorded as Gains /(Losses) on disposal of investments.

The balance Gains /(Losses) on disposal of other assets essentially include the result deducted from intermediation costs from the sale of assets held by the Group and classified as non-current assets held for sale and as other assets, which corresponds to a gain of EUR 16,473,000 (2023: gain of EUR 5,612,000).

17. Net income from discontinued or discontinuing operations

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Banque Privée BCP (Suisse) S.A.		
Gains on disposal of the investment held (price adjustment)	—	(2,843)
Fidelidade Moçambique - Companhia de Seguros S.A.		
Correction of gains on disposal of the investment held	322	—
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.		
Losses (expenses)	—	(9)
	322	(2,852)

18. Earnings per share

The earnings per share are calculated as follows:

(Thousands of euros)

	2024	2023
Continuing operations		
Net income from continuing operations	1,000,161	950,461
Non-controlling interests	(94,105)	(91,559)
Appropriated net income from continuing operations	906,056	858,902
Interests on perpetual subordinated bonds (Additional Tier 1)	(33,625)	(37,000)
Adjusted net income from continuing operations	872,431	821,902
Discontinued or discontinuing operations (note 17)		
Net income from discontinued or discontinuing operations	322	(2,852)
Adjusted net income	872,753	819,050
Average number of shares	15,113,989,952	15,113,989,952
Basic earnings per share (Euros):		
from continuing operations	0.058	0.054
from discontinued or discontinuing operations	0.000	0.000
	0.058	0.054
Diluted earnings per share (Euros):		
from continuing operations	0.058	0.054
from discontinued or discontinuing operations	0.000	0.000
	0.058	0.054

As at 31 December 2024, the Bank's share capital amounts to EUR 3,000,000,000 (2023: EUR 3,000,000,000) and is represented by 15,113,989,952 nominative book-entry shares without nominal value, fully subscribed and paid up.

There were not identified another dilution effects of the earnings per share as at 31 December 2024 and 2023, so the diluted result is equivalent to the basic result.

19. Cash and deposits at Central Banks

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Cash	666,175	688,501
Central Banks		
Banco de Portugal	2,998,047	2,134,395
Central Banks abroad	1,924,808	1,722,630
	5,589,030	4,545,526

The balance Central Banks includes deposits at Central Banks of the countries where the Group operates to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other effective liabilities. According to the European Central Bank System for Euro Zone, the cash reserve requirements establish the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

According to the legislation of the Central Banks of Portugal, Poland, Mozambique and Monetary Authority of Macao (AMCM), as at 31 December 2024, the minimum cash reserves are EUR 2,365,095,000 (31 December 2023: EUR 2,106,096,000).

20. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Credit institutions in Portugal	3,553	1,285
Credit institutions abroad	166,850	260,227
Amounts due for collection	80,754	76,175
	251,157	337,687

The balance Amounts due for collection represents, essentially, cheques due for collection on other financial institutions. These balances were settled in the first days of the following month.

21. Loans and advances to credit institutions

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Loans and advances to Central Banks		
Central Banks abroad	273,212	184,650
	273,212	184,650
Loans and advances to credit institutions in Portugal		
Term deposits	1,913	—
Term deposits to collateralise CIRS and IRS operations (*)	—	330
Other	537	10,152
	2,450	10,482
Loans and advances to credit institutions abroad		
Very short-term deposits	99,486	—
Term deposits	324,524	371,647
Term deposits to collateralise CIRS and IRS operations (*)	38,909	58,446
Other	59,066	283,476
	521,985	713,569
	797,647	908,701
Impairment for loans and advances to credit institutions	(112)	(224)
	797,535	908,477

(*) Under the scope of derivative financial instruments operations (IRS and CIRS) with institutional counterparties, and as defined in the respective contracts ("Cash collateral"), these deposits are held by the counterparties and are given as collateral of the referred operations (IRS and CIRS), whose revaluation is negative for the Group.

This balance analysed by the period to maturity, before impairment, is as follows:

(Thousands of euros)

	2024	2023
Up to 3 months	696,834	703,056
3 to 6 months	70,225	1,041
6 to 12 months	30,588	204,604
	797,647	908,701

The changes occurred in impairment of Loans and advances to credit institutions are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	224	862
Transfers	(3)	28
Charge for the year (note 11)	216	92
Reversals for the year (note 11)	(327)	(762)
Exchange rate differences	2	4
Balance at the end of the year	112	224

22. Loans and advances to customers

The analysis of loans and advances to customers, by type of credit, is as follows:

(Thousands of euros)

	2024	2023
Mortgage loans	29,582,285	28,622,845
Loans	16,292,820	16,520,496
Finance leases	4,336,809	4,195,116
Factoring operations	2,495,783	2,909,570
Current account credits	827,079	847,455
Overdrafts	1,109,387	1,019,668
Discounted bills	143,419	156,603
	54,787,582	54,271,753
Overdue loans - less than 90 days	108,019	110,996
Overdue loans - Over 90 days	498,191	505,060
	55,393,792	54,887,809
Loans impairment	(1,486,734)	(1,582,650)
	53,907,058	53,305,159

The balance Loans and advances to customers, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	521,599	—	521,599	(436)	521,163
Asset-backed loans	32,126,373	93,095	32,219,468	(491,470)	31,727,998
Other guaranteed loans	4,193,856	82,648	4,276,504	(193,038)	4,083,466
Unsecured loans	8,856,725	280,818	9,137,543	(625,803)	8,511,740
Foreign loans	2,256,437	2,288	2,258,725	(16,463)	2,242,262
Factoring operations	2,495,783	47,383	2,543,166	(69,609)	2,473,557
Finance leases	4,336,809	99,978	4,436,787	(89,915)	4,346,872
	54,787,582	606,210	55,393,792	(1,486,734)	53,907,058

The balances Asset-backed loans and Other guaranteed loans follow the subsequent types of guarantees considered:

- Asset-backed loans: Financial collaterals, physical collaterals (movable or immovable) and amounts receivable (income consignment);
- Credit with other guarantees: First-demand guarantees issued by banks or other entities and personal guarantees.

The balance Loans and advances to customers, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	538,721	40	538,761	(1,261)	537,500
Asset-backed loans	31,799,089	111,046	31,910,135	(564,616)	31,345,519
Other guaranteed loans	4,716,031	71,101	4,787,132	(183,142)	4,603,990
Unsecured loans	8,039,408	308,262	8,347,670	(612,363)	7,735,307
Foreign loans	2,073,818	13,816	2,087,634	(51,924)	2,035,710
Factoring operations	2,909,570	22,103	2,931,673	(59,231)	2,872,442
Finance leases	4,195,116	89,688	4,284,804	(110,113)	4,174,691
	54,271,753	616,056	54,887,809	(1,582,650)	53,305,159

The balances Asset-backed loans and Other guaranteed loans follow the subsequent types of guarantees considered:

- Asset-backed loans: Financial collaterals, physical collaterals (movable or immovable) and amounts receivable (income consignment);
- Credit with other guarantees: First-demand guarantees issued by banks or other entities and personal guarantees.

The balance Loans and advances to customers includes the amount of EUR 10,932,203,000 (31 December 2023: EUR 10,875,965,000) regarding mortgage loans assigned to the cover pool backing the Group's covered bond programme issuances.

As part of the liquidity risk management, the Group holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank and other Central Banks in countries where the Group operates, which include loans and advances to customers.

As referred in note 51, the Group provides loans and/or guarantees to qualifying shareholders holding individually or together with their affiliates, 5% or more of the share capital identified in the Board of Directors report and in note 41.

The Group granted credit to qualifying shareholders and entities controlled by them, in the amount of EUR 113,027,000 (31 December 2023: EUR 112,007,000), as referred in note 51 a). The amount of impairment recognised for these contracts amounts to EUR 2,834,000 (31 December 2023: EUR 1,481,000).

The conclusion of business between the Company and holders of qualifying holdings or individuals or legal entities related to them in accordance with the provisions of article 33.°, n.° 3 of Notice 3/2020 of Banco de Portugal, regardless of the amount, is always subject of consideration and deliberation by the Board of Directors, after obtaining a prior opinion from the Audit Committee, and by proposal of the Executive Committee, which in turn deliberates under proposal from the Credit Committee, after obtaining an analysis and opinion from the Compliance Office, which pronounces regarding the compliance of the proposed operations with internal regulations, legal and regulatory provisions and other conditions that may apply to them, and the Risk Office, which evaluates and issues an opinion on the risks inherent to the operation.

The analysis of the outstanding amount of financial lease contracts, by type of customer, is presented as follows:

(Thousands of euros)

	2024	2023
Individuals		
Home	31,458	36,649
Consumption	25,404	26,702
Others	70,233	71,927
	127,095	135,278
Companies		
Equipment	2,061,780	1,936,577
Real estate	2,147,934	2,123,261
	4,209,714	4,059,838
	4,336,809	4,195,116

The analysis of loans and advances to customers, as at 31 December 2024, by sector of activity, is as follows:

(Thousands of euros)

	2024					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	390,267	10,196	400,463	(14,639)	385,824	0.72 %
Fisheries	18,901	58	18,959	(957)	18,002	0.03 %
Mining	52,001	3,078	55,079	(4,006)	51,073	0.10 %
Food, beverage and tobacco	736,423	9,472	745,895	(37,592)	708,303	1.35 %
Textiles	348,987	13,203	362,190	(32,943)	329,247	0.65 %
Wood and cork	207,603	5,955	213,558	(8,137)	205,421	0.39 %
Paper, printing and publishing	124,157	2,235	126,392	(3,305)	123,087	0.23 %
Chemicals	666,093	7,331	673,424	(29,424)	644,000	1.22 %
Machinery, equipment and basic metallurgical	1,239,540	38,533	1,278,073	(54,854)	1,223,219	2.31 %
Electricity and gas	248,088	394	248,482	(2,312)	246,170	0.45 %
Water	193,309	600	193,909	(6,842)	187,067	0.35 %
Construction	1,510,101	26,967	1,537,068	(99,662)	1,437,406	2.78 %
Retail business	1,679,344	18,041	1,697,385	(37,302)	1,660,083	3.06 %
Wholesale business	1,981,080	38,314	2,019,394	(57,474)	1,961,920	3.65 %
Restaurants and hotels	1,283,189	12,426	1,295,615	(44,778)	1,250,837	2.34 %
Transports	1,245,907	16,935	1,262,842	(34,216)	1,228,626	2.28 %
Post offices	20,007	333	20,340	(699)	19,641	0.04 %
Telecommunications	321,680	4,947	326,627	(13,091)	313,536	0.59 %
Services						
Financial intermediation	1,321,460	1,776	1,323,236	(29,438)	1,293,798	2.39 %
Real estate activities	2,092,573	22,147	2,114,720	(48,264)	2,066,456	3.82 %
Consulting, scientific and technical activities	895,509	9,567	905,076	(165,174)	739,902	1.63 %
Administrative and support services activities	507,604	4,164	511,768	(19,388)	492,380	0.92 %
Public sector	562,272	—	562,272	(3,272)	559,000	1.02 %
Education	106,513	483	106,996	(2,066)	104,930	0.19 %
Health and collective service activities	377,299	2,298	379,597	(9,429)	370,168	0.69 %
Artistic, sports and recreational activities	179,520	745	180,265	(6,329)	173,936	0.33 %
Other services	248,951	3,957	252,908	(68,290)	184,618	0.46 %
Consumer loans	7,204,086	240,734	7,444,820	(454,045)	6,990,775	13.44 %
Mortgage credit	28,625,742	108,450	28,734,192	(188,885)	28,545,307	51.87 %
Other domestic activities	1,577	191	1,768	(197)	1,571	0.00 %
Other international activities	397,799	2,680	400,479	(9,724)	390,755	0.72 %
	54,787,582	606,210	55,393,792	(1,486,734)	53,907,058	100 %

The analysis of loans and advances to customers, as at 31 December 2023, by sector of activity, is as follows:

(Thousands of euros)

	2023					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	433,118	5,320	438,438	(12,157)	426,281	0.80 %
Fisheries	23,941	3,237	27,178	(3,835)	23,343	0.05 %
Mining	64,315	1,603	65,918	(6,510)	59,408	0.12 %
Food, beverage and tobacco	721,867	6,374	728,241	(33,043)	695,198	1.33 %
Textiles	412,927	11,034	423,961	(54,906)	369,055	0.77 %
Wood and cork	239,794	2,606	242,400	(5,411)	236,989	0.44 %
Paper, printing and publishing	120,862	703	121,565	(4,018)	117,547	0.22 %
Chemicals	702,032	15,497	717,529	(30,817)	686,712	1.31 %
Machinery, equipment and basic metallurgical	1,347,043	27,219	1,374,262	(61,863)	1,312,399	2.50 %
Electricity and gas	234,740	255	234,995	(7,500)	227,495	0.43 %
Water	190,356	608	190,964	(8,609)	182,355	0.35 %
Construction	1,465,696	23,140	1,488,836	(80,773)	1,408,063	2.71 %
Retail business	1,697,573	18,103	1,715,676	(38,154)	1,677,522	3.13 %
Wholesale business	2,001,101	24,270	2,025,371	(72,776)	1,952,595	3.69 %
Restaurants and hotels	1,358,246	16,267	1,374,513	(76,772)	1,297,741	2.50 %
Transports	1,305,519	13,925	1,319,444	(29,283)	1,290,161	2.40 %
Post offices	24,654	319	24,973	(571)	24,402	0.05 %
Telecommunications	355,653	4,045	359,698	(7,521)	352,177	0.66 %
Services						
Financial intermediation	1,456,457	476	1,456,933	(40,634)	1,416,299	2.65 %
Real estate activities	1,987,406	14,870	2,002,276	(53,201)	1,949,075	3.65 %
Consulting, scientific and technical activities	1,009,028	29,952	1,038,980	(156,822)	882,158	1.89 %
Administrative and support services activities	490,512	5,048	495,560	(22,072)	473,488	0.90 %
Public sector	631,184	40	631,224	(2,956)	628,268	1.15 %
Education	107,963	969	108,932	(2,286)	106,646	0.20 %
Health and collective service activities	356,644	1,856	358,500	(9,471)	349,029	0.65 %
Artistic, sports and recreational activities	221,300	901	222,201	(32,350)	189,851	0.41 %
Other services	258,037	3,808	261,845	(72,074)	189,771	0.48 %
Consumer loans	6,566,398	256,681	6,823,079	(428,213)	6,394,866	12.43 %
Mortgage credit	27,868,097	112,639	27,980,736	(202,120)	27,778,616	50.98 %
Other domestic activities	1,501	197	1,698	(152)	1,546	0.00 %
Other international activities	617,789	14,094	631,883	(25,780)	606,103	1.15 %
	54,271,753	616,056	54,887,809	(1,582,650)	53,305,159	100 %

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Outstanding loans					
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total
Agriculture and forestry	83,432	175,896	130,939	390,267	10,196	400,463
Fisheries	4,126	11,471	3,304	18,901	58	18,959
Mining	14,084	28,670	9,247	52,001	3,078	55,079
Food, beverage and tobacco	351,773	310,562	74,088	736,423	9,472	745,895
Textiles	140,668	162,480	45,839	348,987	13,203	362,190
Wood and cork	85,459	88,526	33,618	207,603	5,955	213,558
Paper, printing and publishing	39,110	62,218	22,829	124,157	2,235	126,392
Chemicals	276,551	303,817	85,725	666,093	7,331	673,424
Machinery, equipment and basic metallurgical	510,535	585,320	143,685	1,239,540	38,533	1,278,073
Electricity and gas	66,491	50,573	131,024	248,088	394	248,482
Water	39,926	83,348	70,035	193,309	600	193,909
Construction	597,788	675,906	236,407	1,510,101	26,967	1,537,068
Retail business	772,527	572,145	334,672	1,679,344	18,041	1,697,385
Wholesale business	944,617	826,534	209,929	1,981,080	38,314	2,019,394
Restaurants and hotels	90,580	357,928	834,681	1,283,189	12,426	1,295,615
Transports	374,216	744,224	127,467	1,245,907	16,935	1,262,842
Post offices	8,544	9,948	1,515	20,007	333	20,340
Telecommunications	77,654	198,055	45,971	321,680	4,947	326,627
Services						
Financial intermediation	207,920	372,553	740,987	1,321,460	1,776	1,323,236
Real estate activities	442,976	916,681	732,916	2,092,573	22,147	2,114,720
Consulting, scientific and technical activities	185,479	324,862	385,168	895,509	9,567	905,076
Administrative and support services activities	155,502	258,484	93,618	507,604	4,164	511,768
Public sector	24,434	277,019	260,819	562,272	—	562,272
Education	29,858	44,722	31,933	106,513	483	106,996
Health and collective service activities	112,921	130,721	133,657	377,299	2,298	379,597
Artistic, sports and recreational activities	14,974	59,982	104,564	179,520	745	180,265
Other services	74,171	117,508	57,272	248,951	3,957	252,908
Consumer loans	2,314,106	3,452,244	1,437,736	7,204,086	240,734	7,444,820
Mortgage credit	445,257	1,811,390	26,369,095	28,625,742	108,450	28,734,192
Other domestic activities	311	696	570	1,577	191	1,768
Other international activities	168,999	73,789	155,011	397,799	2,680	400,479
	8,654,989	13,088,272	33,044,321	54,787,582	606,210	55,393,792

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023					
	Outstanding loans					
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total
Agriculture and forestry	100,868	184,889	147,361	433,118	5,320	438,438
Fisheries	4,945	14,326	4,670	23,941	3,237	27,178
Mining	14,165	39,788	10,362	64,315	1,603	65,918
Food, beverage and tobacco	351,595	288,183	82,089	721,867	6,374	728,241
Textiles	155,018	203,731	54,178	412,927	11,034	423,961
Wood and cork	94,585	110,513	34,696	239,794	2,606	242,400
Paper, printing and publishing	28,129	67,447	25,286	120,862	703	121,565
Chemicals	272,606	335,125	94,301	702,032	15,497	717,529
Machinery, equipment and basic metallurgical	535,951	649,954	161,138	1,347,043	27,219	1,374,262
Electricity and gas	23,025	77,272	134,443	234,740	255	234,995
Water	29,806	72,955	87,595	190,356	608	190,964
Construction	560,700	582,187	322,809	1,465,696	23,140	1,488,836
Retail business	801,913	634,450	261,210	1,697,573	18,103	1,715,676
Wholesale business	940,274	854,941	205,886	2,001,101	24,270	2,025,371
Restaurants and hotels	104,819	395,354	858,073	1,358,246	16,267	1,374,513
Transports	375,001	815,722	114,796	1,305,519	13,925	1,319,444
Post offices	13,066	9,822	1,766	24,654	319	24,973
Telecommunications	75,412	235,896	44,345	355,653	4,045	359,698
Services						
Financial intermediation	242,262	395,639	818,556	1,456,457	476	1,456,933
Real estate activities	385,845	814,149	787,412	1,987,406	14,870	2,002,276
Consulting, scientific and technical activities	204,844	368,309	435,875	1,009,028	29,952	1,038,980
Administrative and support services activities	161,135	249,466	79,911	490,512	5,048	495,560
Public sector	48,020	330,153	253,011	631,184	40	631,224
Education	26,519	42,676	38,768	107,963	969	108,932
Health and collective service activities	75,506	147,598	133,540	356,644	1,856	358,500
Artistic, sports and recreational activities	11,753	58,855	150,692	221,300	901	222,201
Other services	75,487	120,256	62,294	258,037	3,808	261,845
Consumer loans	2,180,784	3,153,772	1,231,842	6,566,398	256,681	6,823,079
Mortgage credit	455,670	1,751,219	25,661,208	27,868,097	112,639	27,980,736
Other domestic activities	304	543	654	1,501	197	1,698
Other international activities	408,128	57,386	152,275	617,789	14,094	631,883
	8,758,135	13,062,576	32,451,042	54,271,753	616,056	54,887,809

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Outstanding loans					
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total
Public sector	11,036	163,898	346,665	521,599	—	521,599
Asset-backed loans	1,732,962	3,764,716	26,628,695	32,126,373	93,095	32,219,468
Other guaranteed loans	820,367	2,778,203	595,286	4,193,856	82,648	4,276,504
Unsecured loans	3,049,654	4,082,487	1,724,584	8,856,725	280,818	9,137,543
Foreign loans	160,067	503,065	1,593,305	2,256,437	2,288	2,258,725
Factoring operations	2,259,044	236,739	—	2,495,783	47,383	2,543,166
Finance leases	621,859	1,559,164	2,155,786	4,336,809	99,978	4,436,787
	8,654,989	13,088,272	33,044,321	54,787,582	606,210	55,393,792

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023					
	Outstanding loans					
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total
Public sector	9,277	189,817	339,627	538,721	40	538,761
Asset-backed loans	1,654,088	3,658,185	26,486,816	31,799,089	111,046	31,910,135
Other guaranteed loans	843,304	3,182,893	689,834	4,716,031	71,101	4,787,132
Unsecured loans	2,791,442	3,863,145	1,384,821	8,039,408	308,262	8,347,670
Foreign loans	229,016	386,412	1,458,390	2,073,818	13,816	2,087,634
Factoring operations	2,645,855	263,715	—	2,909,570	22,103	2,931,673
Finance leases	585,153	1,518,409	2,091,554	4,195,116	89,688	4,284,804
	8,758,135	13,062,576	32,451,042	54,271,753	616,056	54,887,809

The item Loans and advances to customers, split by stage according with IFRS 9, is analysed as follows:

(Thousands of euros)

	2024	2023
Stage 1		
Gross amount	46,683,551	45,652,779
Impairment	(240,621)	(268,948)
	46,442,930	45,383,831
Stage 2		
Gross amount	6,891,393	7,295,904
Impairment	(265,533)	(291,928)
	6,625,860	7,003,976
Stage 3		
Gross amount	1,818,847	1,939,126
Impairment	(980,579)	(1,021,774)
	838,268	917,352
Net amount	53,907,058	53,305,159

The exposure and impairment of the above table also includes the operations classified as POCI as detailed in note 54.

The analysis of the exposure covered by collaterals associated with loans and advances to customers' portfolio, by stage according with IFRS 9, considering the collaterals' fair value, is as follows:

(Thousands of euros)

	2024	2023
Stage 1		
Securities and other financial assets	1,413,424	1,601,275
Residential real estate	26,221,230	25,107,829
Other real estate	3,501,937	3,236,223
Other guarantees	8,632,995	7,147,794
	39,769,586	37,093,121
Stage 2		
Securities and other financial assets	179,566	177,614
Residential real estate	2,890,023	2,840,231
Other real estate	851,129	1,159,093
Other guarantees	1,266,171	1,500,324
	5,186,889	5,677,262
Stage 3		
Securities and other financial assets	17,158	20,313
Residential real estate	455,773	442,566
Other real estate	181,136	346,101
Other guarantees	275,656	214,931
	929,723	1,023,911
	45,886,198	43,794,294

The balance Other guarantees include first-demand guarantees issued by the Bank and other entities, with an internal risk rating of 108 or better; personal guarantees, when the guarantors are classified with internal risk grade 108 or better. This balance also includes pledges, assets subject to financial leasing operations and personal guarantees, among others.

Considering the policy of risk management of the Group (note 54), the amounts presented do not include the fair value of the personal guarantees provided by customers with lower risk rating. When considered, the fair value of the personal guarantees corresponds to the guaranteed amount.

The Group is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. To reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of revaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices. The Group continued to negotiate additional physical and financial collaterals with its customers.

The loan to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and which arise to the marking of operations as being restructured due to financial difficulties of customers. The restructuring may include in a reinforce of guarantees, liquidation of part of the credit and imply an extension of maturities or changes in interest rate. The analysis of the restructured loans, by sector of activity, is as follows:

(Thousands of euros)

	2024			2023		
	Restructured loans	Impairment (*)	Net amount	Restructured loans	Impairment (*)	Net amount
Agriculture and forestry	10,656	(3,355)	7,301	21,199	(1,928)	19,271
Fisheries	540	(23)	517	3,381	(2,708)	673
Mining	2,421	(1,867)	554	5,919	(3,246)	2,673
Food, beverage and tobacco	12,299	(6,785)	5,514	18,625	(7,781)	10,844
Textiles	8,176	(2,318)	5,858	7,766	(1,948)	5,818
Wood and cork	3,688	(504)	3,184	3,670	(428)	3,242
Paper, printing and publishing	1,290	(953)	337	6,563	(1,868)	4,695
Chemicals	18,869	(7,813)	11,056	22,807	(6,719)	16,088
Machinery, equipment and basic metallurgical	16,718	(5,461)	11,257	35,284	(14,955)	20,329
Electricity and gas	23,007	(325)	22,682	951	(6)	945
Water	247	(35)	212	1,749	(934)	815
Construction	61,430	(46,455)	14,975	141,642	(27,956)	113,686
Retail business	14,059	(2,479)	11,580	22,524	(4,587)	17,937
Wholesale business	30,457	(8,330)	22,127	25,671	(6,607)	19,064
Restaurants and hotels	117,672	(10,704)	106,968	63,536	(21,319)	42,217
Transports	5,334	(3,002)	2,332	4,666	(1,513)	3,153
Post offices	43	(13)	30	100	(40)	60
Telecommunications	4,213	(2,225)	1,988	1,861	(404)	1,457
Services						
Financial intermediation	8,610	(328)	8,282	24,992	(2,430)	22,562
Real estate activities	56,397	(14,015)	42,382	74,959	(14,492)	60,467
Consulting, scientific and technical activities	161,308	(132,149)	29,159	192,379	(130,306)	62,073
Administrative and support services activities	26,654	(8,869)	17,785	28,633	(10,843)	17,790
Public sector	65,172	(753)	64,419	60,886	(464)	60,422
Education	1,661	(90)	1,571	2,089	(234)	1,855
Health and collective service activities	7,589	(286)	7,303	9,543	(1,352)	8,191
Artistic, sports and recreational activities	7,764	(2,070)	5,694	38,720	(27,782)	10,938
Other services	8,236	(1,192)	7,044	8,596	(1,801)	6,795
Consumer loans	257,104	(119,696)	137,408	276,092	(115,154)	160,938
Mortgage credit	573,978	(75,614)	498,364	623,740	(71,001)	552,739
Other domestic activities	3	—	3	3	—	3
Other international activities	340	(201)	139	705	(621)	84
	1,505,935	(457,910)	1,048,025	1,729,251	(481,427)	1,247,824

(*) The impairment presented in the table does not include the amounts of impairment calculated using the overlays methodology described in point ii. of the section "Additional measures with impact on the Impairment level" of note 54.

The breakdown of the restructured loans as at 31 December 2024, by restructuring measure, is as follows:

(Thousands of euros)

	2024					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment (*)	Net amount
Extension of the repayment term	41,619	316,318	77,407	393,725	(133,152)	260,573
Introduction of the grace period for capital and / or interest	6,811	287,481	33,107	320,588	(118,007)	202,581
Interest rate reduction	2,318	114,282	1,841	116,123	(8,155)	107,968
Payment plan change	6,930	296,183	9,248	305,431	(147,568)	157,863
Debt relief	31	450	480	930	(742)	188
Debt-asset swaps	3	18	15	33	(12)	21
Other restructured loans	5,088	341,437	27,668	369,105	(50,274)	318,831
	62,800	1,356,169	149,766	1,505,935	(457,910)	1,048,025

The breakdown of the restructured loans as at 31 December 2023, by restructuring measure, is as follows:

(Thousands of euros)

	2023					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment (*)	Net amount
Extension of the repayment term	41,274	338,147	59,307	397,454	(130,610)	266,844
Introduction of the grace period for capital and / or interest	6,318	358,580	31,700	390,280	(97,525)	292,755
Interest rate reduction	2,130	106,926	2,383	109,309	(9,963)	99,346
Payment plan change	8,891	332,029	9,784	341,813	(133,956)	207,857
Debt relief	86	22,201	1,334	23,535	(21,655)	1,880
Debt-asset swaps	2	—	17	17	(1)	16
Other restructured loans	6,046	401,629	65,214	466,843	(87,717)	379,126
	64,747	1,559,512	169,739	1,729,251	(481,427)	1,247,824

(*) The impairment presented in the tables does not include the amounts of impairment calculated using the overlays methodology described in point ii. of the section "Additional measures with impact on the Impairment level" of note 54.

The restructured loans are also subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms and considering new collaterals.

The Group has implemented a process for marking operations restructured due to customers' financial difficulties. This marking is part of the credit analysis process, being in charge of the respective decision-making bodies, according to the corresponding competencies, established in the regulations in force.

The information on operations restructured due to financial difficulties is available in the Group's information systems, having a relevant role in the processes of credit analysis, in the marking of customers in default and in the process of determining impairment. In particular:

- there are several default triggers related to restructuring due to financial difficulties (restructuring with loss of value, recidivism of restructuring, default on customers with restructured operations);

- in the process of individual impairment analysis, in addition to the existence of operations restructured due to financial difficulties, being a reason for customer selection, the loss inherent to the change in the conditions resulting from the restructuring is determined.

The demarcation of an operation marked as restructured due to financial difficulties, can only take place at least 2-years periods after the date of marking, provided that a set of conditions exist that allow to conclude by the improvement of the financial condition of the customer. In the case of credits marked as Non-Performing Exposure (NPE), this 2-year period will only start on the date of classification of the credit as performing.

The definition of Non-Performing Loans for more than 90 days (NPL > 90) incorporates total credit (past due plus outstanding) associated with past due operations for more than 90 days. The amount calculated is EUR 791,051,000 (31 December 2023: EUR 749,569,000).

All customers who check at least one of the following conditions are marked in default and therefore as NPE:

- Material payment delay of more than 90 days in the amounts of principal, interest or unpaid commissions on the due date that, cumulatively, represent: more than EUR 100 (retail) or more than EUR 500 (non-retail); and more than 1% of the total debt (direct liabilities).

- Indications of low probability of payment:

a) Credit restructuring due to financial difficulties with loss of value; b) Delay after restructuring due to financial difficulties; c) Recurrence of restructuring due to financial difficulties; d) Credit with signs of impairment (or Stage 3 of IFRS 9); e) Insolvency or equivalent process; f) Litigation; g) Guarantees of operations in default; h) Loss of credit sales; i) Credit fraud; j) Unpaid credit status; k) Breach of covenants in a credit agreement; l) Contagion of default in an economic group; m) Cross default in the BCP Group.

The NPE associated with Loans and advances customers at amortised cost amounts to EUR 1,819,847,000 (31 December 2023: EUR 1,939,126,000).

The changes occurred in Loans impairment are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	1,582,650	1,502,373
Charge for the year in net income interest	37,861	3,545
Transfers resulting from changes in the Group's structure	—	411
Other transfers	(992)	(1,054)
Impairment charge for the year (note 11)	804,883	805,500
Reversals for the year (note 11)	(550,457)	(511,733)
Loans charged-off		
Write-offs	(97,731)	(192,473)
Credit assignments	(301,290)	(62,044)
Exchange rate differences	11,810	38,125
Balance at the end of the year	1,486,734	1,582,650

According to note 39, regarding the proceedings related to foreign currency-indexed mortgage loans of Bank Millennium the amount of EUR 1,324,672,000 has been written-off from the gross carrying amount of loans portfolio (31 December 2023: EUR 1,500,209,000).

The analysis of Write-offs, by sector of activity, is as follows:

(Thousands of euros)

	2024	2023
Agriculture and forestry	1,880	1,046
Fisheries	1	—
Mining	138	—
Food, beverage and tobacco	226	3,799
Textiles	363	1,141
Wood and cork	194	567
Paper, printing and publishing	75	103
Chemicals	374	1,058
Machinery, equipment and basic metallurgical	1,216	6,091
Electricity and gas	51	377
Water	49	51
Construction	3,922	3,100
Retail business	1,050	1,714
Wholesale business	3,211	3,338
Restaurants and hotels	5,848	891
Transports	2,101	475
Post offices	61	134
Telecommunications	1,090	234
Services		
Financial intermediation	(15,097)	20,210
Real estate activities	1,130	208
Consulting, scientific and technical activities	23,911	5,975
Administrative and support services activities	(33,921)	35,569
Education	217	10
Health and collective service activities	165	173
Artistic, sports and recreational activities	5,525	222
Other services	4,575	268
Consumer loans	59,729	64,537
Mortgage credit	3,089	1,968
Other domestic activities	387	761
Other international activities	26,171	38,453
	97,731	192,473

According with the accounting policy described in note 1 C1.3, the Group writes off a loan when it does not have reasonable expectations of recovering a financial asset in its entirety or partially. Loans written-off are recognised in off-balance sheet accounts.

The analysis of Write-offs, by type of credit, is as follows:

(Thousands of euros)

	2024	2023
Asset-backed loans	4,268	2,432
Other guaranteed loans	5,670	40,982
Unsecured loans	52,733	142,768
Foreign loans	21,873	—
Finance leases	13,187	6,291
	97,731	192,473

The analysis of recovered loans and interest occurred during 2024 and 2023, by sector of activity, is as follows:

(Thousands of euros)

	2024	2023
Agriculture and forestry	3	52
Food, beverage and tobacco	609	30
Textiles	23	29
Wood and cork	63	137
Chemicals	651	533
Machinery, equipment and basic metallurgical	49	17
Water	4	—
Construction	6,896	1,065
Retail business	826	1,151
Wholesale business	1,367	1,570
Restaurants and hotels	41	22
Transports	1,005	301
Post offices	1	—
Telecommunications	10	—
Services		
Financial intermediation	68	2,492
Real estate activities	111	192
Consulting, scientific and technical activities	29	1,962
Administrative and support services activities	581	31
Education	—	1
Health and collective service activities	30	1
Artistic, sports and recreational activities	1	20
Other services	504	1,206
Consumer loans	10,187	10,399
Mortgage credit	742	603
Other domestic activities	37	17
Other international activities	46,786	35,900
	70,624	57,731

The analysis of recovered loans and interest occurred during 2024 and 2023, by type of credit, is as follows:

(Thousands of euros)

	2024	2023
Asset-backed loans	7,554	1,318
Other guaranteed loans	1,879	37,409
Unsecured loans	13,519	16,625
Foreign loans	46,684	1,511
Finance leases	988	868
	70,624	57,731

The balance Loans and advances to customers includes the effect of traditional securitization transactions made through Special Purpose Entities (SPE) consolidated following the application of IFRS 10, in accordance with accounting policy 1 B and synthetic securitization. The characterization of these operations is described in note 1 D.

Traditional securitizations

The traditional securitization transaction engaged by the BCP and still ongoing, refers to mortgage loans portfolios and are set through securitization funds and special purpose entities (SPEs). As referred in accounting policy 1 B, when the substance of the relationships with the referred SPEs indicates that the Group holds control of its activities, those are consolidated by the full method.

Magellan Mortgages No. 3

On 24 June 2005, the Bank transferred, through securitization funds, an owned mortgage loans portfolio to the SPE “Magellan Mortgages No. 3 PLC”. Considering that, by having acquired part of the subordinated tranche of the bonds issued by that SPE, the Bank holds the control of the referred assets, the SPE is consolidated in the Group’s Financial Statements, as established in the accounting policy 1.B. As at 31 December 2024, the SPE's credit portfolio associated with this operation amounts to EUR 139,770,000 (31 December 2023: EUR 160,845,000) and bonds issued with different subordination levels amount to EUR 106,330,000 (this amount excludes bonds hold by the Group in the amount of EUR 47,855,000) and the most subordinated tranche amounts to EUR 44,000 (this amount excludes bonds already acquired by the Group in the amount EUR 206,000).

Synthetic securitizations

BCP has four operations in progress which form structures of synthetic securitization with similar characteristics, with reference to credit portfolios granted by the Bank mainly to Small and Medium Enterprises (SMEs).

Caravela SME No. 3

Caravela SME No.3, supports an operation started on 28 June 2013, based on a medium and long term loans portfolio of current accounts and authorized overdrafts. The legal maturity date of the operation is 25 March of 2036 and the operation amounts to EUR 116,142,000 as at 31 December 2024 (31 December 2023: EUR 177,327,000). The fair value of the relative Credit Default Swap (CDS) is recorded as a positive amount of EUR 172,886,000 (31 December 2023: positive amount of EUR 172,994,000) and the respective gain recorded in 2024 amounts to EUR 7,927,000 (31 December 2023: gain of EUR 959,000).

Caravela SME No. 4

Caravela SME No.4 is a similar operation, initiated on 5 June 2014, which portfolio contains car, real estate and equipment leasing. The legal maturity date is 21 September of 2043 and, as at 31 December 2024, the operation amounts to EUR 297,990,000 (31 December 2023: EUR 393,247,000). The fair value of the relative CDS is recorded as a positive amount of EUR 61,758,000 (31 December 2023: positive amount of EUR 60,386,000) and the respective gain recorded in 2024 amounts to EUR 3,388,000 (31 December 2023: gain of EUR 648,000).

Caravela SME No.5

Caravela SME No.5, initiated on 20 December 2022, is supported by a portfolio of medium and long-term loans, leasing contract and commercial paper programmes. The legal maturity date is 26 September of 2035 and, as at 31 December 2024, the operation amounts to EUR 1,047,392,000 (31 December 2023: EUR 1,697,747,000). The fair value of the relative CDS is recorded as a negative amount of EUR 30,540,000 (31 December 2023: negative amount EUR 46,362,000) and the respective cost recorded in 2024 amounts to EUR 14,839,000 (31 December 2023: cost of EUR 18,010,000).

Caravela SME No.6

Caravela SME No.6, initiated on 28 February 2024, is supported by a credit portfolio of short-term exposures to Portuguese SME and Corporate customers, in the form of current accounts overdrafts, authorised overdrafts and confirming agreements. The legal maturity date is 26 March of 2028 and, as at 2024, the operation amounts to EUR 850,000,000. The fair value of the relative CDS is recorded as a negative amount of EUR 20,330,000 and the respective cost recorded in 2024 amounts to EUR 7,107,000.

In any of these transactions, the Bank contracted a Credit Default Swap (CDS) with a Special Purpose Entity (SPE), purchasing from it form, credit risk protection on the referenced portfolio. In the case of synthetic structures, in the of this same CDS the risk of the respective portfolios was subdivided into 3 tranches: senior, mezzanine and equity. In this case of Caravela SME no.3 and no.4 operations, the mezzanine tranche and part of equity (20%) were placed on the market through the issuance, by the SPE, of Credit Linked Notes (CLN's) subscribed by investors, while in Caravela SME no.5 and no.6 has been placed on the market for the entire mezzanine tranche. In turn, the Bank retained the risk of the tranche senior and the remaining part of the equity tranche (80%) in the case of Caravela operations no. 3 and no. 4, and the whole of the equity tranche in the case of Caravela SME no.5 and no.6. The proceeds of the issuance of the CLNs were applied by the SPE in the constitution of a deposit which fully collateralises its liabilities to its creditors in connection with the transaction, including BCP.

These operations allowed the Bank to reduce the risk-weighted assets associated with the credit portfolios supporting the operations, but the Bank did not transfer to third parties most of the rights and obligations arising from the credits included in the respective portfolios, thus not meeting the derecognition criteria in the accounting policy presented in note 1 C1.3.

23. Debt securities

The balance Debt securities is analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities held associated with credit operations		
Portuguese issuers		
Bonds	93,734	115,629
Commercial paper	1,681,923	1,762,453
Foreign issuers		
Commercial paper	26,224	38,900
	1,801,881	1,916,982
Overdue securities - over 90 days	4,449	40
	1,806,330	1,917,022
Impairment	(7,308)	(8,668)
	1,799,022	1,908,354
Debt securities held not associated with credit operations		
Bonds issued by public entities (*)		
Portuguese issuers	3,135,453	3,552,807
Foreign issuers	15,228,401	11,237,924
Bonds issued by public companies and other entities		
Portuguese issuers	695,257	459,392
Foreign issuers	539,011	395,102
Treasury bills (Public Issuers and Central Banks)		
Foreign issuers	—	42,277
	19,598,122	15,687,502
Impairment	(51,973)	(16,720)
	19,546,149	15,670,782
	21,345,171	17,579,136

(*) Includes the negative amount of EUR 289,655,000 (31 December 2023: negative amount of EUR 356,628,000) related to adjustments resulting from the application of fair value hedge accounting.

Under the terms of IFRS 9, the balance Debt securities held not associated with credit operations - Bonds issued by public issuers, includes essentially a portfolio of securities to support Bank's ALM (Asset and Liability Management), whose business model seeks to receive the respective income until maturity, that is, of a portfolio Held to Collect, whose value as at 31 December 2024 amounts to EUR 12,213,890,000 (31 December 2023: EUR 9,905,849,000).

The analysis of the balance Debt securities before impairment, by maturity, as at 31 December 2024 is as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Overdue	Total
Debt securities held associated with credit operations						
Portuguese issuers						
Bonds	–	1,396	10,109	82,229	–	93,734
Commercial paper	1,106,015	575,908	–	–	4,449	1,686,372
Foreign issuers						
Commercial paper	23,194	3,030	–	–	–	26,224
	1,129,209	580,334	10,109	82,229	4,449	1,806,330
Debt securities held not associated with credit operations						
Public entities						
Portuguese issuers	–	374,123	2,110,351	650,979	–	3,135,453
Foreign issuers	30,361	1,273,287	10,230,020	3,694,733	–	15,228,401
Public companies and other entities						
Portuguese issuers	–	–	339,206	356,051	–	695,257
Foreign issuers	–	95,419	443,592	–	–	539,011
	30,361	1,742,829	13,123,169	4,701,763	–	19,598,122
	1,159,570	2,323,163	13,133,278	4,783,992	4,449	21,404,452

The analysis of the balance Debt securities before impairment, by maturity, as at 31 December 2023 is as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Overdue	Total
Debt securities held associated with credit operations						
Portuguese issuers						
Bonds	–	–	10,128	105,501	–	115,629
Commercial paper	1,382,628	379,825	–	–	40	1,762,493
Foreign issuers						
Commercial paper	19,407	19,493	–	–	–	38,900
	1,402,035	399,318	10,128	105,501	40	1,917,022
Debt securities held not associated with credit operations						
Public entities						
Portuguese issuers	–	–	2,876,835	675,972	–	3,552,807
Foreign issuers	625,851	675,486	4,811,329	5,125,258	–	11,237,924
Public companies and other entities						
Portuguese issuers	–	50,030	133,699	275,663	–	459,392
Foreign issuers	–	–	395,102	–	–	395,102
Treasury bills (Public Issuers and Central Banks)						
Foreign issuers	42,277	–	–	–		42,277
	668,128	725,516	8,216,965	6,076,893	–	15,687,502
	2,070,163	1,124,834	8,227,093	6,182,394	40	17,604,524

The analysis of debt securities portfolio, net of impairment, by sector of activity, is analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities held associated with credit operations		
Agriculture and forestry	2,484	2,479
Mining	98,541	85,939
Food, beverage and tobacco	118,851	102,720
Textiles	37,557	45,203
Wood and cork	25,811	23,720
Paper, printing and publishing	6,781	9,206
Chemicals	211,807	215,972
Machinery, equipment and basic metallurgical	67,948	42,787
Electricity and gas	201,886	211,183
Water	35,012	31,955
Construction	8,996	10,633
Retail business	40,359	28,973
Wholesale business	36,583	64,044
Restaurants and hotels	8,946	8,857
Transports	29,659	33,392
Telecommunications	—	4,018
Services		
Financial intermediation	124,411	114,283
Real estate activities	59,793	55,566
Consulting, scientific and technical activities	626,336	751,610
Administrative and support services activities	17,422	11,217
Health and collective service activities	4,960	4,974
Artistic, sports and recreational activities	6,618	7,058
Other services	2,037	3,665
Other international activities	26,224	38,900
	1,799,022	1,908,354
Debt securities held not associated with credit operations		
Machinery, equipment and basic metallurgical	24,035	11,977
Electricity and gas	100,225	99,846
Wholesale business	100,170	—
Services		
Financial intermediation	559,873	437,378
Consulting, scientific and technical activities	447,813	346,117
	1,232,116	895,318
Government and Public securities	18,314,033	14,775,464
	19,546,149	15,670,782
	21,345,171	17,579,136

The analysis of restructured debt securities portfolio, by sector of activity, is analysed as follows:

(Thousands of euros)

	2024			2023		
	Restructured loans	Impairment	Net amount	Restructured loans	Impairment	Net amount
Debt securities held associated with credit operations						
Food, beverage and tobacco	9,279	(205)	9,074	7,711	(126)	7,585
Textiles	354	(17)	337	–	–	–
Chemicals	4,449	(3,234)	1,215	–	–	–
Services						
Administrative and support services activities	10,007	(84)	9,923	10,311	(90)	10,221
	24,089	(3,540)	20,549	18,022	(216)	17,806

The changes occurred in impairment of debt securities are analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities held associated with credit operations		
Balance as at 1 January	8,668	4,676
Charge for the year in net income interest	48	2
Charge for the year (note 11)	1,691	3,991
Reversals for the year (note 11)	(3,099)	–
Exchange rate differences	–	(1)
Balance at the end of the year	7,308	8,668
Debt securities held not associated with credit operations		
Balance as at 1 January	16,720	9,563
Other transfers	940	–
Charge for the year (note 11)	35,485	9,323
Reversals for the year (note 11)	(2,571)	(688)
Amounts charged-off	(293)	(1,282)
Exchange rate differences	1,692	(196)
Balance at the end of the year	51,973	16,720

24. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The balances Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are analysed as follows:

(Thousands of euros)

	2024	2023 (restated)
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Debt instruments	1,259,178	355,526
Equity instruments	117,151	53,432
Trading derivatives	387,073	413,946
	1,763,402	822,904
Financial assets not held for trading mandatorily at fair value through profit or loss		
Loans and advances to customers at fair value	427	4,454
Debt instruments	236,346	246,907
Equity instruments	118,438	182,242
	355,211	433,603
Financial assets designated at fair value through profit or loss		
Debt instruments	33,894	32,004
	33,894	32,004
Financial assets at fair value through other comprehensive income		
Debt instruments	12,872,637	10,809,872
Equity instruments	26,329	24,415
	12,898,966	10,834,287
	15,051,473	12,122,798

The portfolio of Financial assets at fair value through profit or loss (excluding Loans and advances to customers at fair value) and Financial assets at fair value through other comprehensive income, net of impairment, by type of asset, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024				
	At fair value through profit or loss				
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Total
Debt instruments					
Bonds issued by public entities					
Portuguese issuers	11,454	–	33,894	740,378	785,726
Foreign issuers	129,858	–	–	7,671,017	7,800,875
Bonds issued by public companies and other entities					
Portuguese issuers	–	51	–	589,028	589,079
Foreign issuers	362	–	–	1,381,364	1,381,726
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	846,797	–	–	138,055	984,852
Foreign issuers	270,707	–	–	2,352,795	2,623,502
Shares of foreign companies (a)	–	15,189	–	–	15,189
Investment fund units (b)	–	221,106	–	–	221,106
	1,259,178	236,346	33,894	12,872,637	14,402,055
Equity instruments					
Shares					
Portuguese companies	29,561	–	–	15,467	45,028
Foreign companies	27	15,575	–	10,862	26,464
Investment fund units (c)	–	102,863	–	–	102,863
Other securities (d)	87,563	–	–	–	87,563
	117,151	118,438	–	26,329	261,918
Trading derivatives	387,073	–	–	–	387,073
	1,763,402	354,784	33,894	12,898,966	15,051,046
Level 1	1,375,875	–	33,894	10,513,297	11,923,066
Level 2	109,695	–	–	2,278,581	2,388,276
Level 3	277,832	354,784	–	107,088	739,704

(a) These shares are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(b) These investment fund units are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(c) These investment fund units were considered as equity instruments in accordance with the terms provided in IAS 32.
(d) Includes the amount of EUR 87,108,000 in Exchange Traded Funds (ETFs).

The portfolios are recorded at fair value in accordance with the accounting policy described in note 1 C. As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

The balance Financial assets held for trading include bonds issued with different levels of subordination associated with the traditional securitization transactions Magellan Mortgages No. 4, referred in note 1 D, in the amount of EUR 59,000 (31 December 2023: EUR 66,000).

In accordance with the accounting policy C1.1.3 regarding the classification of financial assets, the securities accounted for in Financial assets designated at fair value through profit or loss are covering economically the "Treasury Bond Certificates October 2025" issued by Banco Comercial Português, S.A. which are recorded in Financial liabilities designated at fair value through profit or loss (note 38).

The portfolio of Financial assets at fair value through profit or loss (excluding Loans and advances to customers at fair value) and Financial assets at fair value through other comprehensive income, net of impairment, by type of asset, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023 (restated)				
	At fair value through profit or loss				
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Total
Debt instruments					
Bonds issued by public entities					
Portuguese issuers	20,312	—	32,004	1,950,559	2,002,875
Foreign issuers	25,452	—	—	3,435,176	3,460,628
Bonds issued by public companies and other entities					
Portuguese issuers	—	50	—	403,971	404,021
Foreign issuers	10,395	—	—	1,120,454	1,130,849
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	103,661	—	—	—	103,661
Foreign issuers	192,741	—	—	3,899,712	4,092,453
Shares of foreign companies (a)	—	23,498	—	—	23,498
Investment fund units (b)	—	223,359	—	—	223,359
Commercial paper	2,965	—	—	—	2,965
	355,526	246,907	32,004	10,809,872	11,444,309
Equity instruments					
Shares					
Portuguese companies	142	—	—	16,352	16,494
Foreign companies	28	15,335	—	8,063	23,426
Investment fund units (c)	—	166,907	—	—	166,907
Other securities (d)	53,262	—	—	—	53,262
	53,432	182,242	—	24,415	260,089
Trading derivatives	413,946	—	—	—	413,946
	822,904	429,149	32,004	10,834,287	12,118,344
Level 1	405,585	—	32,004	8,301,377	8,738,966
Level 2	84,614	—	—	2,431,483	2,516,097
Level 3	332,705	429,149	—	101,427	863,281

(a) These shares are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(b) These investment fund units are considered debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(c) These investment fund units were considered as equity instruments in accordance with the terms provided in IAS 32.
(d) Includes the amount of EUR 52,854,000 in Exchange Traded Funds (ETFs).

As referred to in the accounting policy 1 A1., Lusofundo - Fundo de Investimento Imobiliário Fechado, Fundo Especial de Investimento Imobiliário Fechado Eurofundo and Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. are now considered as associates (previously recorded in Financial assets not held for trading mandatorily at fair value through profit or loss), and the balance of this item was restated on 31 December 2023, in the amount of EUR 18,780,000, EUR 8,467,000 and EUR 6,404,000, respectively.

TICC S.A.R.L. is also considered an associate (previously recorded in Financial assets at fair value through other comprehensive income), and its balance was restated on 31 December 2023 in the amount of EUR 4,000.

The changes occurred in impairment of financial assets at fair value through other comprehensive income, are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	1,150	1,067
Transfers to fair value changes (note 43)	(10,549)	(1,322)
Impairment through profit and loss (note 12)	10,255	2,641
Reversals through profit and loss (note 12)	(42)	(1,319)
Exchange rate differences	355	83
Balance at the end of the year	1,169	1,150

The accumulated impairment related to credit risk associated with the financial assets at fair value through other comprehensive income amounts to EUR 8,699,000 and is recognised against Fair value reserves (31 December 2023: EUR 6,432,000).

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024			
	Amortised cost (a)	Fair value hedge adjustments (note 43)	Fair value adjustments (note 43)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	794,782	(42,290)	(12,114)	740,378
Foreign issuers	7,650,395	10,044	10,578	7,671,017
Bonds issued by public companies and other entities				
Portuguese issuers	585,957	1,091	1,980	589,028
Foreign issuers	1,408,681	(22,191)	(5,126)	1,381,364
Treasury bills (Public Issuers and Central Banks)				
Portuguese issuers	137,948	–	107	138,055
Foreign issuers	2,347,811	–	4,984	2,352,795
	12,925,574	(53,346)	409	12,872,637
Equity instruments				
Shares				
Portuguese companies	21,288	–	(5,821)	15,467
Foreign companies	6,092	–	4,770	10,862
	27,380	–	(1,051)	26,329
	12,952,954	(53,346)	(642)	12,898,966

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and according to the requirements defined in the accounting policy 1 C1.5.1.2.

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023 (restated)			
	Amortised cost (a)	Fair value hedge adjustments (note 43)	Fair value adjustments (note 43)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	2,071,760	(78,556)	(42,645)	1,950,559
Foreign issuers	3,452,443	6,501	(23,768)	3,435,176
Bonds issued by public companies and other entities				
Portuguese issuers	412,309	(9,040)	702	403,971
Foreign issuers	1,182,733	(49,114)	(13,165)	1,120,454
Treasury bills (Public Issuers and Central Banks)				
Foreign issuers	3,896,162	—	3,550	3,899,712
	11,015,407	(130,209)	(75,326)	10,809,872
Equity instruments				
Shares				
Portuguese companies	23,253	—	(6,901)	16,352
Foreign companies	4,909	—	3,154	8,063
	28,162	—	(3,747)	24,415
	11,043,569	(130,209)	(79,073)	10,834,287

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and according to the requirements defined in the accounting policy 1 C1.5.1.2.

The portfolio of Financial assets at fair value through profit or loss (excluding Loans and advances to customers at fair value) and Financial assets at fair value through other comprehensive, net of impairment, as at 31 December 2024, by valuation levels, is analysed as follows:

(Thousands of euros)

	2024			
	Level 1	Level 2	Level 3	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	759,528	26,198	—	785,726
Foreign issuers	7,779,630	—	21,245	7,800,875
Bonds issued by public companies and other entities				
Portuguese issuers	430,876	98,640	59,563	589,079
Foreign issuers	1,381,726	—	—	1,381,726
Treasury bills (Public Issuers and Central Banks)				
Portuguese issuers	984,852	—	—	984,852
Foreign issuers	469,759	2,153,743	—	2,623,502
Shares of Foreign companies	—	—	15,189	15,189
Investment fund units	—	—	221,106	221,106
	11,806,371	2,278,581	317,103	14,402,055
Equity instruments				
Shares				
Portuguese companies	29,561	—	15,467	45,028
Foreign companies	26	—	26,438	26,464
Investment fund units	—	—	102,863	102,863
Other securities	87,108	—	455	87,563
	116,695	—	145,223	261,918
Trading derivatives	—	109,695	277,378	387,073
	11,923,066	2,388,276	739,704	15,051,046

The portfolio of Financial assets at fair value through profit or loss (excluding Loans and advances to customers at fair value) and Financial assets at fair value through other comprehensive, net of impairment, as at 31 December 2023, by valuation levels, is analysed as follows:

(Thousands of euros)

	2023 (restated)			
	Level 1	Level 2	Level 3	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	1,973,284	29,591	–	2,002,875
Foreign issuers	3,448,941	–	11,687	3,460,628
Bonds issued by public companies and other entities				
Portuguese issuers	279,580	59,064	65,377	404,021
Foreign issuers	1,130,849	–	–	1,130,849
Treasury bills (Public Issuers and Central Banks)				
Portuguese issuers	103,661	–	–	103,661
Foreign issuers	1,749,627	2,342,826	–	4,092,453
Shares of Foreign companies	–	–	23,498	23,498
Investment fund units	–	–	223,359	223,359
Commercial paper	–	–	2,965	2,965
	8,685,942	2,431,481	326,886	11,444,309
Equity instruments				
Shares				
Portuguese companies	142	–	16,352	16,494
Foreign companies	28	–	23,398	23,426
Investment fund units	–	–	166,907	166,907
Other securities	52,854	–	408	53,262
	53,024	–	207,065	260,089
Trading derivatives	–	84,616	329,330	413,946
	8,738,966	2,516,097	863,281	12,118,344

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49.

The balance Debt instruments - Investment fund units classified as level 3, includes units in restructuring funds (note 47) which book value resulted from the last disclosure of the Net Asset Value (NAV) determined by the Management Company, which corresponds to the NAV with reference to that date, after considering the effects of the last audited accounts for the respective funds. These funds have a diverse set of assets and liabilities, valued in their respective accounts at fair value through internal methodologies used by the management company.

The instruments classified as level 3 have associated unrealised net gains in the amount of EUR 359,000 (31 December 2023: losses EUR 856,000) recorded in Other comprehensive income. The amount of impairment created for these securities amounts to EUR 1,168,000 (31 December 2023: EUR 1,150,000).

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances at fair value and trading derivatives) and Financial assets at fair value through other comprehensive, by residual maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
Debt instruments						
Bonds issued by public entities						
Portuguese issuers	–	40,432	357,700	387,594	–	785,726
Foreign issuers	298,761	1,296,334	5,572,040	633,740	–	7,800,875
Bonds issued by public companies and other entities						
Portuguese issuers	–	6,351	429,890	152,838	–	589,079
Foreign issuers	23,400	72,236	860,960	425,130	–	1,381,726
Treasury bills (Public Issuers and Central Banks)						
Portuguese issuers	138,037	846,815	–	–	–	984,852
Foreign issuers	2,231,512	391,990	–	–	–	2,623,502
Shares of Foreign companies	–	–	–	–	15,189	15,189
Investment fund units	–	–	–	221,106	–	221,106
	2,691,710	2,654,158	7,220,590	1,820,408	15,189	14,402,055
Equity instruments						
Shares						
Portuguese companies					45,028	45,028
Foreign companies					26,464	26,464
Investment fund units					102,863	102,863
Other securities					87,563	87,563
					261,918	261,918
	2,691,710	2,654,158	7,220,590	1,820,408	277,107	14,663,973

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances at fair value and trading derivatives) and Financial assets at fair value through other comprehensive, by residual maturity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023 (restated)					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
Debt instruments						
Bonds issued by public entities						
Portuguese issuers	324	30,653	1,600,329	371,569	—	2,002,875
Foreign issuers	65,904	501,611	2,638,954	254,159	—	3,460,628
Bonds issued by public companies and other entities						
Portuguese issuers	—	56,316	319,417	28,288	—	404,021
Foreign issuers	31,846	140,832	644,363	313,808	—	1,130,849
Treasury bills (Public Issuers and Central Banks)						
Portuguese issuers	49,648	54,013	—	—	—	103,661
Foreign issuers	2,416,524	1,675,929	—	—	—	4,092,453
Shares of Foreign companies	—	—	—	—	23,498	23,498
Investment fund units	6,404	3,067	171,540	37,142	5,206	223,359
Commercial paper	2,965	—	—	—	—	2,965
	2,573,615	2,462,421	5,374,603	1,004,966	28,704	11,444,309
Equity instruments						
Shares						
Portuguese companies					16,494	16,494
Foreign companies					23,426	23,426
Investment fund units					166,907	166,907
Other securities					53,262	53,262
					260,089	260,089
	2,573,615	2,462,421	5,374,603	1,004,966	288,793	11,704,398

The balance Financial assets not held for trading mandatorily at fair value through profit or loss - Loans to customers at fair value is analysed as follows:

(Thousands of euros)

	2024	2023
Unsecured loans	371	2,688
Overdue loans - less than 90 days	24	106
Overdue loans - Over 90 days	32	1,660
	427	4,454

The balance Loans to customers at fair value correspond essentially to consumer loans. This balance is analysed, by remaining period, as follows:

(Thousands of euros)

	2024	2023
Up to 3 months	4	318
3 months to 1 year	113	1,452
1 to 5 years	254	918
Undetermined	56	1,766
	427	4,454

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances to customers at fair value and trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Agriculture and forestry	4,992	–	–	4,992
Mining	–	6	–	6
Paper, printing and publishing	49,225	–	–	49,225
Chemicals	–	5	–	5
Machinery, equipment and basic metallurgical	–	4	–	4
Electricity and gas	181,356	–	–	181,356
Water	17,841	–	–	17,841
Construction	–	3	–	3
Wholesale business	7,192	320	–	7,512
Transports	36,268	–	–	36,268
Telecommunications	43,126	4,413	–	47,539
Services				
Financial intermediation	3,569,543	46,281	410,948	4,026,772
Real estate activities	–	–	130	130
Consulting, scientific and technical activities	135,278	29,731	–	165,009
Administrative and support services activities	19,669	5,895	–	25,564
Public sector	49,415	–	454	49,869
Health and collective service activities	10,642	–	–	10,642
Other services	–	22	–	22
Other international activities	–	1	–	1
	4,124,547	86,681	411,532	4,622,760
Government and Public securities	10,041,213	–	–	10,041,213
	14,165,760	86,681	411,532	14,663,973

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances to customers at fair value and trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023 (restated)			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Mining	—	6	—	6
Paper, printing and publishing	47,416	—	—	47,416
Chemicals	7,952	2	—	7,954
Machinery, equipment and basic metallurgical	2,477	8	—	2,485
Electricity and gas	70,806	—	—	70,806
Water	5,025	—	—	5,025
Construction	—	145	—	145
Wholesale business	7,067	238	—	7,305
Transports	43,767	—	—	43,767
Telecommunications	39,126	4,553	—	43,679
Services				
Financial intermediation	3,510,636	52,163	443,120	4,005,919
Consulting, scientific and technical activities	111,525	131	—	111,656
Administrative and support services activities	24,216	6,149	—	30,365
Public sector	10,645	—	408	11,053
Other services	—	22	—	22
Other international activities	—	1	—	1
	3,880,658	63,418	443,528	4,387,604
Government and Public securities	7,316,794	—	—	7,316,794
	11,197,452	63,418	443,528	11,704,398

The analysis of trading derivatives, by maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 37)
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	350,270	1,432,771	4,307,176	6,090,217	75,859	63,771
Interest rate options (purchase)	–	243,825	75,915	319,740	1,651	–
Interest rate options (sale)	–	243,825	75,916	319,741	1	1,651
	350,270	1,920,421	4,459,007	6,729,698	77,511	65,422
Stock Exchange transactions:						
Interest rate futures	10,700	–	–	10,700	–	–
	10,700	–	–	10,700	–	–
Currency derivatives:						
OTC Market:						
Forward contracts	192,023	148,382	10,523	350,928	1,179	5,572
Currency swaps	1,925,303	234,745	3,629	2,163,677	26,173	7,469
Other spot contracts	78,230	–	–	78,230	–	–
	2,195,556	383,127	14,152	2,592,835	27,352	13,041
Currency and interest rate swaps:						
OTC Market:						
Currency and interest rate swaps:	–	–	100,030	100,030	505	229
	–	–	100,030	100,030	505	229
Shares/indexes:						
OTC Market:						
Shares/indexes swaps	742,820	845,128	314,517	1,902,465	3,498	10,772
Shares/indexes options (purchase)	74,661	128,104	165,284	368,049	42,679	–
Shares/indexes options (sale)	2,808	3,149	362,070	368,027	–	43,489
	820,289	976,381	841,871	2,638,541	46,177	54,261
Stock exchange transactions:						
Shares futures	1,190,125	–	–	1,190,125	–	–
	1,190,125	–	–	1,190,125	–	–
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	3	–	–	3	–	–
	3	–	–	3	–	–
Credit derivatives:						
OTC Market:						
Credit default swaps (CDS)	–	–	329,356	329,356	235,528	2,067
	–	–	329,356	329,356	235,528	2,067
Total derivatives traded in:						
OTC Market	3,366,115	3,279,929	5,744,416	12,390,460	387,073	135,020
of which: Embedded derivatives	–	–	360,586	360,586	–	42,477
Stock Exchange	1,200,828	–	–	1,200,828	–	–
	4,566,943	3,279,929	5,744,416	13,591,288	387,073	135,020

The analysis of trading derivatives, by maturity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 37)
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	885,425	602,395	4,038,102	5,525,922	56,115	49,956
Interest rate options (purchase)	13,750	32,876	295,120	341,746	2,824	–
Interest rate options (sale)	13,750	32,876	295,121	341,747	–	2,779
	912,925	668,147	4,628,343	6,209,415	58,939	52,735
Stock Exchange transactions:						
Interest rate futures	–	–	28,351	28,351	–	–
	–	–	28,351	28,351	–	–
Currency derivatives:						
OTC Market:						
Forward contracts	246,896	109,064	6,591	362,551	3,855	9,235
Currency swaps	1,386,897	437,757	7,327	1,831,981	16,822	26,780
Other spot contracts	107,251	–	–	107,251	–	–
	1,741,044	546,821	13,918	2,301,783	20,677	36,015
Shares/indexes:						
OTC Market:						
Shares/indexes swaps	815,184	1,572,063	228,377	2,615,624	5,004	19,865
Shares/indexes options (purchase)	117,574	482,355	199,637	799,566	95,945	–
Shares/indexes options (sale)	779,957	17,699	1,910	799,566	–	97,923
	1,712,715	2,072,117	429,924	4,214,756	100,949	117,788
Stock exchange transactions:						
Shares futures	–	–	891,352	891,352	–	–
	–	–	891,352	891,352	–	–
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	–	–	1	1	–	–
	–	–	1	1	–	–
Credit derivatives:						
OTC Market:						
Credit default swaps (CDS)	–	–	358,107	358,107	233,381	223
	–	–	358,107	358,107	233,381	223
Total derivatives traded in:						
OTC Market	4,366,684	3,287,085	5,430,292	13,084,061	413,946	206,761
of which: Embedded derivatives	–	–	771,103	771,103	–	95,357
Stock Exchange	–	–	919,704	919,704	–	–
	4,366,684	3,287,085	6,349,996	14,003,765	413,946	206,761

25. Hedging derivatives

This balance is analysed, by hedging instruments, as follows:

(Thousands of euros)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Swaps	69,349	39,041	40,628	67,825

Hedging derivatives are measured in accordance with internal valuation techniques considering observable market inputs and, when not available, on information prepared by the Group by extrapolation of market data. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13, these derivatives are classified in level 2. The Group resources to derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Group is exposed to fair value changes, variability in cash flows or highly probable forecast transactions.

As allowed by IFRS 9, the Group opted to continue to apply the hedge accounting requirements in accordance with IAS 39, using mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted at fixed rate and money market loans and deposits, securities and combined hedge of variable rate financial assets and fixed rate financial liabilities. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency and foreign currency mortgage loans.

The relationships that follow the fair value hedge model recorded ineffectiveness of a negative amount of EUR 1,583,000 (31 December 2023: negative amount of EUR 5,590,000) and the hedging relationships that follow the cash flows model recorded ineffectiveness of a negative amount of EUR 52,000 (31 December 2023: positive amount of EUR 517,000).

Associated to coverage breaks, the amount of EUR 344,971,000 (31 December 2023: EUR 45,947,000) was reclassified from fair value reserves to interest and similar income, relating to cash flow hedge accounting. The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is detailed in note 54.

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Notional (remaining period)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	463,500	201,596	23,133,077	23,798,173	47,629	8,759
Fair value hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	96,576	280,071	–	376,647	19,312	–
Cash flow hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	1,205,000	2,107,537	8,188,530	11,501,067	2,408	6,724
Cash flow hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	81,633	–	–	81,633	–	23,558
Total derivatives traded by						
OTC Market	1,846,709	2,589,204	31,321,607	35,757,520	69,349	39,041

The analysis of hedging derivatives portfolio, by maturity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023					
	Notional (remaining period)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	7,750	508,735	10,965,729	11,482,214	34,716	8,441
Fair value hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	140,291	208,173	—	348,464	2,279	6,272
Cash flow hedging derivatives related to interest rate risk changes						
OTC Market						
Interest rate swaps	499,574	1,600,000	8,159,354	10,258,928	164	14,965
Cash flow hedging derivatives related to currency risk changes						
OTC Market						
Currency and interest rate swap (CIRS)	354,009	19,885	80,374	454,268	3,469	38,147
Total derivatives traded by						
OTC Market	1,001,624	2,336,793	19,205,457	22,543,874	40,628	67,825

26. Investments in associates

This balance is analysed as follows:

(Thousands of euros)

	2024	2023 (restated)
Portuguese credit institutions	50,153	51,793
Foreign credit institutions	128,829	128,467
Other Portuguese companies	253,146	203,871
Other foreign companies	42,746	43,046
	474,874	427,177
Impairment	(45,451)	(46,355)
	429,423	380,822

The balance Investments in associates, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024		
	Global value of investment	Impairment of investments in associates	Book value of investment
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	106,675	—	106,675
Banco Millennium Atlântico, S.A.	74,882	(27,440)	47,442
Banque BCP, S.A.S.	53,947	—	53,947
SIBS, S.G.P.S, S.A.	74,795	—	74,795
Unicre - Instituição Financeira de Crédito, S.A.	50,153	—	50,153
Fidelidade Moçambique - Companhia de Seguros S.A.	14,371	—	14,371
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	19,175	—	19,175
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	4,305	—	4,305
Fundo Turismo Algarve FCR	41,045	—	41,045
Europa Millennium Financial Services Sp. z o.o.	10,291	—	10,291
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	7,151	—	7,151
TIICC S.A.R.L.	73	—	73
Webspectator Corporation	18,011	(18,011)	—
	474,874	(45,451)	429,423

These investments correspond to unquoted companies. According to the accounting policy described in note 1 B, these investments are measured at the equity method.

The balance Investments in associates, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023 (restated)		
	Global value of investment	Impairment of investments in associates	Book value of investment
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	105,675	—	105,675
Banco Millennium Atlântico, S.A.	75,430	(28,344)	47,086
Banque BCP, S.A.S.	53,037	—	53,037
SIBS, S.G.P.S, S.A.	64,545	—	64,545
Unicre - Instituição Financeira de Crédito, S.A.	51,793	—	51,793
Fidelidade Moçambique - Companhia de Seguros S.A.	12,942	—	12,942
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	18,780	—	18,780
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	8,467	—	8,467
Europa Millennium Financial Services Sp. z o.o.	12,089	—	12,089
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	6,404	—	6,404
TIICC S.A.R.L.	4	—	4
Webspectator Corporation	18,011	(18,011)	—
	427,177	(46,355)	380,822

Lusofundo - Fundo de Investimento Imobiliário Fechado, Fundo Especial de Investimento Imobiliário Fechado Eurofundo and Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. are now considered as associates (previously recorded in Financial assets not held for trading mandatorily at fair value through profit or loss), and the balance of this item was restated on 31 December 2023, in the amount of EUR 18,780,000, EUR 8,467,000 and EUR 6,404,000, respectively.

TICC S.A.R.L. is also considered an associate (previously recorded in Financial assets at fair value through other comprehensive income), and its balance was restated on 31 December 2023 in the amount of EUR 4,000.

The Group's companies included in the consolidation perimeter are presented in note 59, as well as the main indicators of the most relevant ones.

The movements occurred in Impairment of investments in associates are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	46,355	66,263
Exchange rate differences	(904)	(19,908)
Balance at the end of the year	45,451	46,355

In accordance with the requirements of IFRS 12 and considering their relevance, the movements occurred in the investment held in Banco Millennium Atlântico, S.A., is analysed as follows:

(Thousands of euros)

	2024	2023
Ownership held by BCP on equity of the associate as at 1 January	47,086	70,928
Application of IAS 29 for the year:		
Net non-monetary assets of the BMA		
Effect of exchange rate variations (note 43)	(150)	(3,417)
Amortization of the effect of IAS 29 application calculated as at 31 December 2018 (note 15)	(182)	(268)
Goodwill of the merger operation of the BMA		
Effect of exchange rate variations (note 43)	(373)	(8,223)
Appropriation of the net income of the associates (note 15)	4,101	2,977
Other comprehensive income attributable to BCP	(2,167)	3,182
Exchange differences		
Effect on BMA's equity	(1,323)	(27,994)
Goodwill associated with investment in BMA	(454)	(10,007)
Impairment of investments in associates (note 43)	904	19,908
Investment held at the end of the year	47,442	47,086

The following table presents the financial statements of Banco Millennium Atlântico, S.A, prepared in accordance with IFRS, modified by the consolidation adjustments:

(Thousands of euros)

	2024	2023
Net income for the year	18,041	13,097
Comprehensive income	(9,532)	13,996
Total comprehensive income attributable to Shareholders of the associate	8,509	27,093
Application of IAS 29 (*)	(802)	(1,180)
Attributable to Shareholders of the associates adjusted to BCP GAAP	7,707	25,913
Attributable to the BCP Group	1,752	5,891
Balance sheet		
Financial assets	1,797,788	1,979,566
Non-financial assets	250,391	245,431
Financial liabilities	(1,824,397)	(2,000,669)
Non-financial liabilities	(24,236)	(27,475)
Attributable to Shareholders of the associates	199,546	196,853
Application of IAS 29 (*)	19,301	20,764
Attributable to Shareholders of the associates adjusted to BCP GAAP	218,847	217,617
Attributable to the BCP Group	49,754	49,474
Goodwill of the merge	25,128	25,956
Impairment of investments in associates	(27,440)	(28,344)
Attributable to the BCP Group adjusted of consolidation items	47,442	47,086

(*) The impact of the IAS 29 adoption was calculated from the date of the merger (April 2016).

The amounts presented do not include adjustments arising from the application of IAS 29. Based on the requirements of IAS 29, Angola was considered a hyperinflationary economy until 31 December 2018, for the purpose of presenting the consolidated financial statements, as described in accounting policy 1 B6. This classification ceased to be applied on 1 January 2019.

In accordance with the requirements of IFRS 12 and considering their relevance, the movements occurred in the investment held in Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., is analysed as follows:

(Thousands of euros)

	2024	2023 (restated)
Appropriation of equity of the associate on 1 January	105,675	75,968
Correction of transition adjustments related to the adoption of IFRS 17 and IFRS 9 (note 43)		
Other comprehensive income	—	(3,659)
Other reserves	—	(5,433)
Appropriation of equity of the associate on 1 January (restated)	105,675	66,876
Appropriation of net income for the year of associates (note 15)	28,360	40,422
Other comprehensive income attributable to BCP	13,009	(1,565)
Dividends received	(40,369)	—
Other changes	—	(58)
Investment held at the end of the year	106,675	105,675

The following table presents the financial statements of Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A., prepared in accordance with IFRS, modified by the consolidation adjustments:

(Thousands of euros)

	2024	2023 (restated)
Net income for the year	61,462	82,494
Correction of net income from previous years	(3,584)	—
Comprehensive income	26,549	(3,194)
Total comprehensive income attributable to Shareholders of the associate	84,427	79,300
Attributable to the BCP Group (49%)	41,369	38,857
Balance sheet		
Financial assets	7,856,087	7,795,317
Non-financial assets	435,735	482,087
Financial liabilities	(4,172,992)	(3,632,700)
Non-financial liabilities	(3,638,209)	(4,165,573)
Total equity	480,621	479,131
Attributable to non-controlling interests	10,430	10,980
Attributable to Shareholders of the associates	470,191	468,151
Adjustments of intra-group transactions (*)	378,415	378,415
Attributable to Shareholders of the associate adjusted to BCP GAAP	848,606	846,566
Attributable to the BCP Group (49%)	415,817	414,817
Reverse of the initial gain in 2004 allocated to the BCP Group	(309,142)	(309,142)
Attributable to the BCP Group adjusted of consolidation items	106,675	105,675

(*) Adjustment related to the cancellation in the BCP Group consolidated accounts of the VOBA recorded by Millenniumbcp Ageas Grupo Segurador, S.G.P.S, S.A., at the time of the initial registration of this investment. VOBA corresponds to the estimated current value of the future cash flows of the contracts in force at the date of acquisition under IFRS 4. With the implementation of IFRS 17, this concept was cancelled in the consolidated accounts of Millenniumbcp Ageas having no impact on the Group 's consolidated accounts as it is not recognised in the investment.

27. Non-current assets held for sale

This balance is analysed as follows:

(Thousands of euros)

	2024			2023		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	37,643	(12,151)	25,492	87,735	(39,327)	48,408
Assets belong to investments funds and real estate companies	5,528	(1,900)	3,628	19,854	(6,149)	13,705
Assets for own use (closed branches)	1,980	(820)	1,160	3,472	(1,671)	1,801
Equipment and other	4,462	(755)	3,707	5,006	(696)	4,310
Other assets (*)	16,985	(5,727)	11,258	16,446	(4,353)	12,093
	66,598	(21,353)	45,245	132,513	(52,196)	80,317

(*) includes Shares, Price Deposit and Property Adjudication Proposals

The assets included in this balance are accounted for in accordance with the accounting policy described in note 1 G.

The balance Real estate - Assets arising from recovered loans includes, essentially, real estate resulted from process of recovered loans or judicial auction being accounted for at the time the Group assumes control of the asset, which is usually associated with the transfer of their legal ownership. Additional information on these assets is presented in note 54.

The Group has a strategy for sale these assets, consistent with the characteristic of each asset as well as with the breakdown of underlying valuations. However, considering the formal constraints, it was not possible in all instances to conclude the sales in the expected time. The sale strategy is based in an active search of buyers, with the Group having a website where advertises these properties and through partnerships with the mediation of companies having more ability for the product that each time the Group has for sale. Prices are periodically reviewed and adjusted for continuous adaptation to the market. The Group requests, regularly, to the European Central Bank, the extension of the period of holding these properties.

This balance includes properties for which the Group has already entered sales contracts in the gross amount of EUR 20,244,000 (31 December 2023: EUR 53,014,000). The impairment associated with these contracts amounts to EUR 9,201,000 (31 December 2023: EUR 24,127,000).

The changes occurred in Impairment of non-current assets held for sale are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	52,196	149,565
Transfer to other assets	—	(51,802)
Other transfers	8,575	(21,143)
Charge for the year (note 13)	5,722	12,899
Reversals for the year (note 13)	(1,398)	(1,656)
Amounts charged-off	(43,808)	(35,249)
Exchange rate differences	66	(418)
Balance at the end of the year	21,353	52,196

28. Investment property

The balance Investment property corresponds to real estate evaluated in accordance with the accounting policy presented in note 1 N, based on independent assessments and compliance with legal requirements.

The rents received related to these assets amounted to EUR 1,028,000 (31 December 2023: EUR 851,000).

The changes occurred in this balance are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	39,100	15,217
Transfers from / (to) to others assets	(14,695)	–
Revaluations	(222)	94
Acquisitions	–	23,789
Balance at the end of the year	24,183	39,100

29. Other tangible assets

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Real estate	675,021	669,847
Equipment		
Computer equipment	321,858	346,220
Security equipment	63,919	67,587
Facilities	137,412	151,649
Machinery	47,297	49,712
Furniture	76,733	84,154
Vehicles	38,920	35,839
Other equipment	33,492	31,842
Right of use		
Real estate	430,349	390,625
Assets under construction	28,846	20,563
Other tangible assets	15	36
	1,853,862	1,848,074
Accumulated depreciation		
Relative to the current year (note 9)	(102,125)	(98,282)
Relative to the previous years	(1,132,398)	(1,143,345)
	(1,234,523)	(1,241,627)
Impairment	(193)	–
	619,146	606,447

The balance Real Estate includes the amount of EUR 107,833,000 (31 December 2023: EUR 107,833,000) related to real estate held by the Group's real estate investment funds.

The balance Right-of-use essentially corresponds to real estate (branches and central buildings) and to a residual number of vehicles, which are amortised according to the lease term of each contract, as described in the accounting policy 1 H.

The changes occurred in Other tangible assets during 2024 are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Real estate	669,847	92	(4,090)	2,584	6,588	675,021
Equipment:						
Computer equipment	346,220	25,487	(62,528)	8,920	3,759	321,858
Security equipment	67,587	442	(5,124)	583	431	63,919
Facilities	151,649	617	(18,029)	2,085	1,090	137,412
Machinery	49,712	542	(5,107)	1,556	594	47,297
Furniture	84,154	539	(9,227)	848	419	76,733
Vehicles	35,839	9,099	(6,865)	—	847	38,920
Other equipment	31,842	17	(714)	1,856	491	33,492
Right of use						
Real estate	390,625	42,252	(6,819)	1	4,290	430,349
Assets under construction	20,563	31,888	(362)	(23,919)	676	28,846
Other tangible assets	36	—	(24)	—	3	15
	1,848,074	110,975	(118,889)	(5,486)	19,188	1,853,862
Accumulated depreciation						
Real estate	(410,455)	(14,769)	3,978	3,524	(2,736)	(420,458)
Equipment:						
Computer equipment	(294,471)	(18,347)	62,336	(83)	(2,811)	(253,376)
Security equipment	(63,599)	(1,076)	5,116	—	(320)	(59,879)
Facilities	(134,380)	(3,305)	17,970	66	(707)	(120,356)
Machinery	(42,015)	(1,682)	5,102	(539)	(444)	(39,578)
Furniture	(79,822)	(2,423)	9,196	576	(323)	(72,796)
Vehicles	(19,188)	(5,702)	5,723	8	(531)	(19,690)
Other equipment	(25,101)	(1,994)	705	—	(383)	(26,773)
Right of use						
Real estate	(172,560)	(52,827)	6,358	4	(2,580)	(221,605)
Other tangible assets	(36)	—	24	—	—	(12)
	(1,241,627)	(102,125)	116,508	3,556	(10,835)	(1,234,523)
	606,447	8,850	(2,381)	(1,930)	8,353	619,339

The changes occurred in Other tangible assets during 2023 are analysed as follows:

(Thousands of euros)

	2023					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Real estate	670,000	3,552	(13,520)	6,778	3,037	669,847
Equipment:						
Computer equipment	334,864	13,297	(10,799)	7,318	1,540	346,220
Security equipment	67,687	459	(548)	183	(194)	67,587
Facilities	149,986	916	(1,691)	2,944	(506)	151,649
Machinery	47,283	115	(605)	1,388	1,531	49,712
Furniture	84,516	494	(1,467)	803	(192)	84,154
Vehicles	32,529	7,649	(5,407)	561	507	35,839
Other equipment	28,224	22	(859)	2,436	2,019	31,842
Right of use						
Real estate	366,363	138,697	(122,744)	–	8,309	390,625
Vehicles and equipment	431	–	(444)	–	13	–
Assets under construction	21,279	23,188	(571)	(24,351)	1,018	20,563
Other tangible assets	39	–	–	–	(3)	36
	1,803,201	188,389	(158,655)	(1,940)	17,079	1,848,074
Accumulated depreciation						
Real estate	(406,065)	(14,324)	12,459	779	(3,304)	(410,455)
Equipment:						
Computer equipment	(286,978)	(17,738)	10,729	141	(625)	(294,471)
Security equipment	(63,350)	(958)	537	27	145	(63,599)
Facilities	(133,154)	(3,167)	1,582	37	322	(134,380)
Machinery	(39,524)	(1,649)	517	(199)	(1,160)	(42,015)
Furniture	(79,007)	(2,540)	1,428	148	149	(79,822)
Vehicles	(18,457)	(5,054)	4,594	(37)	(234)	(19,188)
Other equipment	(22,660)	(1,662)	806	(21)	(1,564)	(25,101)
Right of use						
Real estate	(178,839)	(51,190)	61,845	(1)	(4,375)	(172,560)
Vehicles and equipment	(431)	–	444	–	(13)	–
Other tangible assets	(39)	–	–	–	3	(36)
	(1,228,504)	(98,282)	94,941	874	(10,656)	(1,241,627)
	574,697	90,107	(63,714)	(1,066)	6,423	606,447

The changes occurred in impairment for tangible fixed assets are analysed as follow:

(Thousands of euros)

	2024	2023
Balance as at 1 January	–	–
Charge for the year (note 13)	184	–
Exchange rate differences	9	–
Balance at the end of the year	193	–

30. Goodwill and intangible assets

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Goodwill - Differences arising on consolidation		
Bank Millennium, S.A. (Poland)	112,374	110,640
Euro Bank, S.A. (Poland)	44,924	44,231
Others	10,193	10,172
	167,491	165,043
Impairment		
Bank Millennium, S.A. (Poland)	(112,374)	(110,640)
Others	(9,880)	(9,880)
	(122,254)	(120,520)
	45,237	44,523
Intangible assets		
Software	291,642	243,546
Software - in progress	71,726	66,230
Other intangible assets	49,797	80,598
	413,165	390,374
Accumulated amortisation		
Charge for the year (note 9)	(42,675)	(39,217)
Charge for the previous years	(139,757)	(172,575)
	(182,432)	(211,792)
	230,733	178,582
	275,970	223,105

According to the accounting policy described in note 1 B, the recoverable amount of the Goodwill is annually assessed in the second half of each year or whenever there are indications of eventual loss of value. In accordance with IAS 36 the recoverable amount of goodwill resulting from the consolidation of the subsidiaries, should be the greater between its value in use (the present value of the future cash flows expected from its use) and its fair value less costs to sell. Based on these criteria, the Group made in 2024, valuations of their investments for which there is goodwill recognised considering among other factors:

(i) an estimate of future cash flows generated by each cash generating unit;

(ii) an expectation of potential changes in the amounts and timing of cash flows;

(iii) the time value of money;

(iv) a risk premium associated with the uncertainty by holding the asset; and

(v) other factors associated with the current situation of financial markets.

The valuations are based on reasonable and sustainable assumptions representing the best estimate of the Executive Committee on the economic conditions that affect each subsidiary, the budgets and the latest forecasts approved for those subsidiaries and their extrapolation to future periods. The assumptions made for these valuations might vary with the change in economic conditions and in the market.

In 2024, there were no factors pointing to the deterioration of the value of those financial participations that could lead to impairment charges in respect of goodwill.

Euro Bank, S.A. goodwill in Bank Millennium, S.A. (Poland) accounts

As a result of the purchase by Bank Millennium of 99.787% of shares of Euro Bank S.A. from SG Financial Services Holdings, a 100% subsidiary of Société Générale S.A., and the subsequent merger with the above-mentioned entity in 2019, the difference in the fair value of the acquired assets and liabilities as at the acquisition date to the purchase price was determined and, in accordance with the provisions of IFRS 3.32, was recognized as goodwill in intangible assets (assigned to retail activities).

With respect to goodwill, an impairment test is performed at least once a year, regardless of any indication that impairment may have occurred.

The input data for the goodwill test include the result on retail assets and liabilities allocated to related activities. To determine the amount of capital, an estimate of risk-weighted assets and a capital adequacy ratio that meets regulatory minimums for the business were used. The test is performed by comparing the present value of cash flows generated by the listed assets with the estimated amount of capital. Cash flow forecasts have been prepared based on management's assumptions about all the conditions that will occur over the remaining useful lives of the assets. They are consistent with the medium-term financial plan adopted by the Bank for 2025-2028 and the Bank's Strategy. Data for subsequent years after 2024 are the result of extrapolation of forecasts assuming continued changes in the balance sheet and income statement. To discount the flows, the cost of capital index was used, consisting of the sum of the market rate and the risk premium.

The test, executed as at the end of 2024, showed a surplus of the current value of cash flows over the net book value of the cash-generating unit and therefore no impairment was found for this unit.

The changes occurred in Goodwill and intangible assets, during 2024, are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Goodwill - Differences arising						
on consolidation	165,043		—	—	2,448	167,491
Impairment for goodwill	(120,520)		—	—	(1,734)	(122,254)
	44,523	—	—	—	714	45,237
Intangible assets						
Software	243,546	23,969	(27,523)	47,725	3,925	291,642
Software - in progress	66,230	69,410	(218)	(64,566)	870	71,726
Other intangible assets	80,598	—	(48,783)	16,928	1,054	49,797
	390,374	93,379	(76,524)	87	5,849	413,165
Accumulated amortisation						
Software	(138,508)	(35,632)	26,919	44	(2,788)	(149,965)
Other intangible assets	(73,284)	(7,043)	48,783	(44)	(879)	(32,467)
	(211,792)	(42,675)	75,702	—	(3,667)	(182,432)
	178,582	50,704	(822)	87	2,182	230,733
	223,105	50,704	(822)	87	2,896	275,970

The changes occurred in Goodwill and intangible assets during 2023 are analysed as follows:

(Thousands of euros)

	2023					
	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Goodwill - Differences arising						
on consolidation	153,875	—	—	—	11,168	165,043
Impairment for goodwill	(112,535)	—	—	—	(7,985)	(120,520)
	41,340	—	—	—	3,183	44,523
Intangible assets						
Software	241,776	21,985	(46,988)	22,278	4,495	243,546
Software - in progress	35,429	53,192	(132)	(24,674)	2,415	66,230
Other intangible assets	73,607	14	(1,154)	2,403	5,728	80,598
	350,812	75,191	(48,274)	7	12,638	390,374
Accumulated amortisation						
Software	(146,799)	(33,928)	45,427	217	(3,425)	(138,508)
Other intangible assets	(62,666)	(5,289)	—	(216)	(5,113)	(73,284)
	(209,465)	(39,217)	45,427	1	(8,538)	(211,792)
	141,347	35,974	(2,847)	8	4,100	178,582
	182,687	35,974	(2,847)	8	7,283	223,105

31. Income tax

Income tax assets and liabilities are analysed as follows:

(Thousands of euros)

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred taxes not depending on the future profits (a)						
Impairment losses (b)	802,998	—	802,998	862,261	—	862,261
Employee benefits	539,415	—	539,415	732,273	—	732,273
	1,342,413	—	1,342,413	1,594,534	—	1,594,534
Deferred taxes depending on the future profits						
Impairment losses (b)	458,636	—	458,636	419,544	—	419,544
Tax losses carried forward	148,155	—	148,155	167,995	—	167,995
Employee benefits	61,212	(36,601)	24,611	103,938	(141,506)	(37,568)
Financial assets at fair value through other comprehensive income	348,396	(86,072)	262,324	500,202	(82,879)	417,323
Derivatives	—	(8,208)	(8,208)	—	(7,750)	(7,750)
Intangible assets	1,012	—	1,012	968	—	968
Other tangible assets	9,395	(3,065)	6,330	9,401	(3,268)	6,133
Others (c)	155,658	(144,908)	10,750	92,615	(108,258)	(15,643)
	1,182,464	(278,854)	903,610	1,294,663	(343,661)	951,002
Total deferred taxes	2,524,877	(278,854)	2,246,023	2,889,197	(343,661)	2,545,536
Offset between deferred tax assets and deferred tax liabilities	(271,420)	271,420	—	(334,866)	334,866	—
Net deferred taxes	2,253,457	(7,434)	2,246,023	2,554,331	(8,795)	2,545,536
Current taxes (d)	21,159	(136,008)	—	20,469	(197,085)	—

(a) Special Regime applicable to deferred tax assets.
(b) The amounts for 2024 and 2023 include deferred tax assets related with credit impairments losses not deducted for tax purposes of which credits were written-off, according to the expectation that the use of such impairments will be deductible in the tax periods in which the legal conditions required for their tax deductibility are met.
(c) Includes EUR 61,929,000 (31 December 2023: EUR 10,626,000) relating to fair value adjustments of interests in real estate investment funds and venture capital funds classified as equity instruments.
(d) The amounts of current taxes assets and liabilities refer exclusively to income taxes levied on the various BCP Group companies.

Special regime applicable to deferred tax assets

At the Extraordinary General Meeting of 15 October 2014 of Banco Comercial Português, S.A. and the General Meeting of 5 November 2014 of Banco ActivoBank, S.A., it was approved and resolved that these banks adhere to the Special Regime approved by Law No. 61/2014, of 26 August, applicable to deferred tax assets that resulted from the non-deduction of expenses and negative equity variations related to impairment losses on credits and post-employment or long-term employee benefits.

The special regime is applicable to those expenses and negative equity variations 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 part of expenses and negative equity variations associated with them. Pursuant to Law No. 23/2016, of 19 August, this special regime is not applicable to expenses and negative equity variations with impairment losses on credits and with post-employment or long-term employee benefits recorded in the tax periods commencing on or after 1 January 2016, nor to deferred tax assets associated with them.

The special regime applicable to deferred tax assets provides for an optional framework and with the possibility of subsequent waiver, under which:

- Expenses and negative equity variations with impairment losses on credits and with post-employment or long-term employee benefits covered by it are deducted, under the terms and conditions set out in the Corporate income tax Code and in relevant separate tax legislation, up to the limit of the taxable profit for the tax period determined before these deductions. Expenses and negative equity variations not deducted due to this limit are deducted in subsequent tax periods, with the same limit. In the BCP Group, deferred tax assets associated with expenses and negative equity variations under these conditions amount to EUR 1,152,769,000 (31 December 2023: EUR 1,387,878,000), of which EUR 790,087,000 relate to impairment losses on credits (31 December 2023: EUR 848,120,000) and EUR 362,682,000 relate to post-employment or long-term employee benefits (31 December 2023: EUR 539,758,000).

- In certain situations (those with negative net results in annual individual accounts or liquidation by voluntary dissolution, insolvency decreed by court or revocation of the respective authorization), deferred tax assets covered by the Special Regime are converted into tax credits, in part or in wholeness. In case of negative net income, the conversion is made according to the proportion between the amount of the negative net income for the period and the total of equity, a special reserve corresponding to 110% of the tax credit must be constituted and, simultaneously, conversion rights of equivalent value attributable to the State are also constituted. These rights that can be acquired by the shareholders upon payment to the State of the same value. Tax credits may be offset against tax debts of the beneficiaries (or an entity based in Portugal within the same prudential consolidation perimeter or included in the same group of entities for which are applied the Special Tax Regime for Groups of Companies) or repaid by the State. Since neither Banco Comercial Português nor Banco ActivoBank recorded net losses in the years 2015 to 2024, there was no conversion of deferred taxes assets into tax credits, under the terms provided for in the Special Regime.

Pursuant to the regime described, the recovery of deferred tax assets covered by the optional regime approved by Law No. 61/2014, of 26 August, is not dependent on future profits.

The above-mentioned legal framework was densified by Ordinance no. 259/2016, of 4 October, about the control and use of tax credits, and by the Ordinance No. 293-A/2016, of 18 November, which establishes the conditions and procedures for the acquisition by the shareholders of the referred rights of the State. Law No. 98/2019, of 4 September, establishes a deadline for the acquisition of the referred rights of the State by the shareholders, after which the Management Board of the issuing bank is obliged to promote the record of the capital increase by the amount resulting from the exercise of the conversion rights. According to this legislation, among other aspects, these rights are subject to a right of acquisition by the shareholders on the date of creation of the rights of the State, exercisable in periods that will be established by the Board of Directors until 3 years after the confirmation date of the conversion of the deferred tax asset into tax credit by the Portuguese Tax and Customs Authority. The issuing entity shall deposit in favour of the State the amount of the price corresponding to all the rights issued, within 3 months beginning from the confirmation date of the conversion of the deferred tax asset into tax credit. Such deposit shall be redeemed when and to the extent that the rights of the State are acquired by the shareholders or exercised by the State.

Deferred taxes are calculated based on the tax rates expected to be in force when the temporary differences are reversed, which correspond to the tax rates enacted or substantively enacted at the balance sheet date. The deferred tax assets and liabilities are presented on a net basis whenever, in accordance with applicable law, current tax assets and current tax liabilities can be offset with each other, and the deferred tax assets and liabilities related to income taxes levied by the same tax authority over the same taxable entity.

The current tax rate for Banco Comercial Português, S.A. is analysed as follows:

	2024	2023
Income tax	21%	21%
Municipal surtax rate (on taxable net income)	1.5%	1.5%
State tax rate (on taxable net income)		
More than 1,500,000 to 7,500,000	3%	3%
From more than 7,500,000 to 35,000,000	5%	5%
More than 35,000,000	9%	9%

Law No. 45-A/2024, of 31 December, which approved the State Budget for 2025, provides for the reduction of the standard IRC rate from 21% to 20%. Following this change:

- The deferred tax rate related to the Bank’s tax losses as at 31 December 2024 is 20% (31 December 2023: 21%).

- The average deferred tax rate associated with temporary differences of Banco Comercial Português, S.A. as at 31 December 2024 is 30.3% (31 December 2023: 31,3%).

The income tax rate in the other main countries where the Group operates is 19% in Poland and 32% in Mozambique.

The reporting period for tax losses carried forward in Poland and in Mozambique is 5 years.

Following the amendments provided for in Law No. 24-D/2022, of 30 December, within the scope of the State Budget for 2023, the time limit applicable to the carrying forward of tax losses in Portugal was eliminated. This amendment applies to tax losses assessed in tax periods beginning on or after 1 January 2023, as well as to tax losses calculated in tax periods prior to 1 January 2023 and whose deduction period is still in progress on that date. Thus, tax losses calculated in 2014 and subsequent years may be deducted from future taxable income. The deduction limit for tax losses reduced from 70% to 65%, being increased by ten percentage points when the difference results from the deduction of tax losses calculated in the 2020 and 2021 tax periods, under the terms of the special regime provided for in Law n. 27-A/2020, of 24 July.

Banco Comercial Português, S.A. applies the Special Tax Regime for Groups of Companies (RETGS) since 2016 for taxation purposes under corporate income tax (IRC), in which it’s the dominant company. The remaining companies covered by the RETGS are Banco ActivoBank, S.A., Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A., BCP África, S.G.P.S. Lda., Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal Lda., Millennium bcp Teleserviços – Serviços de Comércio Electrónico, S.A., and, from 2024, Imoserit, S.A.

Regarding the activity in Portugal, Law No. 98/2019, of 4 September, established the tax regime for credit impairments losses and provisions for guarantees for tax periods beginning on or after 1 January 2019, providing for the approximation between the accounting and tax rules in what concerns the deductibility of credit impairment losses. The rules in force until 2018 could continue to be applied until the end of the 2023 financial year, unless the option to apply the new regime was exercised in advance.

In 2022, the Banco Comercial Português, S.A. and the Banco ActivoBank, S.A. exercised the option to apply the new regime, under the terms of which impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis recognised in accordance with the applicable accounting standards and regulations are fully deductible for tax purposes, with the exceptions provided for in the Corporate Income Tax Code. The exceptions apply to impairment losses related to credits and other rights over natural or legal persons who hold, directly or indirectly, more than 10% of the Bank's share capital, over members of its corporate bodies, over companies in which the Bank holds, directly or indirectly, more than 10% of the share capital or over related parties.

Impairment losses and other value corrections for specific credit risk recorded until 31 December 2021 and still not deducted for tax purposes are only deductible up to the amount that, in each tax period, corresponds to the application of the mandatory minimum limits set out in Notice of Banco de Portugal No. 3/95, as amended before its repeal by Notice of Banco de Portugal No. 5/2015 and, between other conditions, provided that they are not claims covered by real estate rights.

The Group complies with the guidelines of IFRIC 23 - Uncertainty over Income Tax Treatments on the determination of taxable profit, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the income tax treatment, with no material impact on its financial statements resulting from its application.

Analysis of the recoverability of deferred tax assets

In accordance with the accounting policy 1 Y3 and with the requirements of IAS 12, the deferred tax assets were recognised based on the Group's expectation of their recoverability. The recoverability of deferred taxes depends on the implementation of the strategy of the Bank's Board of Directors, namely the generation of estimated taxable income and its interpretation of tax legislation. Any changes in the assumptions used in estimating future profits or tax legislation may have material impacts on deferred tax assets.

The assessment of the recoverability of deferred tax assets is based on the projected results for the period from 2025 to 2031, as longer forecast periods have higher underlying factors of uncertainty. The projected pre-tax results for the years 2025, 2026, 2027 and 2028 are consistent with the budget approved by the Bank's Board of Directors in November 2024, which incorporates the priorities stemming from the 2025-2028. In the earnings forecast for the years 2029, 2030 and 2031, a standard nominal growth rate of 2% was considered.

The forecasts consider the conclusion of the monetary policy easing cycle in the Eurozone, with the stabilization of interest rates at a lower level than the current one, and the development of the Bank’s activity aligned with the commercial positioning and the targets enshrined in the 2025-2028 Strategic Plan approved by the governing bodies, highlighting:

- after reflecting the impacts of the normalization of interest rates, net interest income benefits from the recovery of volumes in customer lending, especially to companies, with a focus on priority segments associated with customer knowledge and relationship, and continued growth of the deposit base, focusing on customer engagement and transactionality;

- increase in commission income based on an efficient and judicious management of commissions and price lists;

- stabilization of cost of risk at levels in line with the Bank's current activity, given the lower impact from the historical portfolios of NPEs, foreclosed assets and FRE (Corporate Restructuring Funds), after the reduction of these exposures achieved over the last years;

- strengthening of the capabilities required for the implementation of the initiatives foreseen in the 2025-2028 Strategic Plan, while preserving high levels of efficiency based on continued cost discipline and increased use of technology.

To estimate taxable net income for the periods of 2025 to 2031, the following main assumptions were considered:

- The rules of the new tax regime of credit impairment were applied. In the application of these rules, the following assumptions were considered, in general terms:

  a) the impairment losses for credit risk related to exposures analysed on an individual or collective basis, recognised in accordance with the applicable accounting and regulatory standards, were considered deductible for tax purposes;

  b) impairment reversals created up to 31 December 2021 not accepted for tax purposes were estimated based on the most recent Non-Performing Assets Reduction Plan (2024-2026), and also on the basis of the average percentage of reversal observed in the last years from 2016 to 2024;

  c) the referred average percentages were calculated separately, depending on whether or not there was a mortgage guarantee, the eligibility for purposes of the special regime applicable to deferred tax assets and according to the customers’ classification as Non-Performing Exposures (NPE).

- The deductions related to impairment of financial assets were projected based on the destination (sale or settlement) and the estimated date of the respective operations;

- Impairment reversals of non-financial assets not accepted for tax purposes were projected considering the expected periods of disinvestment in certain real estate assets. For the remaining assets without a forecasted term for disinvestment, the reversals were estimated based on the average percentage of reversal observed in the years from 2016 to 2024. Non-deductible expenses related to the reinforcement of impairment of non-financial assets were estimated on the based on the average percentage of amounts not deducted for tax purposes in the years from 2016 to 2024, compared to the amounts of reinforcements net of impairment recorded in those years;

- The deductions related to employee benefits were projected based on their estimated payments or deduction plans, in accordance with information provided by the pension fund actuary;

- The realization of changes in the fair value of real estate investment funds was projected based on the information available in the regulations of the funds in question in relation to the period foreseen for the respective liquidation.

According to the estimate of future taxable income, the deferred taxes assets recorded as at 31 December 2024 are adequate under the IAS 12 requirements.

In accordance with these assessments, the amount of unrecognised deferred tax related to temporary differences and to tax losses is as follows:

(Thousands of euros)

	2024	2023
Temporary differences	1,072	40,976
Tax losses carried forward		
2014	154,196	161,906
2015	2	2
2016	265,652	282,498
2017	2,347	2,773
2018	92,394	118,295
2019	25,500	24,192
2020	19,481	15,213
2021	172,782	193,878
2022	18,569	19,469
2023	3,851	2,402
2024	17,661	—
Total	772,435	820,628

The amount of unrecognised deferred taxes relating to tax losses per expiry year is analysed as follows:

(Thousands of euros)

	2024	2023
2024	—	206
2025	14,558	13,623
2026	131	129
2027	11,565	12,051
2028	1,008	2,293
2029	21,503	—
No expiry date	723,670	792,326
Total	772,435	820,628

In addition to the above amounts, the Bank is contesting corrections to tax losses for 2014, 2016 and 2021, which, if granted, will increase the value of unrecognized deferred taxes assets by EUR 92,136 thousand.

The impact of income taxes in Net income and in other balances of Group's equity, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024		
	Net income for the year	Reserves	Exchange differences
Deferred taxes not depending on the future profits			
Impairment losses	(59,263)	—	—
Employee benefits	(180,816)	(12,042)	—
	(240,079)	(12,042)	—
Deferred taxes depending on the future profits			
Impairment losses	36,584	(656)	3,164
Tax losses carried forward (a)	(26,850)	6,890	120
Employee benefits	(1,100)	63,273	6
Financial assets at fair value through other comprehensive income	—	(151,348)	(3,651)
Derivatives	(334)	—	(124)
Intangible assets	29	—	15
Other tangible assets	202	—	(5)
Others	29,065	(5,127)	2,455
	37,596	(86,968)	1,980
	(202,483)	(99,010)	1,980
Current taxes			
Current year	(148,600)	(814)	—
Correction of previous years	9,832	—	—
	(138,768)	(814)	—
	(341,251)	(99,824)	1,980

The impact of income taxes in Net income and in other balances of Group's equity, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023		
	Net income for the year	Reserves	Exchange differences
Deferred taxes not depending on the future profits			
Impairment losses	(120,204)	—	—
Employee benefits	(89,567)	(13,779)	—
	(209,771)	(13,779)	—
Deferred taxes depending on the future profits			
Impairment losses	(27,671)	(1,978)	10,763
Tax losses carried forward (a)	(21,822)	500	624
Employee benefits	(56,994)	103,856	819
Financial assets at fair value through other comprehensive income	—	(195,343)	17,404
Derivatives	—	—	(2,268)
Intangible assets	(253)	—	78
Other tangible assets	851	—	(31)
Others	(41,854)	(164)	(17,576)
	(147,743)	(93,129)	9,813
	(357,514)	(106,908)	9,813
Current taxes			
Current year	(179,519)	387	—
Correction of previous years	(338)	—	—
	(179,857)	387	—
	(537,371)	(106,521)	9,813

(a) The amount recorded in reserves refers to the deferred tax on the part of tax loss arising from the deduction of negative equity changes recorded in reserves that contribute to the calculation of taxable income.

The reconciliation between the nominal tax rate and the effective tax rate is analysed as follows:

(Thousands of euros)

	2024	2023
Net income before income taxes	1,341,412	1,487,832
Current tax rate (%)	31.5%	31.5%
Tax at the applicable tax rate	(422,545)	(468,667)
Non-deductible impairment and provisions (a)	(22,542)	(139,548)
Mandatory contributions on the banking sector (b)	(23,297)	(16,760)
Results of companies accounted by the equity method	17,959	20,253
Interests on other equity instruments (c)	10,592	11,655
Effect of the tax rate difference (d)	42,879	54,764
Effect of rate change (e)	(49,792)	—
Effect of recognition/derecognition net of deferred taxes (f)	105,087	7,071
Non-deductible costs and other corrections	(14,031)	(6,731)
Correction of previous years (g)	6,426	1,353
Impact of the special regime for the taxation of groups of companies	8,660	—
Autonomous tax	(647)	(761)
Total	(341,251)	(537,371)
Effective rate (%)	25.4%	36.1%

(a) In 2024 includes the negative amount of EUR 47,930,000 (2023: negative EUR 113,706,000) related to the impact of the non-deductibility for tax purposes of the provisions related to legal risks associated with the mortgage loans portfolio granted in foreign currency by Bank Millennium.

(b) Refers to mandatory contributions on the banking sector in Portugal and in Poland.

(c) Relates to the impact of the deduction for taxable income purposes of interest paid in respect of perpetual bonds representing subordinated debt issued in 31 January 2019 and 18 January 2024.

(d) In 2024 this balance includes the amount of EUR 18,024,000 (2023: EUR 18,947,000) related with the effect of the taxation of 20% tax on interests of Mozambique's public debt securities and the amount of EUR 25,408,000 (2023: EUR 36,140,000) related to the effect of the difference in the tax rate on taxable profits in Poland, which is 19%, on a net income before income tax.

(e) It relates to the impact of the reduction of the rate of corporate income tax in Portugal, from 21% to 20% on deferred taxes assets.

(f) In 2024, with regard to the activity in Portugal, includes the amount of EUR 21,504,000 related to the additional recognition of deferred tax assets related to credit impairments and EUR 44,583,000 relating to the additional recognition of deferred taxes assets relating to fair value losses, not tax deducted in previous years. In Poland, on 6 December 2023, the Polish Supreme Administrative Court confirmed that the costs incurred for the cancellation of foreign currency-indexed mortgage loans and mortgage loans contracts granted in foreign currency (in particular in Swiss francs) following court decisions are not deductible for tax purposes, establishing, however, the possibility of recovering the current tax paid in relation to the income (interest, commissions and foreign exchange gains) obtained with such contracts in the last five years prior to the cancellation. As a result of this decision, a deferred tax asset in the amount of EUR 43,408,000 was recognised in 2024 related to income taxes amounts to be recovered in the future in relation to probable cancellations of credit contracts granted that currently have ongoing legal actions associated with them and whose outcome may turn out to be unfavourable.
In 2023 includes the amount of EUR 29,469,000 related to the recognition of deferred tax assets related to temporary differences associated with potential losses in specialised credit recovery funds and the negative amount of EUR 14,788,000 related to the non-recognition/derecognition of deferred tax assets of tax losses.

(g) In 2024, it includes the amount of EUR 2,398,000 relating to the excess of the current tax estimate for the financial year 2023 and the amount of EUR 1,797,000 of current tax recovered in relation to the financial years 2020-2022, in both cases as a result of the aforementioned decision of 6 December 2023 of the Polish Supreme Administrative Court.

Directive (EU) 2022/2523 of the Council, of 15 December 2022 – Minimum level of taxation of 15% per jurisdiction

Under Pillar 2 of the Base Erosion and Profit Shifting 2.0 ("BEPS 2.0") project of the Organisation for Economic Co-operation and Development ("OECD"), enshrined in Council Directive (EU) 2022/2523 of 15 December 2022, multinationals enterprises and large national groups with consolidated annual revenues of more than EUR 750 million in at least two of the last four financial years, will become subject, as of the 2024 financial year, to a minimum level of taxation of 15% in each of the jurisdiction they operate.

Directive (EU) 2022/2523, on ensuring a worldwide minimum level of taxation for multinational companies groups and large national groups within the Union, was transposed into domestic legislation in Portugal, through Law No. 41/2024, of 8 November. In Poland, the transposition of this Directive took place on 15 November 2024.

As previously mentioned, the regime in question may determine the payment of a top-up tax when a minimum level of taxation of 15% is not observed, on a jurisdictional basis.

According to the analysis carried out on the potential future impacts of this regime, the Group estimates that it will meet, in the jurisdictions in which it operates, namely in Portugal, Poland and Mozambique, the necessary requirements for the application of "transitional safe harbours", thus being excluded, between 2024-2026, from the obligation to calculate any top-up tax.

32. Other assets

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Deposit account applications	58,404	57,866
Shareholder Loans	121,188	173,175
Surplus in the post-employment benefits	148,229	390,258
Debtors for futures and options transactions	151,776	118,472
Real estate and other assets arising from recovered loans	293,150	338,486
Debtors		
Residents		
Receivables from real estate, transfers of assets and other securities	57,446	87,816
Prosecution cases / agreements with the Bank	8,795	11,163
SIBS	2,770	3,579
Others	34,182	21,779
Non-residents	23,890	50,992
Amounts due for collection	113,333	81,614
Interest and other amounts receivable	84,653	80,094
Amounts receivable on trading activity	1,584	10,736
Amounts due from customers	103,144	76,047
Artistic patrimony	28,796	28,796
Prepaid expenses	26,716	25,505
Subsidies receivables	14,908	8,347
Other recoverable tax	7,878	8,112
Gold and other precious metals	3,693	3,562
Capital supplementary contributions	165	165
Associates	489	116
Others	455,953	371,836
	1,741,142	1,948,516
Impairment for other assets	(276,896)	(321,832)
	1,464,246	1,626,684

The balance Deposit account applications includes the amount of EUR 30,638,000 (31 December 2023: EUR 30,638,000) relating to the collateral constituted in compliance with the assumption of irrevocable payment commitments to Single Resolution Fund, as referred in note 6.

As referred in note 47, as at 31 December 2024, the balance Shareholder Loans includes the amount of EUR 113,840,000 (31 December 2023: EUR 165,837,000) arising from the transfers of assets to Specialized recovery funds for which there was an impairment loss of the same amount.

The balance Amounts receivable on trading activity corresponds to operations awaiting financial settlement.

Considering the nature of these transactions and the age of the amounts of these items, the Group's procedure is to periodically assess the collectability of these amounts and whenever impairment is identified, an impairment loss is recorded in the income statement.

The detail of the item Real estate and other assets arising from recovered loans is analysed as follows:

(Thousands of euros)

	2024			2023		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	118,564	(49,917)	68,647	138,165	(45,829)	92,336
Assets belong to investments funds and real estate companies	137,598	(77,518)	60,080	173,443	(84,904)	88,539
Assets for own use (closed branches)	12,328	(4,817)	7,511	13,537	(5,432)	8,105
Equipment	14,792	(9,204)	5,588	92	(81)	11
Other assets (*)	9,868	(19)	9,849	13,249	(594)	12,655
	293,150	(141,475)	151,675	338,486	(136,840)	201,646

(*) includes Shares, Price Deposit and Property Adjudication Proposals

The changes occurred in Impairment of other assets, with the exception of impairment for Real estate and other assets arising from recovered loans are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	184,992	191,752
Other transfers	(113)	(513)
Charge for the year (note 13)	18,407	17,673
Reversals for the year (note 13)	(5,339)	(7,150)
Amounts charged-off	(62,825)	(17,232)
Exchange rate differences	299	462
Balance at the end of the year	135,421	184,992

The changes occurred in impairment for Real Estate and other assets arising from recovered loans, are analysed as follow:

(Thousands of euros)

	2024	2023
Balance as at 1 January	136,840	—
Transfer from Non-current assets held for sale (note 27)	—	51,802
Other transfers	(8,461)	52,488
Charge for the year (note 13)	33,875	34,706
Reversals for the year (note 13)	(407)	(98)
Amounts charged-off	(21,891)	(1,953)
Exchange rate differences	1,519	(105)
Balance at the end of the year	141,475	136,840

33. Deposits from credit institutions and other funds

This balance is analysed as follows:

(Thousands of euros)

	2024			2023		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from Central Banks and other funds						
Central Banks abroad	–	116,330	116,330	–	110,776	110,776
Deposits from credit institutions in Portugal and other funds						
Very short-term deposits	–	30,908	30,908	–	–	–
Sight deposits	80,839	–	80,839	63,128	–	63,128
Term Deposits	–	187,655	187,655	–	79,198	79,198
	80,839	218,563	299,402	63,128	79,198	142,326
Deposits from credit institutions abroad and other funds						
Repayable on demand	65,217	–	65,217	88,864	–	88,864
Term deposits	–	139,446	139,446	–	127,224	127,224
Loans obtained	–	817	817	–	264,635	264,635
CIRS and IRS operations collateralised by deposits (*)	105,027	–	105,027	88,633	–	88,633
Sales operations with repurchase agreement	–	45,414	45,414	–	–	–
Others	–	6,066	6,066	–	6,668	6,668
	170,244	191,743	361,987	177,497	398,527	576,024
	251,083	526,636	777,719	240,625	588,501	829,126

(*) Under the scope of transactions involving derivative financial instruments (IRS and CIRS) with institutional counterparties, and in accordance with the terms of their respective agreements ("Cash collateral"). These deposits are held by the Group and are reported as collateral for the referred operations (IRS and CIRS), whose revaluation is positive.

This balance is analysed, by remaining period, as follows:

(Thousands of euros)

	2024	2023
Up to 3 months	676,932	516,776
3 to 6 months	90,266	18,467
6 to 12 months	10,521	293,883
	777,719	829,126

34. Deposits from customers and other funds

This balance is analysed as follows:

(Thousands of euros)

	2024			2023		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from customers						
Repayable on demand	47,313,543	598,911	47,912,454	44,526,917	522,014	45,048,931
Term deposits	–	29,300,652	29,300,652	–	25,106,121	25,106,121
Saving accounts	–	4,063,719	4,063,719	–	4,487,509	4,487,509
Cheques and orders to pay	469,282	–	469,282	630,497	–	630,497
Other	–	–	–	–	60,000	60,000
	47,782,825	33,963,282	81,746,107	45,157,414	30,175,644	75,333,058
Corrections to the liabilities value subject to hedging operations			158,201			103,654
Deferred costs/ (income)			–			(621)
Interests payable			180,379			170,722
			82,084,687			75,606,813

In the terms of the Law, the Deposit Guarantee Fund was established to guarantee the repayment of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the Portuguese fund are defined in the Regulation no. 11/94 of the Banco de Portugal.

This balance is analysed, by remaining period until the next operation renewal date, as follows:

(Thousands of euros)

	2024	2023
Deposits repayable on demand	47,913,078	45,049,544
Term deposits and saving accounts		
Up to 3 months	22,653,111	15,054,319
3 to 6 months	8,075,114	8,776,363
6 to 12 months	2,415,851	5,341,384
1 to 5 years	558,251	693,602
	33,702,327	29,865,668
Cheques and orders to pay		
Up to 3 months	469,282	630,497
	469,282	630,497
Other		
Up to 3 months	–	1,104
Over 5 years	–	60,000
	–	61,104
	82,084,687	75,606,813

35. Non-subordinated debt securities issued

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Bonds	393,113	232,866
Medium term notes (MTN)	2,995,028	2,347,610
Securitisations	106,331	121,933
	3,494,472	2,702,409
Corrections to the liabilities value subject to hedging operations	(5,507)	(22,873)
Deferred cost s/ (gains)	(10,403)	(11,142)
Interests payable	50,148	44,288
	3,528,710	2,712,682

The characteristics of the bonds issued by the Group, as at 31 December 2024 are analysed as follows:

(Thousands of euros)

Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value
Banco Comercial Português:					
Bcp 6NC5 Senior Preferred EUR 500MN NG - MTN 856	February, 2021	February, 2027	Fixed rate 1.125% year until February 2026 /after Euribor 3M + Variable rate 1.55%	500,000	507,523
Bcp 1.75% Eur 500M 6.5Nc5.5 Social Senior Preferred Notes - Mtn 857	October, 2021	April, 2028	Fixed rate 1.75% year until April 2027/after 2% + Euribor 3M	500,000	481,523
BCP2023 MTN 861 BCP Senior Preferred Notes OCT 2026	October, 2023	October, 2026	Fixed rate 5.625% until October 2025; after 1.90% + Euribor 3M	500,000	505,931
BCP2024 - MTN 862 - EUR 500M Senior Preferred Fixed to Floating Rate Notes due OCT 2029	October, 2024	October, 2029	Fixed rate 3.125% until October 2028; after 0.85% + Euribor3M	500,000	502,606
Magellan Mortgages n.º 3:					
Mbs Magellan Mortgages S 3 Cl.A	June, 2005	May, 2058	Euribor 3M + 0.26%	104,946	97,713
Mbs Magellan Mortgages S.3 Cl.B	June, 2005	May, 2058	Euribor 3M + 0.38%	542	504
Mbs Magellan Mortgages S. 3 Cl.C	June, 2005	May, 2058	Euribor 3M + 0.58%	841	783
Bank Millennium:					
Bank Millennium - BMCN_012040	December, 2022	January, 2040	Wibor 3m 7.05%+1.39% = 19.57%	26,602	27,581
Millennium Leasing CLN 23-38	July, 2023	October, 2038	Wibor 3m 6.85%+11.75% = 18.6%	65,471	67,776
Bank Millennium - MILP-2027/09	September, 2023	September, 2027	Fixed rate 9.875%	499,009	523,513
Bank Millennium - BMCN_082036	December, 2023	August, 2036	Wibor 3m 5.85%+12.30% = 18.15%	114,340	116,445
Mill Bank Hip 24/06/2027	June, 2024	June, 2027	Wibor 3m 5.85% + 0.57%	70,015	70,272
Bank Millennium - MILP-2029/09	September, 2024	September, 2029	Fixed rate 5.308%	499,567	508,641
Mill Bank Hip 2029/11	November, 2024	November, 2029	Wibor 3m 5,85% + 0,80%	116,685	117,899
					3,528,710

This balance as at 31 December 2024 is analysed by the remaining period, as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Bonds	–	–	–	188,171	211,802	399,973
Medium term notes (MTNs)	–	–	–	3,029,737	–	3,029,737
Securitisations	–	–	–	–	99,000	99,000
	–	–	–	3,217,908	310,802	3,528,710

This balance as at 31 December 2023 is analysed by the remaining period, as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Bonds	–	–	–	–	238,355	238,355
Medium term notes (MTNs)	–	311	–	2,360,372	–	2,360,683
Securitisations	–	–	–	–	113,644	113,644
	–	311	–	2,360,372	351,999	2,712,682

36. Subordinated debt

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Bonds		
Non-Perpetual	1,407,796	1,402,278
Corrections to the liabilities value subject to hedging operations (note 54)	(17,808)	(41,831)
Deferred costs / (income)	(1,142)	(1,956)
Interests payable	38,513	38,934
	1,427,359	1,397,425

As at 31 December 2024, the subordinated debt issues are analysed as follows:

(Thousands of euros)

Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value	Own funds value (*)
	2024					
Banco Comercial Português						
Bcp Fix Rate Reset Sub Notes-Emtn 854	December, 2017	December, 2027	See reference (i)	166,300	167,306	97,540
Bcp Subord Fix Rate Note Projeto Tagus Mtn 855	September, 2019	March, 2030	See reference (ii)	450,000	459,580	459,581
BCP Tier 2 Subord Callable Notes Due May 2032 - MTN 858	November, 2021	May, 2032	See reference (iii)	300,000	293,154	293,154
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See reference (iv)	133,700	141,962	141,962
Bank Millennium						
Bank Millennium - BKMO_071227R	December, 2017	December, 2027	8.08%	163,678	164,548	43,384
Bank Millennium - BKMO_300129W	January, 2019	January, 2029	8.17%	194,075	200,765	51,441
Magellan No. 3						
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44	—
					1,427,359	1,087,062

As at 31 December 2023, the subordinated debt issues are analysed as follows:

(Thousands of euros)

Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value	Own funds value (*)
	2023					
Banco Comercial Português						
Bcp Fix Rate Reset Sub Notes-Emtn 854	December, 2017	December, 2027	See reference (i)	166,300	166,666	130,915
Bcp Subord Fix Rate Note Projeto Tagus Mtn 855	September, 2019	March, 2030	See reference (ii)	450,000	443,394	450,000
BCP Tier 2 Subord Callable Notes Due May 2032 - MTN 858	November, 2021	May, 2032	See reference (iii)	300,000	285,050	300,000
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See reference (iv)	133,700	141,969	133,700
Bank Millennium						
Bank Millennium - BKMO_071227R	December, 2017	December, 2027	8.12%	161,153	162,013	51,556
Bank Millennium - BKMO_300129W	January, 2019	January, 2029	8.94%	191,081	198,289	61,131
Magellan No. 3						
Magellan No. 3 Series 3 Class F	June, 2005	May, 2058	-	44	44	—
					1,397,425	1,127,302

(*) Amount of subordinated loans, eligible as Level 2 own funds, in accordance with Articles 62 a), 63 to 65, 66 a) and 67 of the CRR.

References - Interest rate:

(i) up to the 5th year fixed rate 4.5%; 6th year and following: mid-swap rate in force at the beginning of this period + 4.267%;

(ii) Annual interest rate of 3.871% during the first 5.5 years (corresponding to a spread of 4.231% over the 5.5-year mid-swap rate, for the remaining 5 years will be applied over the mid-swap rate in force at the beginning of that period).

(iii) Interest rate of 4%, per annum, during the first 5 years and 6 months (corresponding to a spread of 4.065% over the average of the mid-swap rates of 5 and 6 years). At the end of the first 5 years and 6 months the interest rate will be reset to maturity based on the 5-year mid swaps rate prevailing at that time plus the Spread.

(iv) Fixed annual interest rate of 8.75% during the first 5.25 years. The annual interest rate from year 5.25 onwards was set at the 5-year mid-swap rate plus a 6.051%.

The analysis of the subordinated debt by remaining period, is as follows:

(Thousands of euros)

	2024	2023
1 to 5 years	532,619	328,679
Over 5 years	894,740	1,068,746
	1,427,359	1,397,425

37. Financial liabilities held for trading

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Short selling securities	44,607	626
Trading derivatives (note 24)		
Swaps	84,308	96,824
Options	45,140	100,702
of which: Embedded derivatives	42,477	95,357
Forwards	5,572	9,235
	135,020	206,761
	179,627	207,387
Level 2	91,526	108,767
Level 3	88,101	98,620

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 49. The balance Financial liabilities held for trading includes, as at 31 December 2024, the embedded derivatives valuation separated from the host contracts in accordance with the accounting policy presented in note 1 C5. in the amount of EUR 42,477,000 (31 December 2023: EUR 95,357,000). This note should be analysed together with note 24.

38. Financial liabilities designated at fair value through profit or loss

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Deposits from customers (*)	1,956,851	2,321,000
Certificates	1,292,006	989,703
Debt securities at fair value through profit or loss		
Medium term notes (MTN)	—	297,784
	3,248,857	3,608,487

(*) Deposits from customers whose remuneration is indexed to a set of shares and/or indices.

As at 31 December 2023, the analysis of Debt securities at fair value through profit and loss, is as follows:

(Thousands of euros)

Issue	Issue date	Maturity date	Interest rate	Nominal value	Book value
Banco Comercial Português:					
Bcp Cabaz 3 Ações Fevereiro 2024 - Smtn Sr 31	February, 2019	February, 2024	Indexed to portfolio of 3 shares	71,904	71,170
Bcp Tit Div Mill Cabaz 3 Ações 8Abr24 Smtn Sr 35	April, 2019	April, 2024	Indexed to portfolio of 3 shares	64,634	63,405
Bcp Tit Div Millennium Cabaz 5 Ac 26Julho2024 Smtn 42	July, 2019	July, 2024	Indexed to portfolio of 5 shares	75,600	73,026
Bcp Tit Divida Millennium Cabaz 5 Acoes 6Dez24 Smtn 44	December, 2019	December, 2024	Indexed to portfolio of 5 shares	94,602	90,183
					297,784

As at 31 December 2024, the analysis of Debt securities at fair value through profit and loss, is as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Deposits from customers	731,697	53,558	790,759	380,837	—	1,956,851
Certificates	—	—	35,748	—	1,256,258	1,292,006
	731,697	53,558	826,507	380,837	1,256,258	3,248,857

As at 31 December 2023, the analysis of this balance, by remaining period, is as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Deposits from customers	749,199	277,406	1,059,861	234,534	—	2,321,000
Certificates	—	—	—	32,088	957,615	989,703
Debt securities at fair value through profit and loss						
MTN	71,170	63,405	163,209	—	—	297,784
	820,369	340,811	1,223,070	266,622	957,615	3,608,487

39. Provisions

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Provision for guarantees and other commitments	118,039	121,574
Other provisions for liabilities and charges	967,819	631,529
	1,085,858	753,103

Changes in Provisions for guarantees and other commitments are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	121,574	110,754
Transfers	(1,105)	(1,990)
Charge for the year (note 14)	34,826	40,602
Reversals for the year (note 14)	(37,481)	(28,372)
Exchange rate differences	225	580
Balance at the end of the year	118,039	121,574

Changes in Other provisions for liabilities and charges are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	631,529	451,032
Transfers	(9,801)	(24,858)
Charge for the year (note 14)	588,351	785,928
Reversals for the year (note 14)	(4,672)	(4,000)
Amounts charged-off	(74,968)	(42,138)
Allocation to loan's portfolio (note 22)	(172,078)	(583,027)
Exchange rate differences	9,458	48,592
Balance at the end of the year	967,819	631,529

The balance Other provisions for liabilities and charges - Charge for the year refers essentially to provisions for legal risk accounted for by Bank Millennium, related to foreign currency-indexed mortgage loans, as described in note 57, which amounted to EUR 506,195,000 (31 December 2023: EUR 675,252,000).

The Other provisions for liabilities and charges were based on the probability of occurrence of certain contingencies related to risks inherent to the Group's activity, being reviewed at each reporting date in order to reflect the best estimate of the amount and respective probability of payment.

This balance includes provisions for lawsuits, frauds and tax contingencies. As at 31 December 2024, the provisions constituted to cover tax contingencies amounted to EUR 55,927,000 (31 December 2023: EUR 54,384,000).

Additionally, there are provisions for liabilities and charges recorded for corporate restructuring funds and carved-out assets of the Project Crow.

Provisions for legal risk related to foreign currency-indexed mortgage loans in Bank Millennium (Poland)

Bank Millennium estimated the impact of legal risk on the recoverability of the expected cash flows resulting from concluded contracts for the active portfolio of mortgage loans in CHF, adjusting, in accordance with point B5.4.6 of IFRS 9, the gross carrying amount of the portfolio by reducing the expected cash flows from mortgage loan contracts denominated or indexed to CHF, and recognised a provision in accordance with International Accounting Standard 37 Provisions, Contingent Liabilities and Contingent Assets (“IAS 37”) for fully repaid loans and in a situation where the gross carrying amount of the loan was lower than the value of the assessed risk.

A detailed description of the adopted valuation methodology is presented in note 57 "Legal risk related to foreign currency mortgage loans in Bank Millennium (Poland)".

As at 31 December 2024, the Loans and advances to customers portfolio in CHF has a gross amount of EUR 1,642,802,000 (31 December 2023: EUR 2,218,947,000).

As at 31 December 2024, the provisions estimated by Bank Millennium to address the legal risk related to foreign currency-indexed mortgage loans amount to EUR 1,979,025,000 (PLN 8,463,696,000), of which EUR 1,324,672,000 (PLN 5,665,224,000) are presented under assets, as a deduction from the gross amount of the loan portfolio in CHF (note 22) and EUR 654,353,000 (PLN 2,798,472,000) are presented under Provisions.

As at 31 December 2023, the provisions estimated by Bank Millennium to address the legal risk related to foreign currency-indexed mortgage loans amounted to EUR 1,812,231,000 (PLN 7,871,789,000), of which EUR 1,500,209,000 (PLN 6,516,460,000) are presented under assets, as a deduction from the gross amount of the loan portfolio in CHF (note 22) and EUR 312,022,000 (PLN 1,355,329,000) are presented under Provisions.

The variation in the level of provisions or concrete losses will depend on the final court decisions about each case and on the number of court cases, as described in accounting policy 1 Y7 and note 57.

40. Other liabilities

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Interests and other amounts payable	193,967	169,842
Operations to be settled - foreign, transfers and deposits	240,727	249,509
Credit insurance received and to accrued	26,675	49,181
Holidays, subsidies and other remuneration payable	59,576	58,018
Transactions on securities to be settled	2,757	3,855
Public sector	53,902	51,675
Creditors		
Rents to pay	209,110	215,714
Deposit account and other applications	124,872	157,102
Suppliers	56,896	57,652
From factoring operations	21,882	47,987
For futures and options transactions	13,533	11,121
Liabilities not covered by the Group Pension Fund - amounts payable by the Group	8,780	10,561
Associates	14	26
Other creditors		
Residents	45,016	35,660
Non-residents	71,290	96,525
Deferred income	12,065	10,424
Other administrative costs payable	3,447	7,809
Other liabilities	291,236	458,891
	1,435,745	1,691,552

The balance Liabilities not covered by the Group Pension Fund - amounts payable by the Group includes the amount of EUR 4,559,000 (31 December 2023: EUR 6,620,000) related to the actual value of benefits attributed associated with mortgage loans to employees, retirees and former employees.

The balance Amounts payable on trading activity corresponds to transactions awaiting financial settlement.

The Group has several operating leases for properties, being recorded in the item Rents to pay the amount of lease liabilities recognised under IFRS 16, as described in the accounting policy 1 H. The analysis of this balance, by maturity, is as follows:

(Thousands of euros)

	2024	2023
Until 1 year	21,994	20,728
1 to 5 years	87,401	84,482
Over 5 years	128,796	146,725
	238,191	251,935
Accrued costs recognised in Net interest income	(29,081)	(36,221)
	209,110	215,714

41. Share capital, Share premium and Other equity instruments

As at 31 December 2024, the Bank's share capital amounts to EUR 3,000,000,000 and is represented by 15,113,989,952 nominative book-entry shares without nominal value, fully subscribed and paid up.

As at 31 December 2024, the Share premium amounts to EUR 16,470,667.11, corresponding to the difference between the issue price (EUR 0.0834 per share) and the issue value (EUR 0.08 per share) determined under the scope of the Exchange Offer occurred in June 2015.

As at 31 December 2024, the Other equity instruments in the amount of EUR 400,000,000 corresponds to 2,000 perpetual subordinated notes issued on 18 January 2024, with a nominal value of EUR 200,000 each which was classified as Additional Tier 1 (AT1) in accordance with the specific rules of IAS 32 and accounting policy 1 E. The issue has the option of early repayment by the Bank from the end of 5th year onwards with a coupon of 8.125% per year for the first 5.5 years, which will be refixed from that date every 5 years, with reference to the then prevailing 5-year mid-swap rate plus a spread of 5.78% a year. As the operation is classified as AT1, the corresponding interest payment can be cancelled by the Bank at its discretion or by imposition of the competent authorities and is still subject to compliance with a set of conditions, including compliance with the combined capital reserve requirement and the existence of sufficient distributable funds.

The Bank also decided, in accordance with its terms and conditions, to exercise the option of early repayment of the entire AT1 issue issued on 31 January 2019 in the amount of EUR 400,000,000. The early repayment took place on their first call date, 31 January 2024, at the nominal value plus the respective accrued interests.

As at 31 December 2024, the shareholders who hold, individually or jointly, 5% or more of the Bank's capital, are the following:

Shareholder	number of shares	% share capital	% voting rights
Chiado (Luxembourg) S.à.r.l. (Fosun Group)	3,027,936,381	20.03%	20.03%
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	2,946,353,914	19.49%	19.49%
Total Qualified Shareholdings	5,974,290,295	39.52%	39.52%

42. Legal and statutory reserves

Under the Portuguese legislation, the Bank is required to annually set-up a legal reserve equal to a minimum of 10% of annual profits until the reserve equals the share capital, or until the sum of the free reserves constituted and the retained earnings, if higher. In accordance with the proposal for the appropriation of net income for the 2023 financial year approved at the General Shareholders' Meeting held on 22 May 2024, the Bank increased its legal reserves in the amount of EUR 68,027,000, thus, as at 31 December 2024 the Legal Reserves amount to EUR 384,402,000 (31 December 2023: EUR 316,375,000).

In accordance with the current Portuguese legislation, the Group companies must set-up annually a reserve with a minimum percentage between 5% and 20% of their net annual profits depending on the nature of their economic activity and are recognised in Other reserves and retained earnings in the Bank's consolidated financial statements (note 43).

43. Reserves and retained earnings

This balance is analysed as follows:

(Thousands of euros)

	2024	2023 (restated)
Fair value changes - Gross amount		
Financial assets at fair value through other comprehensive income (note 24)		
Debt instruments (*)	409	(75,326)
Equity instruments	(1,051)	(3,747)
Of associates and other changes	5,556	(1,728)
Cash-flow hedge	(876,708)	(1,274,684)
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	(660)	(2,596)
	(872,454)	(1,358,081)
Fair value changes - Tax		
Financial assets at fair value through other comprehensive income		
Debt instruments	440	20,266
Equity instruments	655	1,403
Cash-flow hedge	265,315	398,207
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	200	814
	266,610	420,690
	(605,844)	(937,391)
Exchange differences arising on consolidation		
Bank Millennium, S.A.	(21,946)	(35,347)
BIM - Banco Internacional de Moçambique, S.A.	(128,243)	(152,108)
Banco Millennium Atlântico, S.A.	(181,875)	(180,187)
Others	1,591	2,031
	(330,473)	(365,611)
Application of IAS 29		
Effect on equity of Banco Millennium Atlântico, S.A.	50,964	50,584
Others	(3,965)	(3,965)
	46,999	46,619
Other reserves and retained earnings	3,276,910	2,970,466
	2,387,592	1,714,083

(*) Includes the effects arising from the application of hedge accounting.

In 2023, Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. corrected the transition adjustments relating to the adoption of IFRS 17 and IFRS 9 in the negative amount of EUR 9,092,000.

The fair value changes correspond to the accumulated changes of the Financial assets at fair value through other comprehensive income and Cash flow hedge, in accordance with the accounting policy presented in note 1 C.

The variation in the fair value of cash flow hedges reflects the economic impact on these hedges of the pronounced increase in market interest rates, an effect that is more than offset by the economic impact on the fair value of liabilities that are more sensitive to such an increase and that are accounted for at amortised cost.

During 2024, the changes occurred in Fair value changes - Gross amount, excluding the effect of hedge accounting and changes in own credit risk associated with financial liabilities designated at fair value through profit or loss, are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Fair value changes	Fair value hedge adjustment	Impairment in profit or loss	Disposals	Balance as at 31 December
Financial assets at fair value through other comprehensive income (note 24)						
Debt instruments						
Debt securities - Portuguese public issuers	(42,645)	53,336	(36,266)	(790)	14,358	(12,007)
Others	(32,681)	77,199	(40,597)	11,003	(2,508)	12,416
	(75,326)	130,535	(76,863)	10,213	11,850	409
Equity instruments	(3,747)	1,243	–	–	1,453	(1,051)
Associates and other changes						
Millenniumbcp Ageas	(10,267)	13,106	–	–	(5,883)	(3,044)
Other associates and other changes	8,539	61	–	–	–	8,600
	(1,728)	13,167	–	–	(5,883)	5,556
	(80,801)	144,945	(76,863)	10,213	7,420	4,914

During 2023 the changes occurred in Fair value changes - Gross amount, excluding the effect of hedge accounting and changes in own credit risk associated with financial liabilities designated at fair value through profit or loss, are analysed as follows:

(Thousands of euros)

	2023 (restated)					
	Balance as at 1 January	Fair value changes	Fair value hedge adjustment	Impairment in profit or loss	Disposals	Balance as at 31 December
Financial assets at fair value through other comprehensive income (note 24)						
Debt instruments						
Debt securities - Portuguese public issuers	(89,985)	140,651	(104,087)	306	10,470	(42,645)
Others	(138,440)	155,004	(51,078)	1,016	817	(32,681)
	(228,425)	295,655	(155,165)	1,322	11,287	(75,326)
Equity instruments	(25,846)	6,782	–	–	15,317	(3,747)
Associates and other changes						
Millenniumbcp Ageas	(7,384)	(1,533)	–	–	(1,350)	(10,267)
Other associates and other changes	11,563	2,699	–	–	(5,723)	8,539
	4,179	1,166	–	–	(7,073)	(1,728)
	(250,092)	303,603	(155,165)	1,322	19,531	(80,801)

The item Disposals refers to the derecognition of debt securities and equity instruments at fair value through other comprehensive income.

44. Non-controlling interests

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Fair value changes		
Debt instruments	(7,277)	(27,718)
Equity instruments	4,059	2,924
Cash-flow hedge	(2,889)	(6,226)
Other	4	4
	(6,103)	(31,016)
Deferred taxes		
Debt instruments	1,922	5,362
Equity instruments	(783)	(600)
Cash-flow hedge	549	1,183
	1,688	5,945
	(4,415)	(25,071)
Exchange differences arising on consolidation	(111,335)	(136,624)
Actuarial losses (net of taxes)	(156)	897
Other reserves and retained earnings	1,213,620	1,148,225
	1,097,714	987,427

The balance Non-controlling interests is analysed as follows:

(Thousands of euros)

	Balance Sheet		Income Statement	
	2024	2023	2024	2023
Bank Millennium Group	906,757	792,061	83,368	63,284
BIM - Banco Internacional de Moçambique Group	179,502	178,500	16,147	33,865
Other subsidiaries	11,455	16,866	(5,410)	(5,590)
	1,097,714	987,427	94,105	91,559

The following table presents a summary of financial information for the main subsidiaries included in this balance, prepared in accordance with IFRS. The information is presented before inter-company eliminations:

(Thousands of euros)

	Bank Millennium Group		BIM - Banco International de Moçambique Group	
	2024	**2023**	**2024**	**2023**
Net income for the year	167,071	126,821	48,469	105,099
Correction of net income from previous years	—	—	—	(3,447)
Adjusted net income	167,071	126,821	48,469	101,652
Net income for the year attributable to the shareholders	83,703	63,537	32,322	67,787
Net income for the year attributable to non-controlling interests	83,368	63,284	16,147	33,865
Other comprehensive income attributable to the shareholders	31,463	143,760	27,085	(11,355)
Other comprehensive income attributable to non-controlling interests	31,336	143,186	13,548	(5,673)
Total comprehensive income	229,870	413,767	89,102	84,624
Balance sheet				
Financial assets	31,723,336	28,184,289	2,866,807	2,495,727
Non-financial assets	851,022	752,625	210,258	215,447
Financial liabilities	(29,494,494)	(26,121,981)	(2,450,663)	(2,096,244)
Non-financial liabilities	(1,262,661)	(1,227,601)	(88,858)	(80,310)
Equity:	1,817,203	1,587,332	537,544	534,620
Equity attributed to the shareholders	910,446	795,271	358,464	356,514
Equity attributed to the non-controlling interests	906,757	792,061	179,080	178,106
Cash flows arising from:				
operating activities	2,902,209	3,314,173	139,827	101,745
investing activities	(4,484,735)	(2,805,870)	(22,366)	(18,862)
financing activities	568,988	474,329	(96,770)	(71,516)
Increase / (decrease) in cash and equivalents	(1,013,538)	982,632	20,691	11,367
Dividends paid during the year:				
attributed to the shareholders	—	—	57,503	47,478
attributed to the non-controlling interests	—	—	28,727	23,719
	—	—	86,230	71,197

45. Guarantees and other commitments

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Guarantees granted		
Guarantees	3,958,506	3,893,124
Stand-by letter of credit	90,380	75,018
Open documentary credits	219,509	238,962
Bails and indemnities	9,865	135,256
	4,278,260	4,342,360
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	81	2,051
Irrevocable credit facilities	5,359,955	5,279,307
Securities subscription	14,949	22,145
Other irrevocable commitments	109,004	157,711
Revocable commitments		
Revocable credit facilities	6,488,735	6,013,393
Bank overdraft facilities	1,022,545	890,579
Other revocable commitments	131,243	181,380
	13,126,512	12,546,566
Guarantees received	27,329,443	28,126,885
Commitments from third parties	11,715,068	12,352,650
Securities and other items held for safekeeping	86,897,547	85,357,406
Securities and other items held under custody by the Securities Depository Authority	89,014,967	87,167,519
Other off balance sheet accounts	144,802,013	146,614,201

The guarantees granted by the Group may be related to loans transactions, where the Group grants a guarantee in connection with a loan granted to a customer by a third entity. According to its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow. The estimated liabilities are recorded under provisions (note 39).

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore, the credit risk of these transactions is limited since they are collateralised by the shipped goods and are generally short-term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk are limited.

As at 31 December 2024 and 2023, the balance Irrevocable commitments - Other irrevocable commitments includes the amount of EUR 30,638,000 relating to the collateral constituted in compliance with the assumption of irrevocable payment commitments to Single Resolution Fund, as referred in note 6.

This balance also includes the amount of EUR 47,595,000 (31 December 2023: EUR 95,190,000) corresponding to irrevocable commitments for cumulative payments assumed with the Deposit Guarantee Fund, as referred in note 6.

The financial instruments accounted as guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in the accounting policy in note 1.C. The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Group in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

The balance of Guarantees granted, Irrevocable credit facilities and revocable commitments portfolio detailed by stage according with IFRS 9, is analysed as follows:

(Thousands of euros)

	2024	2023
Stage 1		
Gross amount	15,758,607	14,934,354
Impairment	(13,831)	(12,880)
	15,744,776	14,921,474
Stage 2		
Gross amount	1,197,262	1,433,605
Impairment	(15,261)	(14,686)
	1,182,001	1,418,919
Stage 3		
Gross amount	324,869	339,060
Impairment	(88,947)	(94,008)
	235,922	245,052
	17,162,699	16,585,445

46. Assets under management and custody

Asset management activity is governed by the framework established in Decree-Law No. 27/2023, of April 28, and by the Portuguese Securities Code as well. The aforementioned framework determines, namely, the obligations to which fund management companies and depositaries are subject to. The total value of funds managed by the Group companies is analysed as follows:

(Thousands of euros)

	2024	2023
Banco Comercial Português, S.A.	3,783,799	3,738,751
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	545,340	611,913
Millennium TFI S.A.	1,778,846	1,210,447
	6,107,985	5,561,111

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. There is no capital or profitability guaranteed by the Bank in these assets. Those assets held in a fiduciary capacity are not included in the financial statements.

The assets under management and custody are analysed as follows:

(Thousands of euros)

	2024	2023
Assets under deposit	79,903,257	78,388,104
Wealth management (*)	3,783,799	3,738,751
Investment funds	2,324,186	1,822,360
	86,011,242	83,949,215

(*) Corresponds to the assets portfolio that are currently monitored and controlled by the business area as being managed by the Bank.

47. Transfers of assets

The Group performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the borrower 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 the companies/assets.

The specialized funds in credit recovery that acquired the financial assets are closed funds, in which the holders of the participation units have no possibility to request the repayment of its participation units throughout the useful life of the fund. These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks hold more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the assignor banks and that is selected on the date of establishment of the Fund. The management structure of the Fund has as main responsibilities to: (i) determine the objective of the Fund and (ii) administrate and manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund. The management structure is remunerated through management commissions charged to the Funds.

These funds (in which the Group holds minority positions) establish companies in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties.

The value of the junior securities is equivalent to the difference between the fair value that was based on the valuation of the senior security and the value of the transferred receivables. These junior securities, being subscribed by the Group, will entitle the Group to a contingent positive value if the value of the assets transferred exceeds the amount of the senior tranches plus the remuneration on them. Thus, considering these junior assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, the Group performs the constitution of impairment losses for all of them.

Therefore, as a result of the transfer of assets occurred operations, the Group subscribed:

- Senior securities (participation units) of the funds, for which the cash-flows arise mainly from a set of assets transferred from the participant banks. These securities are booked in Financial assets not held for trading mandatorily at fair value through profit or loss portfolio and are accounted for at fair value based on the last available Net assets value (NAV), as disclosed by the Management companies and audited at year end, still being analysed by the Bank;

- Junior securities (with higher subordination degree) issued by the Portuguese law companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Group, in accordance with IFRS 9 3.2 performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, 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 on the funds or companies' management, the Group performed, under the scope of IAS IFRS 9 3.2, the derecognition of the assets transferred and the recognition of the assets received.

The results were calculated on the date of transfer of the assets. During 2024 and 2023, no credits were sold to corporate restructuring funds.

The amounts accumulated as at 31 December 2024, related to these operations, are analysed as follows:

(Thousands of euros)

	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação FCR (a)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (b)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (b)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (c)	113,665	113,653	109,599	(4,054)
	800,954	633,593	612,688	(20,905)

The activity segments are as follows: a) Diversified; b) Real estate and tourism; and c) Real estate.

The amounts accumulated as at 31 December 2023, related to these operations, are analysed as follows:

(Thousands of euros)

	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação FCR (a)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (b)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (b)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (c)	113,665	113,653	109,599	(4,054)
	800,954	633,593	612,688	(20,905)

The activity segments are as follows: a) Diversified; b) Real estate and tourism; and c) Real estate.

As at 31 December 2024 and 2023, the assets received under the scope of these operations are comprised of:

(Thousands of euros)

	2024		
	Fair value of Investment fund units (note 24)	Shareholder Loans (note 32)	Total
Fundo Recuperação FCR	13,987	–	13,987
Fundo Aquarius FCR	88,876	–	88,876
Discovery Real Estate Fund	167,894	–	167,894
Fundo Vega FCR	32,471	–	32,471
	303,228	–	303,228

(Thousands of euros)

	2023		
	Fair value of Investment fund units (note 24)	Shareholder Loans (note 32)	Total
Fundo Recuperação FCR	28,030	–	28,030
Fundo Aquarius FCR	98,119	–	98,119
Discovery Real Estate Fund	162,284	–	162,284
Fundo Vega FCR	36,142	–	36,142
	324,575	–	324,575

As at 31 December 2024 and 2023, the book value of these assets is recorded under Financial assets not held for trading mandatorily at fair value through profit or loss and considers the Fund's Global Net Asset Value (NAV) communicated by the Management Companies.

It is also important to mention the following aspects: (i) these are Funds whose latest Audit Reports available as at 31 December 2023 and latest Limited Audit Reports available as at 30 June 2024, do not include reserves; (ii) the funds are subject to supervision by the competent authorities.

The balance Shareholder Loans in the gross amount of EUR 113,840,000 (31 December 2023: EUR 165,837,000) is fully provisioned, as referred in note 32.

The detail of the commitments of subscribed and unpaid capital for each of the corporate restructuring funds is analysed as follows:

(Thousands of euros)

Corporate restructuring funds	2024 Subscribed capital	2024 Paid up capital realized	2024 Subscribed and unpaid capital	2023 Subscribed capital	2023 Paid up capital realized	2023 Subscribed and unpaid capital
Fundo Recuperação FCR	162,149	162,146	3	171,846	166,637	5,209
Fundo Aquarius FCR	97,739	87,125	10,614	118,350	105,497	12,853
Discovery Real Estate Fund	158,991	158,991	—	158,991	158,991	—
Fundo Vega FCR	45,439	43,825	1,614	45,439	43,492	1,947
	464,318	452,087	12,231	494,626	474,617	20,009

There are additional subscription commitments for the fund Discovery, in the amount of EUR 1,107,000 (31 December 2023: EUR 1,107,000).

Moreover, the following exposures and respective impairment are recorded in the Loans and advances to customers portfolio and under the Guarantees provided and Irrevocable credit facilities items, in relation to entities controlled by these funds:

(Thousands of euros)

Items	2024	2023
Loans and advances to customers	17,416	35,978
Guarantees granted and irrevocable credit lines	22,590	24,018
Gross exposure	40,006	59,996
Impairment	(2,160)	(6,176)
Net exposure	37,846	53,820

Project Crow

As part of the sale process called Project Crow concluded at the end of 2022, Banco Comercial Português, S.A. now holds an investment in a venture capital fund, in 2 real estate funds and in a company, as follows:

(Thousands of euros)

	2024	2023
Financial assets not held for trading mandatorily at fair value through profit or loss (note 24)		
Fundo Turismo Algarve, FCR	—	40,758
	—	40,758
Investments in associates (note 26)		
Fundo Turismo Algarve, FCR	41,045	—
Lusofundo - Fundo de Investimento Imobiliário Fechado (in liquidation)	19,175	18,780
Fundo Especial de Investimento Imobiliário Fechado Eurofundo (in liquidation)	4,305	8,467
	64,525	27,247
Other assets (note 32)		
Imoserit, S.A.	—	14,805
	64,525	82,810

As referred in note 39, there are provisions for liabilities and charges recorded for corporate restructuring funds and carved-out assets of the Project Crow.

48. Relevant events occurred during 2024

Bank Millennium S.A. informed about the conclusion of a synthetic securitisation transaction

The Management Board of Bank Millennium S.A. informed that on 23 December 2024 it concluded a synthetic securitisation transaction of a portfolio of loans to small and medium sized enterprises (SME) and corporates with a total nominal value of PLN 2,135 million (EUR 499.2 million) as at 31 October 2024 ("Transaction").

As part of the Transaction, Bank Millennium S.A. transferred to the investor – the European Bank for Reconstruction and Development ("EBRD") - a significant part of the credit risk from the selected portfolio subject to securitisation. The selected loan portfolio covered by the securitisation remains on the Bank Millennium's balance sheet. The transfer of the risk of the securitised portfolio is carried out through a credit protection instrument in the form of a financial guarantee issued by the EBRD.

Bank Millennium S.A. has an option of increasing the nominal amount of the transaction up to the maximum amount of PLN 4,057 million (EUR 948.6 million) (Ramp-up Option).

The estimated positive impact of the Transaction on the Common Equity Tier 1 Ratio (CET1) of Bank Millennium S.A. Group is approximately 30 basis points in relation to the data reported at the end of the third quarter of 2024.

Banco Comercial Português, S.A. informed about the upgrade of senior debt ratings by Fitch Ratings

On 13 December 2024, Banco Comercial Português, S.A. ("BCP" or "Bank") informed that Fitch Ratings upgraded BCP's long-term senior unsecured debt ratings from BBB- to BBB, following the upgrade of the long-term Issuer Default Rating (IDR) from BBB- to BBB and the Viability Rating (VR) from bbb- to bbb having maintained the Positive Outlook.

The upward review of BCP`s rating by Fitch Ratings reflects a better assessment of the bank's capitalization and funding profile. Fitch within the scope of the review took also into consideration the upgrade of the Portuguese operating environment from bbb to bbb+ as it should result in better growth opportunities for BCP due to its strong domestic franchise.

The Positive Outlook reflects Fitch view that BCP's business profile, profitability and internal capital generation should structurally improve if the Bank successfully executes its new strategic plan and resolves legacy risks related to Polish foreign-currency mortgage loans.

Fitch Ratings also raised the ratings on BCP's Additional Tier 1 and Tier 2 instruments by one notch.

Banco Comercial Português, S.A. informed about minimum prudential requirements

On 12 December 2024, Banco Comercial Português, S.A. (“BCP” or “Bank”) informed that, under the context of the Supervisory Review and Evaluation Process (SREP), it has been notified of the decision of the European Central Bank (ECB) regarding minimum prudential requirements to be fulfilled on a consolidated basis from 1 January 2025.

According to the information received, the Pillar 2 Requirement ("P2R") for BCP from 1 January 2025, is 2.25%, which represents a decrease of 25 bp, reflecting a more favourable assessment from the Supervisor on the Bank's global risk.

The decisions referred above establish the minimum own funds requirements determined based on the total value of risk-weighted assets (RWA):

	Minimum Capital Requirements			
		of which:		
BCP Consolidated	**Capital requirements**	**Pilar 1**	**Pilar 2**	***Buffers***
CET1	9.56%	4.50%	1.27%	3.79%
T1	11.48%	6.00%	1.69%	3.79%
Total	14.04%	8.00%	2.25%	3.79%

Buffers include the capital conservation buffer (2.5%), the buffer for other systemically important institutions (O-SII: 1.0%) and the Sectoral Systemic Risk buffer of 0.29% (variable, corresponding to 4% on the amount of risk exposures on the retail portfolio of loans to individuals collateralized by residential properties located in Portugal, calculated in pursuant to paragraph 3 of article 92 of Regulation (EU) 575/2013, at the highest level of consolidation in Portugal, considering the applicable legal framework).

Banco Comercial Português, S.A. informed about the upgrade of senior unsecured debt rating by Moody’s

Banco Comercial Português, S.A. (“BCP” or “Bank”) informed that Moody’s rating agency on 19 November 2024, upgraded the Bank's senior unsecured debt rating from Baa2 to Baa1 and affirmed deposits rating at A3, maintaining the rating assigned to deposits at the same level to that assigned to the Portuguese Republic. On the same date, Moody`s revised the Outlook on deposits from stable to positive.

This upgrade of BCP's ratings by Moody’s reflects the improvement in asset-risk indicators as a result of a successful de risking strategy implemented in Portugal in recent years, its higher capital levels and the group’s improved bottom-line profitability, despite still being strained over the outlook period by sizable legal provisions associated to BCP's Polish subsidiary's legacy Swiss franc mortgage portfolio.

In the scope of the review carried out by Moody’s, it was simultaneously communicated, the upgrade of the Baseline Credit Assessment (BCA) and Adjusted BCA from Ba1 to Baa3, the junior senior debt rating to (P)Baa3, the dated subordinated debt to (P)Ba1. BCP's BCA also reflects the Bank's sound funding and liquidity position.

Banco Comercial Português, S.A. informed about issue of senior preferred debt securities eligible for MREL

On 14 October 2024, Banco Comercial Português, S.A. ("Bank") informed that it has fixed the terms for a new issue of senior preferred debt securities eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities), under its Euro Note Programme.

The issue, in the amount of EUR 500 million, will have a tenor of 5 years, with the option of early redemption by the Bank at the end of year 4, an issue price of 99.660% and an annual interest rate of 3.125% during the first 4 years (corresponding to a spread of 0.85% over the 4-year mid-swap rate). The interest rate for the 5th year was set at 3-month Euribor plus a 0.85% spread.

Banco Comercial Português, S.A. informed about decision to call the currently outstanding Senior Preferred issue due October 2025 with an amount of EUR 350 million

On 8 October 2024, Banco Comercial Português, S.A. informed that it has decided to exercise its option to early redeem all of its EUR 350,000,000 Senior Preferred Fixed to Floating Rate Notes due October 2025 (ISIN: PTBCPBOM0062), issued on 25 October 2022 under the EUR 25,000,000,000 Euro Note Programme (the "Notes"), in accordance with condition 6(d) of the terms and conditions of the Notes and the final terms of the Notes. The early redemption of the Notes shall take place on the optional redemption date set out in the final terms of the Notes, 25 October 2024, at their outstanding principal amount together with accrued interest.

Banco Comercial Português, S.A. informed about the upgrade of senior debt ratings by S&P Global

On 4 October 2024, Banco Comercial Português, S.A. ("BCP" or "Bank") informed that S&P Global upgraded BCP's senior unsecured debt ratings from BBB- to BBB, keeping the positive Outlook.

This upgrade reflects easing industry risks in the system and BCP's improved credit risk profile, both in absolute and relative terms.

BCP has halved its NPE stock since end-2019, while posting solid profitability, enhancing its capitalization, and maintaining ample liquidity and a balanced funding profile.

S&P anticipates that BCP will continue benefiting from a strong earnings capacity, keeping high levels of efficiency and solid levels of capitalization.

The positive outlook reflects that S&P could raise its long-term rating on BCP over the next 18-24 months if it keeps growing and sustainably preserving its capitalization.

Banco Comercial Português, S.A. informed on the upgrade of senior unsecured debt and deposits ratings by Morningstar DBRS

Banco Comercial Português, S.A. (“BCP” or “Bank”) informed that, on 3 October 2024, Morningstar DBRS rating agency upgraded the Bank's deposits ratings from BBB(high) to A(low) and the senior unsecured debt ratings from BBB to BBB (high).

The upgrade to BCP's credit ratings by Morningstar DBRS's reflects the Bank's earnings and internal capital generation, improved capitalization levels and asset quality, reflecting the progress in reducing non-performing exposures (NPEs).

The stable trend reflects the expectation that risks to the outlook are balanced. The Bank's provisions will likely remain elevated although decreasing, reflecting the legal and financial risks linked to legacy CHF-indexed mortgages in the Polish subsidiary, which are expected to gradually subside.

The trend also reflects Morningstar DBRS expectation that the Bank will maintain healthy profitability levels and solid capital buffers.

Notice from the Banco de Portugal regarding MREL requirements

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

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

- 25.17% of the total risk exposure amount ("TREA") (to which adds further a combined buffer requirement ("CBR") of 3.5%, thus corresponding to total requirements of 28.67%); and

- 6.67% of the leverage ratio exposure measure ("LRE").

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

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

At the date of this announcement, BCP informed that it complies with the established MREL requirements, both as a percentage of the TREA (including the CBR) and as a percentage of the LRE.

Fitch Ratings upgraded BCP's Outlook

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

Bank Millennium Minimum requirements for own funds and liabilities subject to write down or conversion (MREL)

Bank Millennium manages MREL indicators in a manner analogous to capital adequacy management.

In June 2024, the Bank received a joint decision of the resolution authorities requiring it to meet the MREL requirements. The updated minimum requirements are 18.03% (consolidated MREL-TREA) and 5.91% (consolidated MREL-TEM). Additionally, in relation to the above decisions, the Bank should also meet the MREL requirement taking into account the Combined Buffer Requirement (currently 2.75%).

In September 2024, the Bank successfully completed the subscription of senior non-preferred green bonds with a total value of EUR 500 million under the EMTN Programme. In terms of the MREL-TREA and MREL-TEM requirements, Bank Millennium Group has a surplus compared to the minimum required levels as at 31 December 2024, and also meets the MREL-TREA Requirement after including the Combined Buffer Requirement.

MREL	31.12.2024	30.09.2024	30.06.2024	31.12.2023
MREL-TREA ratio	**28.06%**	**28.60%**	**22.92%**	**23.77%**
Minimum required level MREL-TREA	18.03 %	18.03 %	18.03 %	18.89 %
Surplus(+) / Deficit(-) of MREL-TREA (p.p.)	10.03 %	10.57 %	4.89 %	4.88 %
Minimum required level including Combined Buffer Requirement (CBR)	20.78 %	20.78 %	20.78 %	21.64 %
Surplus(+) / Deficit(-) of MREL-TREA+CBR (p.p.)	7.28 %	7.82 %	2.14 %	2.13 %
MREL-TEM ratio	**8.71%**	**8.97%**	**7.05%**	**7.50%**
Minimum required level of MREL-TEM	5.91 %	5.91 %	5.91 %	5.91 %
Surplus(+) / Deficit(-) of MREL-TEM (p.p.)	2.80 %	3.06 %	1.14 %	1.59 %

Completion of implementation of the Bank Millennium’s Recovery Plan

The Management Board of Bank Millennium S.A. informed that on 19 June 2024 it took a decision to complete the implementation of the Recovery Plan, notifying of the fact Polish Financial Supervision Authority and Bank Guarantee Fund.

In the Bank Millennium’s Management Board’s opinion, all key assumptions of the Recovery Plan (‘Plan’) have been achieved. In particular, all indicators defined in the Plan have reached safe levels, profitability and financial results of Bank Millennium S.A. Capital Group (‘the Group’) improved sustainably, capital ratios were restored to levels well above required regulatory minimums while the Bank Millennium and the Group meet MREL requirements, including the combined buffer requirements. The Bank Millennium’s Management Board also does not identify future circumstances that would justify further continuation of the Recovery Plan.

Resolutions of the Annual General Meeting of Banco Comercial Português, S.A.

Banco Comercial Português, S.A. concluded on 22 May 2024, at the Bank's facilities and, simultaneously, through electronic means with 64.10% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

Item One - Election of the Board of the General Meeting for the 2024/2027 four-year period;

Item Two – Approval of the management report, the balance sheet and the individual and consolidated financial statements for the 2023 financial year, the Corporate Governance Report, that includes a chapter on the remuneration of the management and supervisory bodies, and the Sustainability Report;

Item Three – Approval of the proposal for the appropriation of profit regarding the 2023 financial year;

Item Four – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

Item Five – Approval of the updating of the policy for the remuneration of Members of the Management and Supervisory Bodies;

Item Six – Approval of the acquisition and sale of own shares and bonds;

Item Seven – Approval of the amendment of the articles of association, giving new wording to article 10 (2);

Item Eight – Approval of the appointment of the Statutory Auditor and its alternate and the selection of the External Auditor for the four-year period 2024/2027.

Banco Comercial Português, S.A. informed about the election of the Statutory Auditor and of the External Auditor for the four-year period 2024/2027

On 22 May 2024, Banco Comercial Português, S.A. informed that, at the General Shareholders' Meeting, it proceeded with the election of the Statutory Auditor, Effective and Alternate and the choice of the External Auditor for the four-year period 2024/2027, as follows:

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

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

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

Extension of credit holidays of Bank Millennium S.A.

On 7 May 2024, the Management Board of Bank Millennium S.A. informed that, following the signing by the President of the Republic of Poland and announcement in the Journal of Laws of the Republic of Poland of an Act of 12 April 2024 on changes to the Act on support for mortgage borrowers who are in challenging financial situation and the Act on crowdfunding for business ventures and assistance to borrowers (‘the Act’), introducing, among others, an extension of credit holidays for PLN mortgage borrowers by four more months in 2024.

S&P Global Ratings upgraded BCP's Outlook

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

EIB signed an agreement with Millennium bcp

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

Banco Comercial Português, S.A. informed about the issuance of perpetual subordinated notes (Additional Tier 1)

On 11 January 2024, Banco Comercial Português, S.A. (“Millennium bcp”) informed it has set the conditions for a new issue of Additional Tier 1, in the amount of EUR 400 million, with the option of early repayment by Millennium bcp from the end of 5th year onwards with a coupon of 8.125% per year for the first 5.5 years, which will be refixed from that date every 5 years, with reference to the then prevailing 5-year mid-swap rate plus a spread of 5.78%.

Banco Comercial Português, S.A. informed about the resignation of a member of the Board of Directors

On 5 January 2024, Banco Comercial Português, S.A. (“Bank”) informed, under the terms and for the purposes of article 6 of CMVM Regulation No. 1/2023, that the Non-Executive Director Xiaoxu Gu (also known as Julia Gu) presented today its resignation to the position of non-executive member of the Board of Directors, effective from 29 February 2024.

The Bank informed that it would begin the process of identifying and selecting a new non-executive member to join its Board of Directors in accordance with the applicable Bank's regulations. The conclusion of this process will be announced in due course and will not affect the regular functioning of the Board of Directors.

Banco Comercial Português S.A. informed about decision to call the currently outstanding Additional Tier 1 instrument (“AT1”) in the amount of EUR 400 million

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

49. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding many products sold to customer, fair value is estimated through internal models based on cash-flow discounting techniques. Cash-flows for the different instruments sold are calculated according to its financial characteristics and the discount rates used include both the market interest rate curve and the current conditions of the Group's pricing policy.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that have some degree of judgment and reflects exclusively the value attributed to different financial instruments. However, it does not consider prospective factors, as the future business evolution. Therefore, the values presented cannot be understood as an estimate of the economic value of the Group.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities are presented as follows:

Cash and deposits at Central Banks and Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and other funds and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. This update is made based on the prevailing market rate for the term of each cash flow plus the average spread of the production of the most recent 3 months of the same. For the elements with signs of impairment, the net impairment of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is realized in the determination of this impairment.

For Deposits from Central Banks and other funds, it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term.

For the remaining loans and advances and deposits, the discount rate used reflects the current conditions applied by the Group on identical instruments for each of the different residual maturities (rates from the monetary market or from the interest rate swap market).

Loans and advances to customers without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore, the amount in the balance sheet is a reasonable estimate of its fair value (this class incorporates among other, factoring operations, current account credit, credit cards and overdrafts in demand deposits).

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. For loans with signs of impairment (Stage 3 loans), the net impairment of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is realized in the determination of this impairment.

The discount rate used is the one that reflects the current rates of the Group for each of the homogeneous classes of this type of instruments and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market) and the spread used at the date of the report, which was calculated from the average production of the three most recent months compared to the reporting date.

Deposits from customers and other funds

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows for the referred instruments, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Group in similar instruments with a similar maturity. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the period) and the actual spread of the Group. This was calculated from the average production of the three most recent months compared to the reporting date.

As in the case of credits without defined maturity, also for the Deposits from customers without defined maturity (demand deposits) it is considered that given the potential short term of the same, possibility of their liquidation at any time, the book value of these liabilities is a reasonable estimate of their fair value.

The average discount rates for Loans and advances to credit institutions, Loans and advances to customers, Deposits from credit institutions and other funds and Deposits from customers and other funds are analysed as follows:

	Loans and advances to credit institutions		Loans and advances to customers		Deposits from credit institutions and other funds		Deposits from customers and other funds	
	2024	2023	2024	2023	2024	2023	2024	2023
EUR	3.39%	4.31%	4.42%	4.76%	3.30%	4.28%	3.24%	4.32%
AOA	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
AUD	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.70%	4.86%
CAD	n.a.	n.a.	n.a.	n.a.	3.48%	n.a.	3.46%	5.43%
CHF	n.a.	n.a.	2.69%	3.57%	n.a.	n.a.	0.65%	2.10%
CNY	n.a.	n.a.	3.50%	2.95%	n.a.	n.a.	3.55%	2.66%
DKK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.62%	3.93%
GBP	n.a.	n.a.	n.a.	n.a.	5.28%	5.69%	5.01%	5.50%
HKD	n.a.	n.a.	4.01%	4.24%	n.a.	n.a.	4.82%	5.30%
JPY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MOP	n.a.	n.a.	3.87%	3.66%	n.a.	n.a.	4.51%	5.11%
MZN	14.20%	19.51%	18.95%	23.62%	n.a.	n.a.	11.16%	16.41%
NOK	n.a.	n.a.	7.68%	n.a.	n.a.	n.a.	4.92%	5.09%
PLN	5.53%	5.27%	8.81%	8.28%	4.66%	5.28%	5.78%	5.48%
SEK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.86%	4.37%
TRY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.00%	44.94%
USD	4.66%	5.78%	6.13%	6.34%	4.89%	5.85%	4.02%	5.03%
ZAR	8.24%	8.69%	12.62%	13.08%	n.a.	n.a.	5.15%	5.87%

Financial assets and liabilities measured at fair value through profit or loss (except derivatives) and financial assets at fair value through other comprehensive income

These financial instruments are accounted for at fair value. Fair value is based on market prices ("Bid-price"), 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 factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame. In this class of assets, the fair value corresponds to their book value.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically because of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the forecast of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets measured at amortised cost - Debt instruments

These financial instruments are accounted at amortised cost net of impairment, as referred in the accounting policy described in note 1 C1.1.1. The fair value of this class of assets, 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 factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value. In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically because of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the forecast of the non-deterministic cash flows such as indexes. The remaining market inputs, such as yield curves, credit, exchange rates, among others, are also made available by financial content providers.

Debt securities non-subordinated issued and subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate remunerated instruments for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised. For the fair value calculation, other components of risk were considered, in addition to the interest rate risk already recorded, when applicable. The 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 by associated factors, predominantly credit risk and trading margin, the latter only in the case of issues placed on non-institutional customers of the Group.

As original reference, the Group applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own issued debts placed among non-institutional customers of the Group, one more differential was added (commercial spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average of the reference rates of the yield curve obtained from the market prices of the different currencies used in the determination of the fair value of the issues is analysed as follows:

	2024		2023	
	EUR	PLN	EUR	PLN
Placed in the institutional market				
Subordinated	1.86 %	0.00 %	4.98 %	0.00 %
Senior	0.00 %	0.00 %	0.04 %	0.00 %
Placed in retail				
Senior and collateralised	0.02 %	0.05 %	0.19 %	0.04 %

For Non-subordinated debt securities issued, the fair value calculation focused on all the components of these instruments, as a result the difference determined is a positive amount of EUR 22,410,000 (31 December 2023: a positive amount of EUR 118,547,000) and includes a payable amount of EUR 42,477,000 (31 December 2023: a payable amount of EUR 95,357,000) which reflects the fair value of embedded derivatives and are recorded in financial assets and liabilities held for trading (note 24 and 37).

The following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the financial assets and liabilities of the Group:

	2024				2023			
	EUR	USD	GBP	PLN	EUR	USD	GBP	PLN
1 day	2.98%	4.45%	4.87%	5.73%	3.93%	5.28%	5.20%	5.74%
7 days	2.98%	4.41%	4.86%	5.73%	3.93%	5.29%	5.22%	5.74%
1 month	2.95%	4.41%	4.80%	5.72%	3.96%	5.37%	5.25%	5.70%
2 months	2.89%	4.42%	4.78%	5.73%	3.98%	5.41%	5.29%	5.74%
3 months	2.81%	4.44%	4.78%	5.74%	3.97%	5.44%	5.32%	5.78%
6 months	2.59%	4.46%	4.79%	5.70%	3.86%	5.37%	5.34%	5.72%
9 months	2.49%	4.48%	4.81%	5.61%	3.75%	5.33%	5.29%	5.71%
1 year	2.33%	4.43%	4.82%	5.62%	3.45%	5.05%	5.25%	5.50%
2 years	2.19%	4.34%	4.51%	5.22%	2.81%	4.37%	4.28%	4.94%
3 years	2.19%	4.32%	4.40%	5.03%	2.56%	4.04%	3.94%	4.62%
5 years	2.24%	4.31%	4.29%	4.99%	2.43%	3.81%	3.63%	4.41%
7 years	2.29%	4.32%	4.26%	5.04%	2.44%	3.75%	3.53%	4.41%
10 years	2.36%	4.34%	4.31%	5.15%	2.50%	3.74%	3.54%	4.49%
15 years	2.42%	4.39%	4.43%	5.31%	2.56%	3.76%	3.63%	4.66%
20 years	2.36%	4.37%	4.49%	5.35%	2.51%	3.74%	3.66%	4.75%
30 years	2.15%	4.21%	4.46%	5.35%	2.33%	3.57%	3.61%	4.75%

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2024:

(Thousands of euros)

	2024				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Book value	Fair value
Assets					
Cash and deposits at Central Banks	–	–	5,589,030	5,589,030	5,589,030
Loans and advances to credit institutions repayable on demand	–	–	251,157	251,157	251,157
Financial assets at amortised cost					
Loans and advances to credit institutions	–	–	797,535	797,535	787,632
Loans and advances to customers (i)	–	–	53,907,058	53,907,058	52,984,229
Debt securities	–	–	21,345,171	21,345,171	21,047,438
Financial assets at fair value					
Loans and advances to customers	427	–	–	427	427
Bonds issued by public entities	175,206	8,411,395	–	8,586,601	8,586,601
Bonds issued by public companies and other entities	413	1,970,392	–	1,970,805	1,970,805
Treasury bills	1,117,504	2,490,850	–	3,608,354	3,608,354
Shares	60,352	26,329	–	86,681	86,681
Investment fund units	323,969	–	–	323,969	323,969
Other securities	87,563	–	–	87,563	87,563
Trading derivatives	387,073	–	–	387,073	387,073
Hedging derivatives (ii)	69,349	–	–	69,349	69,349
	2,221,856	12,898,966	81,889,951	97,010,773	95,780,308
Liabilities					
Financial liabilities at amortised cost					
Deposits from credit institutions and other funds	–	–	777,719	777,719	781,443
Deposits from customers and other funds	–	–	82,084,687	82,084,687	81,945,936
Non-subordinated debt securities issued (i)	–	–	3,528,710	3,528,710	3,551,120
Subordinated debt (i)	–	–	1,427,359	1,427,359	1,490,881
Financial liabilities at fair value					
Deposits from customers and other funds	1,956,851	–	–	1,956,851	1,956,851
Non-subordinated debt securities issued	1,292,006	–	–	1,292,006	1,292,006
Short selling securities	44,607	–	–	44,607	44,607
Trading derivatives	135,020	–	–	135,020	135,020
Hedging derivatives (ii)	39,041	–	–	39,041	39,041
	3,467,525	–	87,818,475	91,286,000	91,236,905

(i) - The book value includes the effect of the adjustments resulting from the application of hedge accounting;
(ii) - Includes a portion that is recognised in reserves in the application of accounting cash flow hedge.

The Group includes in the Book value column of the balance Financial assets at amortised cost - Debt securities the variation in the fair value of the hedged element attributable to the hedged risk (risk of interest rate) for securities to which the Group is applying fair value hedge accounting.

The following table shows the fair value of financial assets and liabilities of the Group, as at 31 December 2023:

(Thousands of euros)

	2023				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Book value	Fair value
Assets					
Cash and deposits at Central Banks	—	—	4,545,526	4,545,526	4,545,526
Loans and advances to credit institutions repayable on demand	—	—	337,687	337,687	337,687
Financial assets at amortised cost					
Loans and advances to credit institutions	—	—	908,477	908,477	904,728
Loans and advances to customers (i)	—	—	53,305,159	53,305,159	52,389,825
Debt securities	—	—	17,579,136	17,579,136	17,260,082
Financial assets at fair value					
Loans and advances to customers	4,454	—	—	4,454	4,454
Bonds issued by public entities	77,768	5,385,735	—	5,463,503	5,463,503
Bonds issued by public companies and other entities	10,445	1,524,425	—	1,534,870	1,534,870
Treasury bills	296,402	3,899,712	—	4,196,114	4,196,114
Commercial paper	2,965	—	—	2,965	2,965
Shares	39,003	24,415	—	63,418	63,418
Investment fund units	390,266	—	—	390,266	390,266
Other securities	53,262	—	—	53,262	53,262
Trading derivatives	413,946	—	—	413,946	413,946
Hedging derivatives (ii)	40,628	—	—	40,628	40,628
	1,329,139	10,834,287	76,675,985	88,839,411	87,601,274
Liabilities					
Financial liabilities at amortised cost					
Deposits from credit institutions and other funds	—	—	829,126	829,126	820,805
Deposits from customers and other funds	—	—	75,606,813	75,606,813	75,460,202
Non-subordinated debt securities issued (i)	—	—	2,712,682	2,712,682	2,831,229
Subordinated debt (i)	—	—	1,397,425	1,397,425	1,456,002
Financial liabilities at fair value					
Deposits from customers and other funds	2,321,000	—	—	2,321,000	2,321,000
Non-subordinated debt securities issued	1,287,487	—	—	1,287,487	1,287,487
Short selling securities	626	—	—	626	626
Trading derivatives	206,761	—	—	206,761	206,761
Hedging derivatives (ii)	67,825	—	—	67,825	67,825
	3,883,699	—	80,546,046	84,429,745	84,451,937

(i) - The book value includes the effect of the adjustments resulting from the application of hedge accounting;
(ii) - Includes a portion that is recognised in reserves in the application of accounting cash flow hedge.

The Group classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13. The fair value of financial instruments is determined using quotations recorded in active and liquid markets, considering that a market is active and liquid whenever its stakeholders conduct transactions on a regular basis giving liquidity to the instruments traded. When it is verified that there are no transactions that regularly provide liquidity to the traded instruments, valuation methods and techniques are used to determine the fair value of the financial instruments.

Level 1 - With quotation in active market

In this category are included, in addition to financial instruments traded on a regulated market, bonds and units of investment funds valued based on the prices disclosed through trading systems.

The classification of the fair value of level 1 is used when:

i. there is a firm daily enforceable quotation for the financial instruments concerned, or;

ii. there is a quotation available in market information systems that aggregate multiple prices of various stakeholders.

Level 2 - Valuation methods and techniques based on market data

Financial instruments, when there are no regular transactions in the active and liquid markets (level 1), are classified in level 2, according to the following rules:

i. failure to comply with the rules defined for level 1, or;

ii. they are valued based on valuation methods and techniques that use mostly observable market data (interest rate or exchange rate curves, credit curves, etc.).

Level 2 includes over-the-counter derivative financial instruments contracted with counterparties with which the Bank maintains collateral agreements (ISDAs with Credit Support Annex (CSA)). In addition, derivative financial instruments traded in the over-the-counter market, which, despite not having CSA agreements, the non-observable market data component (i.e., internal ratings, default probabilities determined by internal models, etc.) incorporated in the estimation of CVA/DVA is not significant in the overall value of the derivative. In order to assess the significance of this component, the Bank defined a quantitative relevance criterion and performed a qualitative sensitivity analysis on the valuation component that includes unobservable market data.

Level 3 - Valuation methods and techniques based on data not observable in the market

If the level 1 or level 2 criteria are not met, financial instruments should be classified in level 3, as well as in situations where the fair value of financial instruments results from the use of information not observable in the market, such as:

- financial instruments which are not classified as level 1 and which are valued using evaluation methods and techniques without being known or where there is consensus on the criteria to be used, namely:

i. - those measured using comparative price analysis of financial instruments with risk and return profile, typology, seniority or other similar factors, observable in the active and liquid markets;

ii. - those measured using performance indicators of the underlying transactions (e.g. default probability rates of the underlying assets, delinquency rates, evolution of the ratings, etc.);

iii. - those measured taking as reference the NAV (Net Asset Value) disclosed by the management entities of securities/ real estate/other investment funds not listed on a regulated market.

Level 3 includes over-the-counter derivative financial instruments that have been contracted with counterparties with which the Bank does not maintain collateral exchange agreements, and whose unobservable market data component incorporated in the estimation of the value adjustment, such as those relating to synthetic securitisation operations carried out by the Bank.

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group as at 31 December 2024:

(Thousands of euros)

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at Central Banks	5,589,030	–	–	5,589,030
Loans and advances to credit institutions repayable on demand	251,157	–	–	251,157
Financial assets at amortised cost				
Loans and advances to credit institutions	–	–	787,632	787,632
Loans and advances to customers	–	–	52,984,229	52,984,229
Debt securities	17,779,491	462,939	2,805,008	21,047,438
Financial assets at fair value				
Loans and advances to customers	–	–	427	427
Bonds issued by public entities	8,539,158	26,198	21,245	8,586,601
Bonds issued by public companies and other entities	1,812,602	98,640	59,563	1,970,805
Treasury bills	1,454,611	2,153,743	–	3,608,354
Shares	29,587	–	57,094	86,681
Investment fund units	–	–	323,969	323,969
Other securities	87,108	–	455	87,563
Trading derivatives	–	109,695	277,378	387,073
Hedging derivatives	–	69,349	–	69,349
	35,542,744	2,920,564	57,317,000	95,780,308
Liabilities				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	–	–	781,443	781,443
Deposits from customers and other funds	–	–	81,945,936	81,945,936
Non-subordinated debt securities issued	–	–	3,551,120	3,551,120
Subordinated debt	–	–	1,490,881	1,490,881
Financial liabilities at fair value				
Deposits from customers and other funds	–	–	1,956,851	1,956,851
Non-subordinated debt securities issued	1,292,006	–	–	1,292,006
Short selling securities	–	–	44,607	44,607
Trading derivatives	–	91,526	43,494	135,020
Hedging derivatives	–	39,041	–	39,041
	1,292,006	130,567	89,814,332	91,236,905

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Group as at 31 December 2023:

(Thousands of euros)

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at Central Banks	4,545,526	–	–	4,545,526
Loans and advances to credit institutions repayable on demand	337,687	–	–	337,687
Financial assets at amortised cost				
Loans and advances to credit institutions	–	–	904,728	904,728
Loans and advances to customers	–	–	52,389,825	52,389,825
Debt securities	13,626,971	935,239	2,697,872	17,260,082
Financial assets at fair value				
Loans and advances to customers	–	–	4,454	4,454
Bonds issued by public entities	5,422,225	29,591	11,687	5,463,503
Bonds issued by public companies and other entities	1,410,429	59,064	65,377	1,534,870
Treasury bills	1,853,288	2,342,826	–	4,196,114
Commercial paper	–	–	2,965	2,965
Shares	170	–	63,248	63,418
Investment fund units	–	–	390,266	390,266
Other securities	52,854	–	408	53,262
Trading derivatives	–	84,616	329,330	413,946
Hedging derivatives	–	40,628	–	40,628
	27,249,150	3,491,964	56,860,160	87,601,274
Liabilities				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	–	–	820,805	820,805
Deposits from customers and other funds	–	–	75,460,202	75,460,202
Non-subordinated debt securities issued	–	–	2,831,229	2,831,229
Subordinated debt	–	–	1,456,002	1,456,002
Financial liabilities at fair value				
Deposits from customers and other funds	–	–	2,321,000	2,321,000
Non-subordinated debt securities issued	989,703	–	297,784	1,287,487
Short selling securities	–	–	626	626
Trading derivatives	–	108,767	97,994	206,761
Hedging derivatives	–	67,825	–	67,825
	989,703	176,592	83,285,642	84,451,937

The changes that occurred during 2024 in financial assets and liabilities accounted for at fair value and classified at level 3, are detailed as follows:

(Thousands of euros)

	2024			
	Financial assets			
	held for trading	not held for trading mandatorily at fair value through profit or loss	at fair value through other comprehensive income	Financial liabilities held for trading (*)
Balance as at 1 January	332,705	433,603	101,427	97,994
Gains / (losses) recognised in profit or loss				
Results on financial operations	6,569	1,827	—	(52,808)
Net interest income	31	763	88	—
Transfers between portfolios	—	(73,891)	—	—
Transfers between levels	54	—	—	—
Capital increases (Participation units)	—	621	—	—
Capital reductions (Participation units)	—	(25,567)	—	—
Purchases	14,077	7,873	67,586	695
Sales	(75,604)	(15,991)	(544)	(2,387)
Amortisations	—	—	(65,604)	—
Gains / (losses) recognised in reserves	—	—	3,600	—
Exchange differences	—	—	992	—
Accruals of interest	—	960	(457)	—
Other changes	—	25,013	—	—
Balance as at 31 December	277,832	355,211	107,088	43,494

(*) Do not include short sales in the amount of EUR 44,607,000 (note 37).

The balance Transfer between portfolios in the amount of EUR 73,891,000 refers to the classification of Fundo Turismo Algarve, FCR as associate, as referred in note 26.

In 2024, there were no relevant transfers relating to the measurement of financial instruments with respect to valuation levels.

The changes that occurred during 2023 in financial assets and liabilities accounted for at fair value and classified at level 3, are detailed as follows:

(Thousands of euros)

	2023 (restated)			
	Financial assets			
	held for trading	not held for trading mandatorily at fair value through profit or loss	at fair value through other comprehensive income	Financial liabilities held for trading (*)
Balance as at 1 January	295,296	508,217	109,700	54,354
Gains / (losses) recognised in profit or loss				
Results on financial operations	11,032	(4,130)	—	203
Net interest income	(31)	2,202	—	—
Capital increases (Participation units)	—	670	—	—
Capital reductions (Participation units)	—	(21,310)	—	—
Purchases	29,712	1,131	17,553	97,177
Sales	(3,304)	(58,186)	(28,017)	(53,740)
Amortisations	—	—	(4,022)	—
Gains / (losses) recognised in reserves	—	—	6,124	—
Exchange differences	—	5,009	(626)	—
Accruals of interest	—	—	715	—
Balance as at 31 December	332,705	433,603	101,427	97,994

(*) Do not include short sales in the amount of EUR 626,000 (note 37).

The Bank prepared a sensitivity analysis of the variation in the probability of default by 1 percentage point (2 percentage points for the Caravela 6 operation) at the fair value of the credit default swaps recognised by level 3, with an estimated impact of around EUR 61,000.

The remaining unlisted instruments classified at level 3 are essentially venture capital funds with recognised valuation based on the information provided by the management entities. The variation of 1% in the quotation value of these assets impacts the Balance Sheet value of the same magnitude.

50. Post-employment benefits and other long-term benefits

The Group assumed the liability to pay to their employees' pensions on retirement or disability and other obligations, in accordance with the accounting policy described in note 1 R.

The number of participants in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

Number of participants	**2024**	**2023**
Pensioners	17,135	17,121
Former Attendees Acquired Rights	3,395	3,452
Employees	6,288	6,345
	26,818	26,918

In accordance with the accounting policy described in note 1 R, the Group's retirement pension liabilities and other benefits and the respective coverage, based on the Projected Unit Credit method are analysed as follows:

(Thousands of euros)

	2024	**2023**
Actual amount of the past services		
Pensioners	2,431,591	2,318,761
Former attendees acquired rights	185,748	183,252
Employees	585,913	577,562
	3,203,252	3,079,575
Pension fund value	(3,351,481)	(3,469,833)
Net (assets) / liabilities in balance sheet (note 32)	(148,229)	(390,258)
Accumulated actuarial deviations and changing assumptions effect recognised in Other comprehensive income	3,623,005	3,375,415

In 2017, following the authorization of the Insurance and Pension Funds Supervisory Authority, the BCP group's pension fund agreement was amended. The main purpose of this process was to incorporate into the pension fund the changes made to the Group's Collective Labour Agreement (CLA) in terms of retirement benefits and to pass on to the pension fund the responsibilities that were directly in charge by the companies (extra-fund liabilities). The pension fund has a share exclusively related to the financing of these liabilities, which under the scope of the fund is called an Additional Complement, which as at 31 December 2024 amounts to EUR 185,960,000 (31 December 2023: EUR 195,420,000). The End of Career Premium also came to be borne by the pension fund under the basic pension plan.

In 2024, negotiations continued with all the unions subscribing to the Group's Collective Labour Agreements, for the conclusion of the full review of the respective clauses, negotiations which are still ongoing.

At the same time, it was agreed with all unions that subscribed the Group's Collective Labor Agreements, with the exception of "SIB – Sindicato Independente da Banca" the review of the salary tables and remaining pecuniary clauses relating to the year 2024, having been agreed an increase of 3.00% for salary tables and other pecuniary clauses relating to the year 2024, and an increase of 5.88% for the daily lunch allowance, which increased from EUR 12.75 to EUR 13.50 per day. This review was agreed with the "Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)" on September 18, 2024, with the agreement with the unions: "SBN – Sindicato dos Trabalhadores do Setor Financeiro de Portugal", "SBC - Sindicato Nacional dos Trabalhadores da Banca, Seguros e Tecnologias" and "Sindicato da Banca, Seguros e Tecnologias - MAIS SINDICATO", obtained on 2 January 2025, within the scope of the mediation process taking place at Government Labour Minister Department "DGERT – Direção-Geral do Emprego e das Relações de Trabalho", and according with the proposal presented by this entity on 23 December, 2024 to the parties under mediation. Within the scope of this process, an increase of 2.50% for salary tables and other pecuniary clauses relating to the year 2025 was also agreed with these three Unions.

Negotiations are also taking place with the “SIB – Sindicato Independente da Banca” for the review of salary tables and other pecuniary expression clauses relating to the years 2024 and 2025, as well as negotiations with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” for the 2025 review.

The change in the projected benefit obligations is analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	3,079,575	2,790,624
Service cost	(9,738)	(9,616)
Interest cost / (income)	108,234	111,658
Actuarial (gains) / losses		
Not related to changes in actuarial assumptions	78,644	42,609
Related to changes in assumptions	90,836	279,783
Payments	(161,897)	(149,634)
Early retirement programmes and terminations by mutual agreement	10,478	7,043
Contributions of employees	7,120	7,108
Balance at the end of the year	3,203,252	3,079,575

The pensions paid by the Fund, including the Additional Complement, amounts to EUR 161,897,000 (31 December 2023: EUR 149,634,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond to EUR 261,862,000 (31 December 2023: EUR 258,840,000).

Additionally, regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability amounts to EUR 31,864,000 (31 December 2023: EUR 33,765,000), in order to pay:

i) pensions of former Group's Board Members in accordance with the Bank's Board Members Retirement Regulation;

ii) pensions and complementary pensions to pensioners in accordance with the Pension Fund of the BCP Group employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Group Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree - Law no. 12/2006.

Ocidental Vida is 100% owned by Ageas Group and Ageas Group is 49% owned by the BCP Group.

During 2024 and 2023, the changes occurred in the plan's assets value is analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	3,469,833	3,384,118
Employees' contributions	7,120	7,108
Actuarial gains / (losses)	(78,110)	99,512
Payments	(161,897)	(149,634)
Expected return on plan assets	114,535	128,720
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	—	9
Balance at the end of the year	3,351,481	3,469,833

The elements of the Pension Fund's assets are analysed as follows:

(Thousands of euros)

	2024			2023		
Asset class	Assets with market price in active market	Remaining	Total Portfolio	Assets with market price in active market	Remaining	Total Portfolio
Shares	99,659	1,315	100,974	330,370	1,262	331,632
Bonds and other fixed income securities	1,988,476	—	1,988,476	1,995,531	—	1,995,531
Participations units in investment funds	—	515,838	515,838	—	497,830	497,830
Participation units in real estate funds	—	313,945	313,945	—	298,969	298,969
Properties	—	264,968	264,968	—	264,968	264,968
Loans and advances to credit institutions and others	—	167,280	167,280	—	80,903	80,903
	2,088,135	1,263,346	3,351,481	2,325,901	1,143,932	3,469,833

The balance Properties includes buildings booked in the Fund's financial statements and used by the Group's companies which amounts to EUR 227,346,000 (31 December 2023: EUR 227,346,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

(Thousands of euros)

	2024	2023
Bonds and other fixed income securities	7,195	1,812
Loans and advances to credit institutions and others	8,191	48,438
	15,386	50,250

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	(390,258)	(593,494)
Recognised in the income statement:		
Service cost	(9,738)	(9,616)
Interest cost / (income) net of the balance liabilities coverage	(6,301)	(17,062)
Cost with early retirement programs	10,478	7,043
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	–	(9)
	(5,561)	(19,644)
Recognised in the statement of comprehensive income:		
Actuarial (gains) / losses		
Not related to changes in actuarial assumptions		
Difference between the estimated and the actual income of the fund	78,110	(99,512)
Difference between expected and effective obligations	78,644	42,609
Arising from changes in actuarial assumptions	90,836	279,783
	247,590	222,880
Balance at the end of the year	(148,229)	(390,258)

The estimate of contributions to be made in 2025, by the employees, for the Defined Benefit Plan amount to EUR 7,206,000.

In accordance with IAS 19, the Group accounted for (income)/costs with post-employment benefits, which is analysed as follows:

(Thousands of euros)

	2024	2023
Current service cost	(9,738)	(9,616)
Net interest cost /(income) in the liability coverage balance	(6,301)	(17,062)
Cost with early retirement programs	10,478	7,043
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	–	(9)
(Income) / Cost of the year	(5,561)	(19,644)

Within the framework of the three-party agreement between the Government, the Banking and the Trade Unions, the bank's employees in activity as at 31 December 2010 under the CAFEB/CLA regime were integrated into the General Social Security System (RGSS) with effect from 1 January 2011. The integration led to an effective decrease in the present value of the total benefits reported at the retirement age to be borne by the Pension Fund, and this effect is recorded on a straight-line basis over the average period of active life until the normal retirement age is reached. The calculation of the liability for pensions carried out periodically by the actuary considers this effect and is calculated considering the actuarial assumptions in force, ensuring that the liabilities calculated with reference to 31 December 2010, not considering the effect of the integration of bank employees into the General Social Security Scheme are fully covered and deducted from the amount of the effect recognised until the date. The component of this effect for the year is recognised under the heading "Current service costs".

Board of Directors Plan

As the Board of Directors Retirement Regulation establish that the pensions are subjected to an annual update, and as it is not common in the insurance market the acquisition of perpetual annuities including variable updates in pensions, the Bank determined, the liability to be recognised on the financial statements related to that update, taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Group has the responsibility of supporting the cost with: i) the retirement pensions of former Group's Executive Board Members; and ii) the Complementary Plan for these members in accordance with the applicable rules funded through the Pension Fund, Extra-fund and perpetual annuities.

In order to cover liabilities with pensions to former members of the Executive Board of Directors, under the Bank's Board of Directors Retirement Regulation the Bank contracted with Ocidental Vida to purchase immediate life annuity insurance policies.

Assumptions used in the liability's assessment

Considering the market indicators, particularly the inflation rate estimates and the long-term interest rate for Euro Zone, as well as the demographic characteristics of its employees, the Group considered the following actuarial assumptions for calculating the liabilities with pension obligations:

	2024	2023
Salary growth rate (c)	2.9% in 2025; 1.9% in 2026 and 1.15% in the following years	2.65% in 2024; 1.9% in 2025 and 1.15% in the following years
Pension's growth rate (c)	2.5% in 2025; 1.5% in 2026 and 0.75% in the following years	2.25% in 2024; 1.5% in 2025 and 0.75% in the following years
Discount rate / Projected Fund's rate of return	3.48%	3.53%
Mortality tables		
Men	TV 88/90 less a year	TV 88/90 less a year
Women (a)	TV 99/01 less 2 years	TV 99/01 less 2 years
Disability rate	Non applicable	Non applicable
Turnover rate	Non applicable	Non applicable
Normal retirement age (b)	66 years and 4 months	66 years and 4 months
Total salary growth rate for Social Security purposes	1.75 %	1.75 %
Revaluation rate of wages / pensions of Social Security	1 %	1 %

a) The mortality table considered for women corresponds to TV 99/01 adjusted in less than 2 years (which implies an increase in hope life expectancy compared to that which would be considered in relation to their effective age).

b) Retirement age is variable. The normal retirement age increases one month for each civil year and cannot be higher than the normal retirement age in force in the General Social Security Regime (RGSS). The normal retirement age in the RGSS is variable and depends on the evolution of the average life expectancy at 65 years of age.

In 2024 and 2023 the retirement age was 66 years and 4 months. For 2025, the normal retirement age in the RGSS is 66 years and 7 months. The reduction in the retirement age was due to the evolution of the average life expectancy at 65 years in Portugal. For the forecast of life expectancy's increment, it was considered an increase of one year in every 10 years, with the maximum retirement age being set at 67 years and 2 months.

c) This rate refers to the growth for the years following the reporting year.

The assumptions used on the calculation of the actuarial value of the liabilities are in accordance with the requirements of IAS 19 and are determined based on the references of the entities under common control. No disability decreases are considered in the calculation of the liabilities.

The discount rate used to update the Bank's pension fund liabilities, regarding the defined benefit pension plans of its employees and managers, was determined based on an analysis carried out on a set of available information, which includes, among other elements, the market references for this indicator published by internationally recognised specialized entities and which are based, as defined by IAS 19, on market yields of a universe of high quality bond issues (low risk), different maturities, called in euro and relating to a diverse and representative range of issuers (non-sovereign). As at 31 December 2024, the Group used a discount rate of 3.48% (31 December 2023: 3.53%).

The Actuarial gains are related to the difference between the actuarial assumptions used for the estimation of the liabilities and the values verified and the change in actuarial assumptions, are analysed as follows:

(Thousands of euros)

	Actuarial (gains) / losses			
	2024		2023	
	Values effectively verified in %	Amount of deviations	Values effectively verified in %	Amount of deviations
Deviation between expected and actual liabilities		78,644		42,609
Changes on the assumptions:				
Discount rate		18,454		225,566
Salary and pensions growth rate		72,382		54,217
Deviation between expected income and income from funds	1.22%	78,110	7.07 %	(99,512)
		247,590		222,880

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows:

(Thousands of euros)

	Impact resulting from changes in financial assumptions			
	2024		2023	
	-0.25%	0.25%	-0.25%	0.25%
Discount rate	100,232	(93,560)	99,220	(92,532)
Pension's increase rate	(109,962)	114,880	(104,068)	108,563
Salary growth rate	(26,411)	28,356	(25,075)	29,118

(Thousands of euros)

	Impact resulting from changes in demographic assumptions			
	2024		2023	
	- 1 year	+ 1 year	- 1 year	+ 1 year
Changes in mortality table (*)	108,226	(108,415)	100,138	(100,538)

(*) The impact of 1 year reduction in the mortality table implies an increase in the average life expectancy

Defined contribution plan

According to what is described in accounting policy 1 R3, in the scope of the Defined Contribution Plan provided for the BCP Pension Fund of the BCP Group for employees who have been admitted until 1 July 2009, it was accounted for a cost, in 2023, of EUR 2,061,000 as an estimated contribution given that the Group estimates that the following requirements will be met, cumulatively: (i) the previous year BCP's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português.

For employees who have been admitted after 1 July 2009, are made monthly contributions equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Group and employees. This contribution has a mandatory character and is defined in the Collective Labour Agreement of the BCP Group and does not have a performance criterion. The Group accounted for staff costs in 2024 the amount of EUR 471,000 (2023: EUR 384,000) related to this contribution.

51. Related parties

As defined by IAS 24, the companies detailed in note 59 - List of subsidiary and associates of Banco Comercial Português Group, the post-employment benefit plans, the members of the Board of Directors and the key management members are considered related parties of the Group. The key management members are the first line Directors. Beyond the members of the Board of Directors and key management members, are also considered related parties, people who are close to them (family relationships) and entities controlled by them or in whose management they have significant influence.

As the transactions with subsidiaries are eliminated in consolidation, these are not included in the notes to the Group's consolidated financial statements.

According to Portuguese law, namely under Article no. 109 of the Legal Framework of Credit Institutions and Financial Companies and also in accordance with Article no. 33 of Notice 3/2020 of the Banco de Portugal, are considered related parties as well, the qualified shareholders of Banco Comercial Português, S.A. and the entities controlled by them or with which they are in a group relationship. The list of the qualified shareholders is detailed in note 41.

A) Balances and transactions with qualified shareholders

The balances reflected in assets of consolidated balance sheet with qualified shareholders, are analysed as follows:

(Thousands of euros)

	2024	2023
Assets		
Financial assets at amortised cost		
Loans and advances to customers	110,193	110,527
Debt securities	38,996	52,548
	149,189	163,075
Liabilities		
Deposits from customers and other funds	58,992	48,099
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	879	2,138
	59,871	50,237

The values of Financial assets at amortised cost are net of impairment in the amount of EUR 2,834,000 (31 December 2023: EUR 1,481,000) for Loans and advances to customers and for Debt securities the amount of EUR 164,000 (31 December 2023: EUR 237,000).

The transactions with qualified shareholders, reflected in the consolidated income statement items, are as follows:

(Thousands of euros)

	2024	2023
Income		
Interest and similar income	9,200	13,280
Commissions	779	476
	9,979	13,756
Costs		
Interest and similar expense	382	179
Commissions	199	76
	581	255

The balances with qualified shareholders, reflected in the guarantees granted and revocable and irrevocable credit facilities, are as follows:

(Thousands of euros)

	2024	2023
Guarantees granted	3,771	3,536
Revocable credit facilities	7,801	5,622
	11,572	9,158

The Group has accounted for provisions for guarantees granted the amount of EUR 10,000 (31 December 2023: EUR 8,000) and provisions for revocable credit facilities the amount of EUR 199,000 (31 December 2023: EUR 141,000).

B) Balances and transactions with members of the Board of Directors and key management members

The balances with related parties discriminated in the following table, included on the consolidated balance sheet, are analysed as follows:

(Thousands of euros)

	Loans and advances to customers		Deposits from customers and other funds	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	37	8	9,335	8,900
Executive Committee (*)	9	27	2,425	2,918
Closely related people	494	19	2,768	2,651
Controlled entities	4	—	337	24
Key management personnel				
Key management personnel	4,581	5,416	11,961	10,934
Closely related people	2,356	1,948	4,441	4,433
Controlled entities	2,881	705	5,456	3,276
	10,362	8,123	36,723	33,136

(*) The item Loans to Customers corresponds to mortgage loans granted prior to the respective election and to the amount used from private credit cards which must be settled on the maturity date.

In accordance with Article 85, no. 9 of RGICSF, in 2024 mortgage credit and consumer loans were granted to Closely related people in the amount of EUR 479,000 (31 December 2023: EUR 0) and EUR 5,000 (31 December 2023: EUR 5.000) respectively.

The transactions with related parties discriminated in the following table, included in income items of the consolidated income statement, are as follows:

(Thousands of euros)

	Interest and similar income		Commissions income	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	1	–	27	27
Executive Committee	–	1	10	23
Closely related people	1	–	4	9
Controlled entities	–	–	1	–
Key management personnel				
Key management personnel	224	174	25	62
Closely related people	78	88	20	39
Controlled entities	76	63	27	31
	380	326	114	191

The transactions with related parties discriminated in the following table, included in cost items of the consolidated income statement, are as follows:

(Thousands of euros)

	Interest and similar expense		Commissions' expense	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	268	128	–	–
Executive Committee (*)	60	26	–	–
Closely related people	73	33	–	–
Controlled entities	1	–	–	–
Key management personnel				
Key management personnel	262	101	1	1
Closely related people	62	20	–	1
Controlled entities	62	21	–	2
	788	329	1	4

The revocable credit facilities granted by the Group to the following related parties are as follows:

	Guarantees granted		Revocable credit facilities	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	–	–	119	143
Executive Committee (*)	–	–	110	160
Closely related people	–	–	87	63
Controlled entities	9	–	25	–
Key management personnel				
Key management personnel	5	5	745	844
Closely related people	–	–	198	180
Controlled entities	–	–	41	622
	14	5	1,325	2,012

(*) Corresponds to the maximum authorized and unused limit of private credit cards and overdraft authorization in a salary account under the same regime as all the Bank's other employees.

The shareholder and bondholder position of members of the Board of Directors, Key management members and people closely related to the previous categories, as well as the movements occurred during 2024, are as follows:

		Number of securities					
Shareholders/Bondholders	Security	2024	2023	Acquisitions	Disposals	Date	Unit price Euros
MEMBERS OF BOARD OF DIRECTORS							
Altina de Fátima Sebastián González Villamarin	BCP Shares	0	0				
Ana Paula Alcobia Gray	BCP Shares	0	0				
Cidália Maria da Mota Lopes	BCP Shares	2,184	2,184				
Fernando da Costa Lima	BCP Shares	18,986	18,986				
João Nuno Oliveira Jorge Palma	BCP Shares	2,117,128	1,723,818	740,699 (a)	347,389 (b)	6/6/2024	0.3650
Jorge Manuel Baptista Magalhães Correia	BCP Shares	388,500	388,500				
	Bonds (i)	1	1				
	Bonds (ii)	1	1				
	Bonds (iv)	2	1	1		16/1/2024	200,000
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	1,865,924	1,504,495	680,403 (a)	318,974 (b)	6/6/2024	0.3650
José Pedro Rivera Ferreira Malaquias	BCP Shares	78,778	9,808	68,970		1/8/2024	0.3890
Lingjiang Xu	BCP Shares	0	0				
Lingzi Yuan (Smilla Yuan)	BCP Shares	0	0				
Maria José Henriques Barreto de Matos de Campos	BCP Shares	2,554,839	2,014,344	675,618 (a)	135,123 (b)	6/6/2024	0.3650
Miguel de Campos Pereira de Bragança	BCP Shares	2,533,914	2,111,178	796,413 (a)	373,677 (b)	6/6/2024	0.3650
Miguel Maya Dias Pinheiro	BCP Shares	3,036,111	2,501,557	1,008,022 (a)	473,468 (b)	6/6/2024	0.3650
Nuno Manuel da Silva Amado	BCP Shares	2,525,388	2,525,388				
	Bonds (i)	2	2				
	Bonds (ii)	2	2				
	Bonds (iii)	3	3				
	Bonds (iv)	1	1				
Rui Manuel da Silva Teixeira	BCP Shares	1,498,863	1,152,379	666,315 (a)	319,831 (b)	6/6/2024	0.3650
Valter Rui Dias de Barros	BCP Shares	0	0				
KEY MANAGEMENT MEMBERS							
Albino António Carneiro de Andrade	BCP Shares		133,881		50,000	12/1/2024	0.3120
					30,000	23/1/2024	0.2706
		59,078		5,197 (a)		24/4/2024	0.3200
Alexandre Manuel Casimiro de Almeida	BCP Shares	253,569	169,519	84,050 (a)		24/4/2024	0.3200
Américo João Pinto Carola	BCP Shares	187,904	140,747	85,944 (a)	38,787 (b)	24/4/2024	0.3200
Ana Maria Jordão F. Torres Marques Tavares	BCP Shares		255,931	86,175 (a)	38,452 (b)	24/4/2024	0.3200
		320,424		16,770		27/11/2024	0.4400
Ana Patrícia Moniz Macedo	BCP Shares	76,217	35,864	73,090 (a)	32,737 (b)	24/4/2024	0.3200
António Augusto Amaral de Medeiros	BCP Shares	263,200	178,245	84,955 (a)		24/4/2024	0.3200
António Ferreira Pinto Júnior	BCP Shares	11,842	11,842				
António José Lindeiro Cordeiro	BCP Shares		93,898	1,102		31/1/2024	0.2630
		102,898		14,108 (a)	6,210 (b)	24/4/2024	0.3200
António Luís Duarte Bandeira	BCP Shares		321,903	93,907 (a)	42,605 (b)	24/4/2024	0.3200
		287,000			86,205	4/11/2024	0.4600
António Ricardo Fery Salgueiro Antunes	BCP Shares		120,117	81,112 (a)	36,436 (b)	24/4/2024	0.3200
		114,793			50,000	11/9/2024	0.4010
António Vítor Martins Monteiro	BCP Shares	3,872	3,872				

(i) - Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Capital Notes
(ii) - BCP Tier 2 Subordinated Callable Notes
(iii) - BCP 1.75% EUR 500M 6.5NC5.5 Social Senior Preferred Notes
(iv) - BCP/2023 - BCP Senior Preferred Fixed FLT OCT 2026
(a) - identifies the increment in shares during 2024 corresponding to the annual deferred variable compensation of previous years.
(b) - identifies the shares used in sell-cover in 2024 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

Shareholders/Bondholders	Security	Number of securities		Acquisitions		Disposals		Date	Unit price Euros
		2024	2023						
Artur Frederico Silva Luna Pais	BCP Shares	526,608	517,197	17,278	(a)	7,867	(b)	24/4/2024	0.3200
Belmira Abreu Cabral	BCP Shares	175,247	129,190	83,909	(a)	37,852	(b)	24/4/2024	0.3200
Bernardo Roquette de Aragão de Portugal Collaço	BCP Shares	140,761	89,825	91,104	(a)	40,168	(b)	24/4/2024	0.3200
Chi Wai Leung (Timothy)	BCP Shares	43,768	43,768						
Constantino Alves Mousinho	BCP Shares	109,616	108,170	1,446	(a)			24/4/2024	0.3200
Fernando Maria Cardoso Rodrigues Bicho	BCP Shares	0	0						
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	225,660	174,218	94,374	(a)	42,932	(b)	24/4/2024	0.3200
Francisco António Caspa Monteiro	BCP Shares		225,015	94,457	(a)	42,827	(b)	24/4/2024	0.3200
		218,716				57,929		11/11/2024	0.4540
Gonçalo Nuno Belo de Almeida Pascoal	BCP Shares	238,150	153,373	84,777	(a)			24/4/2024	0.3200
Hugo Miguel Martins Resende	BCP Shares	230,211	178,524	94,457	(a)	42,770	(b)	24/4/2024	0.3200
João Adriano Azevedo Seixas Vale	BCP Shares	43,222	43,222						
João Brás Jorge	BCP Shares	91,709	91,709						
João Manuel Taveira Pinto Santos Paiva	BCP Shares	352,982	259,116	93,866	(a)			24/4/2024	0.3200
Joaquim Lino Abreu Cavaco	BCP Shares	34,840	34,840						
Jorge Filipe Nogueira Freire Cortes Martins	BCP Shares		107,720			48,257		12/1/2024	0.3140
				85,394	(a)			24/4/2024	0.3200
		85,394				59,463		27/8/2024	0.4090
Jorge Manuel Machado de Sousa Góis	BCP Shares	272,432	190,352	82,080	(a)			24/4/2024	0.3200
Jorge Manuel Magalhães Oliveira Pereira	BCP Shares	101,127	57,488	79,142	(a)	35,503	(b)	24/4/2024	0.3200
Jorge Manuel Nobre Carreteiro	BCP Shares	162,472	80,764	81,708	(a)			24/4/2024	0.3200
José Carlos Benito Garcia de Oliveira	BCP Shares	37,941	37,941						
José Gonçalo Prior Regalado	BCP Shares	240,473	147,115	93,358	(a)			24/4/2024	0.3200
Liliana Marisa Catoja Costa Lemos	BIM Shares	400	400						
Luis Miguel Manso Correia dos Santos	BCP Shares	380,277	285,820	94,457	(a)			24/4/2024	0.3200
Luísa Maria Videira dos Santos	BCP Shares	24,420	23,608	812	(a)			24/4/2024	0.32
Maria Constança C. Brandão Amado Fonseca G. Santos	BCP Shares	800	800						
Maria de Los Angeles Sanchez Sanchez	BCP Shares	62,419	61,375	1,860	(a)	816	(b)	24/4/2024	0.3200
Maria Helena Soledade Nunes Henriques	BCP Shares	316,161	268,800	86,299	(a)	38,938	(b)	24/4/2024	0.3200
Maria Manuela de Araújo Mesquita Reis	BCP Shares	275,831	228,036	84,955	(a)	37,160	(b)	24/4/2024	0.3200
Mário António Pinho Gaspar Neves	BCP Shares	187,895	142,301	82,972	(a)	37,378	(b)	24/4/2024	0.3200
Nelson Luís Vieira Teixeira	BCP Shares		118,570			37,000		28/2/2024	0.2800
		130,270		87,138	(a)	38,438	(b)	24/4/2024	0.3200
Nuno Alexandre Ferreira Pereira Alves	BCP Shares		251,695	93,163	(a)			24/4/2024	0.3200
						60,000		11/7/2024	0.3800
		277,058				7,800		10/10/2024	0.4257
Nuno Miguel Nobre Botelho	BCP Shares		112,894			5,000		27/3/2024	0.3040
		126,049		18,155	(a)			24/4/2024	0.3200
Pedro José Mora de Paiva Beija	BCP Shares		173,559			17,000		6/3/2024	0.2670
				94,457	(a)	41,570	(b)	24/4/2024	0.3200
						87,500		17/5/2024	0.3510
		52,896				69,050		4/11/2024	0.4600
Pedro Manuel Francisco da Silva Dias	BCP Shares	246,098	152,178	93,920	(a)			24/4/2024	0.3200
Pedro Manuel Macedo Vilas Boas	BCP Shares		70,000	85,150	(a)			24/4/2024	0.3200
		85,150				70,000		19/8/2024	0.3990
Pedro Manuel Rendas Duarte Turras	BCP Shares	195,194	146,367	87,221	(a)	38,394	(b)	24/4/2024	0.3200

(a) - identifies the increment in shares during 2024 corresponding to the annual deferred variable compensation of previous years.

(b) - identifies the shares used in sell-cover in 2024 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

Shareholders/Bondholders	Security	Number of securities 2024	2023	Acquisitions	Disposals	Date	Unit price Euros
Ricardo Potes Valadares	BCP Shares	108,405	100,121	14,841 (a)	6,557 (b)	24/4/2024	0.3200
Rosa Maria Ferreira Vaz Santa Bárbara	BCP Shares		38,464	93,866 (a)		24/4/2024	0.3200
		93,866			38,464	19/8/2024	0.3990
Rui Emanuel Agapito Silva	BCP Shares	193,172	145,528	86,671 (a)	39,027 (b)	24/4/2024	0.3200
Rui Fernando da Silva Teixeira	BCP Shares	269,042	221,892	85,944 (a)	38,794 (b)	24/4/2024	0.3200
Rui Manuel Pereira Pedro	BCP Shares	483,521	408,353	93,961 (a)	18,793 (b)	24/4/2024	0.3200
Rui Miguel Alves Costa	BCP Shares	442,620	348,163	94,457 (a)		24/4/2024	0.3200
Rui Nelson Moreira de Carvalho Maximino	BCP Shares	167,569	146,835	20,734 (a)		24/4/2024	0.3200
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	172,218	79,629	92,589 (a)		24/4/2024	0.3200
Vânia Alexandra Machado Marques Correia	BCP Shares	242,226	160,146	82,080 (a)		24/4/2024	0.3200
PEOPLE CLOSELY RELATED TO THE PREVIOUS							
of: Cidália Maria da Mota Lopes							
Alexandre Miguel Martins Ventura	BCP Shares	2,184	2,184				
of: Maria José Henriques Barreto de Matos de Campos							
Ricardo Gil Monteiro Lopes de Campos	BCP Shares	(c)	(c)				
of: Rui Manuel da Silva Teixeira							
Maria Helena Espassandim Catão	BCP Shares	576	576				
of: Américo João Pinto Carola							
Ana Isabel Salgueiro Antunes	BCP Shares	29	29				
of: Ana Maria Jordão F. Torres Marques Tavares							
Álvaro Manuel Coreia Marques Tavares	BCP Shares	25,118	25,118				
Francisco Jordão Torres Marques Tavares	BCP Shares	1,016	1,016				
of: António Luís Duarte Bandeira							
Ana Margarida Rebelo A. M. Soares Bandeira	BCP Shares	2,976	2,976				
of: António Vítor Martins Monteiro							
Isabel Maria Vaz Leite Pinto Martins Monteiro	BCP Shares	3,104	3,104				
of: Francisco António Caspa Monteiro							
Ricardo Miranda Monteiro	BCP Shares	1,639	1,639				
Rita Miranda Monteiro	BCP Shares	1,639	1,639				
of: Maria Helena Soledade Nunes Henriques							
João Paulo Rodrigues Taborda Gonçalves	BCP Shares	130	130				
of: Maria Manuela de Araújo Mesquita Reis							
Luís Filipe da Silva Reis	BCP Shares	280,000	280,000				
of: José Pedro Rivera Ferreira Malaquias							
Maria Joana de Oliveira Monteiro Ferreira Malaquias	BCP Shares	(d)	(d)				

(i) - Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Capital Notes

(a) - identifies the increment in shares during 2024 corresponding to the annual deferred variable compensation of previous years.

(b) - identifies the shares used in sell-cover in 2024 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

(c) - solidary ownership in both securities accounts, and Dr. Ricardo Campos is the first holder and Eng.ª Maria José Campos is the 2nd holder of the securities account.

(d) - solidary ownership in both securities accounts, and José Pedro Ferreira Malaquias is the first holder and Maria Joana Ferreira Malaquias is the 2nd holder of the securities account.

C) Balances and transactions with associates

The balances with associates included in the consolidated balance sheet items, except for the item investments in associates, are as follows:

(Thousands of euros)

	2024	2023
Assets		
Loans and advances to credit institutions repayable on demand	8,328	12,220
Financial assets at amortised cost		
Loans and advances to credit institutions	225,644	212,037
Loans and advances to customers	59,454	61,703
Other assets	18,208	11,778
	311,634	297,738
Liabilities		
Financial liabilities at amortised cost		
Deposits from credit institutions and other funds	39,220	22,365
Deposits from customers and other funds	150,665	198,627
Non-subordinated debt securities issued	3,562	3,559
Financial liabilities held for trading	—	5,136
Other liabilities	626	356
	194,073	230,043

The transactions with associates included in the consolidated income statement items are as follows:

(Thousands of euros)

	2024	2023
Income		
Interest and similar income	14,001	10,343
Commissions	67,481	53,594
Gains on financial operations	16	2,513
Other operating income	3,776	2,786
	85,274	69,236
Costs		
Interest and similar expense	1,837	4,785
Commissions	3,893	11
Other administrative costs	4,182	2,365
Losses on financial operations	878	2,796
Other operating expenses	—	1
	10,790	9,958

The guarantees granted and revocable and irrevocable credit facilities by the Group over associates are as follows:

(Thousands of euros)

	2024	2023
Guarantees granted	2,633	4,824
Revocable credit facilities	17,050	9,328
Other revocable commitments	—	16,284
	19,683	30,436

Under the scope of the Group's insurance mediation activities, the remuneration from services provided is analysed as follows:

(Thousands of euros)

	2024	2023
Life insurance		
Saving products	24,255	24,166
Mortgage and consumer loans	35,590	20,424
Others	—	1
	59,845	44,591
Non-Life insurance		
Accidents and health	28,755	24,007
Motor	4,512	4,066
Multi-Risk Housing	10,510	8,516
Others	2,082	1,843
	45,859	38,432
	105,704	83,023

Remuneration from insurance intermediation services was received through bank transfers and resulted from insurance intermediation with Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Ageas Portugal - Companhia de Seguros, S.A. (Millenniumbcp Ageas Group). The Group does not collect insurance premiums on behalf of Insurance Companies nor performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported related to the activity of insurance mediation exercised by the Group, other than those already disclosed.

The receivable balances from insurance intermediation activities, by nature, are analysed as follows:

(Thousands of euros)

	2024	2023
Funds receivable for payment of life insurance commissions	16,310	10,546
Funds receivable for payment of non-life insurance commissions	12,552	9,713
	28,862	20,259

The commissions received result from insurance mediation contracts and investment contracts, under the terms established in the contracts in force. The mediation commissions are calculated according to the nature of the contracts subject to mediation, as follows:

- insurance contracts – use of fixed rates on gross premiums issued;

- investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialisation of these products.

D) Transactions with the Pension Fund

The balances with the Pension Fund included in items of the consolidated balance sheet are as follows:

(Thousands of euros)

	2024	2023
Liabilities		
Deposits from customers and other funds	10,191	55,080
Non-subordinated debt securities issued	10,655	9,075
Other liabilities	—	231
	20,846	64,386

In 2024 and 2023, there were no transactions related to other financial instruments between the Group and the Pension Fund.

Income and expenses with the Pension Fund included in the items of the consolidated income statement are as follows:

(Thousands of euros)

	2024	2023
Income		
Commissions	1,049	1,073
Expenses		
Interest and similar expense	229	102
Other administrative costs	15,421	15,118
	15,650	15,220

The balance Other administrative costs corresponds to rents incurred under the scope of the Pension Fund's properties in which the tenant is the Group.

As at 31 December 2024, the guarantees granted by the Group to the Pension Fund amount to EUR 5,000 (31 December 2023: EUR 5,000) and in other revocable commitments amount to EUR 5,000,000.

52. Consolidated Balance sheet and Income statement by geographic and operational segments

The segments presented are in accordance with IFRS 8. In accordance with the Group's management model, the segments presented correspond to the segments used for management purposes by the Executive Committee. The Group offers a wide range of banking activities and financial services in Portugal and abroad, with a special focus on Commercial Banking, Companies Banking and Private Banking.

Segments description

A. Geographical Segments

The Group operates in the Portuguese market, and also in a few affinity markets with recognised growth potential. Considering this, the geographical segments are structured in Portugal and International Business (Poland, Mozambique and Other). Portugal segment reflects, essentially, the activities carried out by Banco Comercial Português in Portugal and ActivoBank.

Portugal activity includes the following segments: i) Retail Banking; ii) Companies and Corporate; iii) Private Banking and iv) Other.

Retail Banking includes the following business areas:

- Retail network, which ensures the monitoring of individual customers, entrepreneurs, merchants and small and medium enterprises with a turnover less than EUR 2.5 million. The Retail network strategic approach is to target "Mass Market" customers, who appreciate a value proposal based on innovation and speed, as well as Prestige and Small Business customers, whose specific characteristics, financial assets or income imply a value proposal based on innovation and personalisation, requiring a dedicated Account Manager;

- Retail Recovery Division that manages customers or economic groups in effective default, as well as customers who have filed for bankruptcy or other similar mechanisms, aiming to minimize losses through agreements or payment restructuring processes; and

- ActivoBank, a bank focused on mainly young customers, who are intensive users of new communication technologies and who prefer a banking relationship based on simplicity, offering modern products and services.

Companies and Corporate segment includes:

- Companies and Corporate network, which monitors costumers included in the corporate segment, economic groups and institutional entities, with a turnover higher than EUR 2.5 million, offering a wide range of traditional banking products complemented by specialised financing;

- Large Corporate network that assures the relationship and the monitoring of a set of Groups / Customers, which in addition to Portugal, develop their activity in several geographies (Poland, Angola, Mozambique and East), providing a complete range of value-added products and services;

- Trade Finance Department, which coordinates the business with banks and financial institutions, boosting international business with the commercial networks of the Bank;

- Specialised Recovery Division which follows customers with predictable or effective high risk of credit or with complex exposures, from Companies, Corporate, Large Corporate and retail networks (exposure exceeding EUR 1 million), in order to defend the value and manage credit risk;

- Investment Banking unit, that ensures the offer of products and specific services, in particular financial advice, including corporate finance services, capital market transactions and analysis and financing structuring in the medium to long term, particularly with regard to Project and Structured Finance;

- Interfundos with the activity of management of real estate investment funds;

- Specialized Credit and Real Estate Department, with the mission of managing the Group's foreclosed assets portfolio, referred as non-performing assets, in order to place them back to the market;

- Treasury, Markets and International Department, which coordinates business with banks and financial institutions in order to better serve the Bank's commercial networks and operations abroad. This unit has a dynamic emphasis that promotes international business within commercial networks, aiming to be a partner for customers for internationalization. It also provides securities custody services to resident and non-resident customers, and grants the Bank's intervention in the financial markets, providing commercial services for treasury and markets products and managing the financial risks inherent to the Bank's activity.

The Private Banking segment comprises the following business areas:

- Private Banking Division in Portugal, focused on high net worth individuals, based on a commitment to excellence and a personalized relationship with customers;
- Wealth Management Division, which provides advisory customer services and portfolio management for customers in the Private Banking network and the affluent segment.

All other businesses not previously discriminated are allocated to the Other segment (Portugal) and include centralized management of financial investments, corporate activities and operations not integrated in the remaining business segments and other amounts not allocated to segments.

International Business includes the following segments:

- Poland, where the Group is represented by Bank Millennium, a universal bank offering a wide range of financial products and services to individuals and companies nationwide;

- Mozambique, where the Group is represented by BIM – Banco Internacional de Moçambique, a universal bank targeting companies and individual customers; and

- Other, which includes the contribution of the associate in Angola.

B. Business Segments

For the purposes of business segments reporting, the Retail Banking segment comprises its own segment in Portugal as well as the Group’s operations developed in other countries, namely in Poland and in Mozambique.

Business segments activity

The figures reported for each segment resulted from aggregating the subsidiaries and business units integrated in each segment. For the business units in Portugal, the aggregation process reflects the impact from capital allocation and balancing process in the balance sheet and income statement, based on average figures. The balance sheet headings for each business unit in Portugal were calculated considering the allocation process, based on the regulatory solvency criteria.

Considering that the process of capital allocation complies with the regulatory criteria of solvency in force, as at 31 December 2024 and 31 December 2023 the risk weighted assets, and consequently the capital allocated to the business segments, are determined in accordance with the Basel III framework, pursuant to the CRD IV/CRR. The capital allocated to each segment resulted from the application of a target capital ratio to the risk weighted exposures managed by each segment, reflecting the application of the Basel III methodology previously referred. Each operation is balanced through internal transfers of funds, with impact on the net interest income and income taxes of each segment, hence with no impact on consolidated accounts.

Commissions and other net income, as well as operating costs calculated for each business area, are based on the amounts accounted for directly in the respective cost centres, on the one hand, and the amounts resulting from internal processes for allocating revenues and costs, for another. In this case, the allocation is based on the application of pre-defined criteria and subject to periodic review, related to the level of activity of each business area.

The following information has been prepared based on the individual and consolidated financial statements of the Group prepared in accordance with international financial reporting standards (IFRS), as adopted by the European Union (EU), at the reference date and with the Organization of the Group's business areas in force on 31 December 2024. Information relating to prior periods is restated whenever changes occur in the internal organization of the Group that affect the composition of the reportable segments (business and geographical) or relevant changes in the criteria for allocation of indirect revenues and costs, as described in the previous paragraph, ensuring the comparability of the information provided across the reported periods.

The information in the financial statements of reportable segments is reconciled, at the level of the total revenue of those same segments, with the revenue from the demonstration of the consolidated financial position of the reportable entity for each date on which is lodged a statement of financial position.

As at 31 December 2024, the net contribution of the major business segments, for the income statement, is analysed as follows:

(Thousands of euros)

	2024						
	Commercial banking			Companies and Corporate in Portugal	Private banking	Other	Consolidated
	Retail in Portugal	International business [1]	Total				
INCOME STATEMENT							
Net interest income (2)	1,153,467	1,495,591	2,649,058	275,762	47,652	(141,619)	2,830,853
Net fees and commissions income	465,578	220,201	685,779	149,415	36,010	(62,664)	808,540
Other net income	13,482	(104,846)	(91,364)	10,943	249	(49,458)	(129,630)
Gains/(losses) on financial operations (3)	2,588	(4,153)	(1,565)	1,912	88	4,547	4,982
Dividends from equity instruments	—	842	842	—	—	174	1,016
Share of profit of associates under the equity method	—	5,466	5,466	—	—	53,422	58,888
Net operating income	1,635,115	1,613,101	3,248,216	438,032	83,999	(195,598)	3,574,649
Operating expenses	327,877	634,187	962,064	62,581	15,423	267,175	1,307,243
Results on modification (4)	—	(68,516)	(68,516)	—	—	—	(68,516)
Impairment for credit and financial assets (5)	(75,353)	(97,360)	(172,713)	(99,490)	(66)	46,749	(225,520)
Other impairments and provisions (6)	—	(526,247)	(526,247)	—	—	(105,711)	(631,958)
Net income before income tax	1,231,885	286,791	1,518,676	275,961	68,510	(521,735)	1,341,412
Income tax	(385,580)	(67,654)	(453,234)	(86,375)	(21,444)	219,802	(341,251)
Net income after income tax from continuing operations	846,305	219,137	1,065,442	189,586	47,066	(301,933)	1,000,161
Income arising from discontinued operations	—	322	322	—	—	—	322
Net income for the year	846,305	219,459	1,065,764	189,586	47,066	(301,933)	1,000,483
Non-controlling interests	—	(99,516)	(99,516)	—	—	5,411	(94,105)
Net income for the year attributable to Bank's Shareholders	846,305	119,943	966,248	189,586	47,066	(296,522)	906,378

(1) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(2) In the current year, with the increase in market interest rates, net interest income of the business segments in Portugal benefited from increased remuneration earned on the internal placement of customer resources, namely demand deposits, with an impact on the cost borne by segment Other in 2024 of approximately EUR 357 million.

(3) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(4) Results mainly from the amount associated to costs arising from the moratorium program in Poland (credit holidays). Includes the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(5) Includes impairment (net of reversals) of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets at amortised cost not associated with credit operations.

(6) Includes impairment of non-current assets held for sale, investments in associates, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

As at 31 December 2024, the net contribution of the major operational Segments, for the balance sheet, is analysed as follows:

(Thousands of euros)

	2024						
	Commercial banking			Companies and Corporate in Portugal	Private banking	Other	Consolidated
	Retail in Portugal	International business	Total				
BALANCE SHEET							
Cash and Loans and advances to credit institutions	15,794,952	2,881,449	18,676,401	1,487,215	2,851,738	(16,377,632)	6,637,722
Loans and advances to customers [1]	26,700,789	18,216,288	44,917,077	10,147,503	362,472	279,455	55,706,507
Financial assets [2]	—	13,467,246	13,467,246	—	—	21,199,298	34,666,544
Other assets	—	1,133,697	1,133,697	—	—	3,999,132	5,132,829
Total Assets	42,495,741	35,698,680	78,194,421	11,634,718	3,214,210	9,100,253	102,143,602
Deposits from other credit institutions [3]	245,057	192,783	437,840	665,607	—	(325,728)	777,719
Deposits from customers [4]	40,292,892	29,794,969	70,087,861	9,574,589	2,905,190	1,473,898	84,041,538
Debt securities issued [5]	1,000,117	1,432,126	2,432,243	6,997	284,892	2,096,584	4,820,716
Other financial liabilities [6]	—	525,279	525,279	—	—	1,120,748	1,646,027
Other liabilities [7]	—	1,351,519	1,351,519	—	—	1,313,526	2,665,045
Total Liabilities	41,538,066	33,296,676	74,834,742	10,247,193	3,190,082	5,679,028	93,951,045
Total Equity	957,675	2,402,004	3,359,679	1,387,525	24,128	3,421,225	8,192,557
Total Liabilities and Equity	42,495,741	35,698,680	78,194,421	11,634,718	3,214,210	9,100,253	102,143,602
Number of employees	3,369	9,461	12,830	418	101	2,315	15,664

(1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

(2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income and hedging derivatives.

(3) Includes deposits and other financing from central banks and deposits from other credit institutions.

(4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

(5) Includes non-subordinated debt securities at amortised cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

(6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

(7) Includes provisions, current and deferred tax liabilities and other liabilities.

As at 31 December 2023, the net contribution of the major business segments, for the income statement, is analysed as follows:

(Thousands of euros)

	2023 (restated)						
	Commercial banking						
	Retail in Portugal	International business (1)	Total	Companies and Corporate in Portugal	Private banking	Other	Consolidated
INCOME STATEMENT							
Net interest income	881,859	1,359,093	2,240,952	206,539	34,834	343,399	2,825,724
Net fees and commissions income	435,629	211,395	647,024	141,435	32,370	(49,156)	771,673
Other net income	12,535	26,414	38,949	10,609	49	(88,213)	(38,606)
Gains/(losses) on financial operations (2)	1,513	131,939	133,452	106	67	12,749	146,374
Dividends from equity instruments	—	756	756	—	—	1,027	1,783
Share of profit of associates under the equity method	—	4,651	4,651	—	—	58,056	62,707
Net operating income	1,331,536	1,734,248	3,065,784	358,689	67,320	277,862	3,769,655
Operating expenses	356,321	545,894	902,215	61,930	14,960	183,446	1,162,551
Results on modification (3)	—	(19,426)	(19,426)	—	—	—	(19,426)
Impairment for credit and financial assets (4)	(44,223)	(36,782)	(81,005)	(154,511)	(178)	(14,290)	(249,984)
Other impairments and provisions (5)	(98)	(694,696)	(694,794)	—	—	(155,068)	(849,862)
Net income before income tax	930,894	437,450	1,368,344	142,248	52,182	(74,942)	1,487,832
Income tax	(291,370)	(206,268)	(497,638)	(44,524)	(16,333)	21,124	(537,371)
Net income after income tax							
from continuing operations	639,524	231,182	870,706	97,724	35,849	(53,818)	950,461
Income arising from discontinued operations	—	—	—	—	(2,843)	(9)	(2,852)
Net income for the year	639,524	231,182	870,706	97,724	33,006	(53,827)	947,609
Non-controlling interests	—	(97,148)	(97,148)	—	—	5,589	(91,559)
Net income for the year attributable to Bank's Shareholders	639,524	134,034	773,558	97,724	33,006	(48,238)	856,050

(1) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(2) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(3) It's included the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(4) Includes impairment (net of reversals) of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets at amortised cost not associated with credit operations.

(5) Includes impairment of non-current assets held for sale, investments in associates, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

As at 31 December 2023, the net contribution of the major operational Segments, for the balance sheet, is analysed as follows:

(Thousands of euros)

	2023 (restated)						
	Commercial banking			Companies and Corporate in Portugal	Private banking	Other	Consolidated
	Retail in Portugal	International business	Total				
BALANCE SHEET							
Cash and Loans and advances to credit institutions	14,517,884	2,803,205	17,321,089	1,257,129	2,372,757	(15,159,285)	5,791,690
Loans and advances to customers [1]	25,893,659	17,581,929	43,475,588	11,203,697	332,319	206,363	55,217,967
Financial assets [2]	—	10,269,401	10,269,401	—	—	17,560,353	27,829,754
Other assets	—	1,000,591	1,000,591	—	—	4,530,684	5,531,275
Total Assets	40,411,543	31,655,126	72,066,669	12,460,826	2,705,076	7,138,115	94,370,686
Deposits from other credit institutions [3]	276,739	151,175	427,914	1,726,426	—	(1,325,214)	829,126
Deposits from customers [4]	37,934,752	26,764,909	64,699,661	9,463,888	2,545,353	1,218,911	77,927,813
Debt securities issued [5]	1,144,133	763,831	1,907,964	1,408	133,442	1,957,355	4,000,169
Other financial liabilities [6]	—	538,311	538,311	—	—	1,134,326	1,672,637
Other liabilities [7]	—	1,268,020	1,268,020	—	—	1,382,515	2,650,535
Total Liabilities	39,355,624	29,486,246	68,841,870	11,191,722	2,678,795	4,367,893	87,080,280
Total Equity	1,055,919	2,168,880	3,224,799	1,269,104	26,281	2,770,222	7,290,406
Total Liabilities and Equity	40,411,543	31,655,126	72,066,669	12,460,826	2,705,076	7,138,115	94,370,686
Number of employees	3,599	9,446	13,045	440	106	2,097	15,688

(1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

(2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income and hedging derivatives.

(3) Includes deposits and other financing from central banks and deposits from other credit institutions.

(4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

(5) Includes non-subordinated debt securities at amortised cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

(6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

(7) Includes provisions, current and deferred tax liabilities and other liabilities.

As at 31 December 2024, the net contribution of the major geographic segments, for the income statement, is analysed as follows:

(Thousands of euros)

	2024								
	Portugal								
	Retail banking	Companies and Corporate	Private banking	Other	Total	Poland	Mozambique	Other [(1)]	Consolidated
INCOME STATEMENT									
Net interest income (2)	1,153,467	275,762	47,652	(141,619)	1,335,262	1,291,798	203,793	—	2,830,853
Net fees and commissions income	465,578	149,415	36,010	(62,664)	588,339	180,426	39,775	—	808,540
Other net income	13,482	10,943	249	(49,458)	(24,784)	(106,263)	1,417	—	(129,630)
Gains/(losses) on financial operations (3)	2,588	1,912	88	4,547	9,135	(19,898)	15,745	—	4,982
Dividends from equity instruments	—	—	—	174	174	842	—	—	1,016
Share of profit of associates under the equity method	—	—	—	53,422	53,422	—	1,547	3,919	58,888
Net operating income	1,635,115	438,032	83,999	(195,598)	1,961,548	1,346,905	262,277	3,919	3,574,649
Operating expenses	327,877	62,581	15,423	267,175	673,056	502,502	131,685	—	1,307,243
Results on modification (4)	—	—	—	—	—	(68,516)	—	—	(68,516)
Impairment for credit and financial assets (5)	(75,353)	(99,490)	(66)	46,749	(128,160)	(60,378)	(36,982)	—	(225,520)
Other impairments and provisions (6)	—	—	—	(105,711)	(105,711)	(512,242)	(14,005)	—	(631,958)
Net income before income tax	1,231,885	275,961	68,510	(521,735)	1,054,621	203,267	79,605	3,919	1,341,412
Income tax	(385,580)	(86,375)	(21,444)	219,802	(273,597)	(36,196)	(31,458)	—	(341,251)
Net income after income tax from continuing operations	846,305	189,586	47,066	(301,933)	781,024	167,071	48,147	3,919	1,000,161
Income arising from discontinued operations	—	—	—	—	—	—	322	—	322
Net income for the year	846,305	189,586	47,066	(301,933)	781,024	167,071	48,469	3,919	1,000,483
Non-controlling interests	—	—	—	5,411	5,411	(83,369)	(16,147)	—	(94,105)
Net income for the year attributable to Bank's Shareholders	846,305	189,586	47,066	(296,522)	786,435	83,702	32,322	3,919	906,378

(1) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(2) In the current year, with the increase in market interest rates, net interest income of the business segments in Portugal benefited from increased remuneration earned on the internal placement of customer resources, namely demand deposits, with an impact on the cost borne by segment Other in 2024 of approximately EUR 357 million.

(3) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(4) Results mainly from the amount associated to costs arising from the moratorium program in Poland (credit holidays). Includes the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(5) Includes impairment (net of reversals) of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets (at fair value through other comprehensive income and at amortised cost not associated with credit operations).

(6) Includes impairment of non-current assets held for sale, investments in associates, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

As at 31 December 2024, the net contribution of the major geographic segments, for the balance sheet is analysed as follows:

(Thousands of euros)

	2024								
	Portugal								
	Retail banking	Companies and Corporate	Private banking	Other	Total	Poland	Mozambique	Other	Consolidated
BALANCE SHEET									
Cash and Loans and advances to credit institutions	15,794,952	1,487,215	2,851,738	(16,377,632)	3,756,273	1,359,173	1,522,276	—	6,637,722
Loans and advances to customers (1)	26,700,789	10,147,503	362,472	279,455	37,490,219	17,531,311	684,977	—	55,706,507
Financial assets (2)	—	—	—	21,199,298	21,199,298	12,822,561	644,740	(55)	34,666,544
Other assets	—	—	—	3,999,132	3,999,132	861,313	225,072	47,312	5,132,829
Total Assets	42,495,741	11,634,718	3,214,210	9,100,253	66,444,922	32,574,358	3,077,065	47,257	102,143,602
Deposits from other credit institutions (3)	245,057	665,607	—	(325,728)	584,936	120,296	72,487	—	777,719
Deposits from customers (4)	40,292,892	9,574,589	2,905,190	1,473,898	54,246,569	27,416,885	2,378,084	—	84,041,538
Debt securities issued (5)	1,000,117	6,997	284,892	2,096,584	3,388,590	1,432,126	—	—	4,820,716
Other financial liabilities (6)	—	—	—	1,120,748	1,120,748	525,187	92	—	1,646,027
Other liabilities (7)	—	—	—	1,313,526	1,313,526	1,262,661	88,858	—	2,665,045
Total Liabilities	41,538,066	10,247,193	3,190,082	5,679,028	60,654,369	30,757,155	2,539,521	—	93,951,045
Total Equity	957,675	1,387,525	24,128	3,421,225	5,790,553	1,817,203	537,544	47,257	8,192,557
Total Liabilities and Equity	42,495,741	11,634,718	3,214,210	9,100,253	66,444,922	32,574,358	3,077,065	47,257	102,143,602
Number of employees	3,369	418	101	2,315	6,203	6,836	2,625	0	15,664

1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income and hedging derivatives.

3) Includes deposits and other financing from central banks and deposits from other credit institutions.

4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

5) Includes non-subordinated debt securities at amortised cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

7) Includes provisions, current and deferred tax liabilities and other liabilities.

As at 31 December 2023, the net contribution of the major geographic segments, for the income statement, is analysed as follows:

(Thousands of euros)

	2023 (restated)								
	Portugal								
	Retail banking	Companies and Corporate	Private banking	Other	Total	Poland	Mozambique	Other (1)	Consolidated
INCOME STATEMENT									
Net interest income	881,859	206,539	34,834	343,399	1,466,631	1,157,256	201,837	—	2,825,724
Net fees and commissions income	435,629	141,435	32,370	(49,156)	560,278	172,346	39,049	—	771,673
Other net income	12,535	10,609	49	(88,213)	(65,020)	21,822	4,592	—	(38,606)
Gains/(losses) on financial operations (2)	1,513	106	67	12,749	14,435	115,625	16,314	—	146,374
Dividends from equity instruments	—	—	—	1,027	1,027	756	—	—	1,783
Share of profit of associates under the equity method	—	—	—	58,056	58,056	—	1,942	2,709	62,707
Net operating income	1,331,536	358,689	67,320	277,862	2,035,407	1,467,805	263,734	2,709	3,769,655
Operating expenses	356,321	61,930	14,960	183,446	616,657	420,211	125,683	—	1,162,551
Results on modification (3)	—	—	—	—	—	(19,426)	—	—	(19,426)
Impairment for credit and financial assets (4)	(44,223)	(154,511)	(178)	(14,290)	(213,202)	(57,192)	20,410	—	(249,984)
Other impairments and provisions (5)	(98)	—	—	(155,068)	(155,166)	(681,857)	(12,839)	—	(849,862)
Net income before income tax	930,894	142,248	52,182	(74,942)	1,050,382	289,119	145,622	2,709	1,487,832
Income tax	(291,370)	(44,524)	(16,333)	21,124	(331,103)	(162,298)	(43,970)	—	(537,371)
Net income after income tax from continuing operations	639,524	97,724	35,849	(53,818)	719,279	126,821	101,652	2,709	950,461
Income arising from discontinued operations	—	—	—	(9)	(9)	—	—	(2,843)	(2,852)
Net income for the period	639,524	97,724	35,849	(53,827)	719,270	126,821	101,652	(134)	947,609
Non-controlling interests	—	—	—	5,589	5,589	(63,283)	(33,865)	—	(91,559)
Net income for the period attributable to Bank's Shareholders	639,524	97,724	35,849	(48,238)	724,859	63,538	67,787	(134)	856,050

(1) Includes the contribution associated with the investments held in Angola, in Banco Millennium Atlântico.

(2) Includes results from financial operations at fair value through profit or loss, results from foreign exchange, results from hedge accounting operations and results arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss.

(3) It's included the results of contractual amendments, namely, costs arising from negotiations with customers holding mortgage loans in foreign currency.

(4) Includes impairments of financial assets at amortised cost, for loans to customers (net of recoveries - principal and accrual) and for debt instruments related to credit operations. It also includes impairment of financial assets (at fair value through other comprehensive income and at amortised cost not associated with credit operations).

(5) Includes impairment of non-current assets held for sale, investments in associates, goodwill, other assets and provisions, highlighting the provisions for legal proceedings related to mortgage loans granted in Swiss francs, booked by the Polish subsidiary.

As at 31 December 2023, the net contribution of the major geographic segments, for the balance sheet is analysed as follows:

(Thousands of euros)

	2023 (restated)								
	Portugal								
	Retail banking	Companies and Corporate	Private banking	Other	Total	Poland	Mozambique	Other	Consolidated
BALANCE SHEET									
Cash and Loans and advances to credit institutions	14,517,884	1,257,129	2,372,757	(15,159,285)	2,988,485	1,621,924	1,181,281	—	5,791,690
Loans and advances to customers (1)	25,893,659	11,203,697	332,319	206,363	37,636,038	16,955,492	626,437	—	55,217,967
Financial assets (2)	—	—	—	17,560,353	17,560,353	9,594,784	674,653	(36)	27,829,754
Other assets	—	—	—	4,530,684	4,530,684	724,824	228,803	46,964	5,531,275
Total Assets	40,411,543	12,460,826	2,705,076	7,138,115	62,715,560	28,897,024	2,711,174	46,928	94,370,686
Deposits from other credit institutions (3)	276,739	1,726,426	—	(1,325,214)	677,951	130,131	21,044	—	829,126
Deposits from customers (4)	37,934,752	9,463,888	2,545,353	1,218,911	51,162,904	24,689,709	2,075,200	—	77,927,813
Debt securities issued (5)	1,144,133	1,408	133,442	1,957,355	3,236,338	763,831	—	—	4,000,169
Other financial liabilities (6)	—	—	—	1,134,326	1,134,326	538,311	—	—	1,672,637
Other liabilities (7)	—	—	—	1,382,515	1,382,515	1,187,710	80,310	—	2,650,535
Total Liabilities	39,355,624	11,191,722	2,678,795	4,367,893	57,594,034	27,309,692	2,176,554	—	87,080,280
Total Equity	1,055,919	1,269,104	26,281	2,770,222	5,121,526	1,587,332	534,620	46,928	7,290,406
Total Liabilities and Equity	40,411,543	12,460,826	2,705,076	7,138,115	62,715,560	28,897,024	2,711,174	46,928	94,370,686
Number of employees	3,599	440	106	2,097	6,242	6,872	2,574	0	15,688

1) Includes loans to customers at amortised cost net of impairment, debt instruments at amortised cost associated to credit operations net of impairment and balance sheet amount of loans to customers at fair value through profit or loss.

2) Includes debt instruments at amortised cost not associated with credit operations (net of impairment), financial assets at fair value through profit or loss (excluding the ones related to loans to customers), financial assets at fair value through other comprehensive income and hedging derivatives.

3) Includes deposits and other financing from central banks and deposits from other credit institutions.

4) Corresponds to deposits and other resources from customers (including deposits from customers at amortised cost and customer deposits at fair value through profit or loss).

5) Includes non-subordinated debt securities at amortised cost and financial liabilities at fair value through profit or loss (debt securities and certificates).

6) Includes financial liabilities held for trading, subordinated debt and hedging derivatives.

7) Includes provisions, current and deferred tax liabilities and other liabilities.

Reconciliation of net income of reportable segments with the net income attributable to shareholders

(Thousands of euros)

	2024	2023
Net contribution		
Retail banking in Portugal	846,305	639,524
Companies and Corporate	189,586	97,724
Private Banking	47,066	35,849
International business (continuing operations)	219,137	231,182
Non-controlling interests (1)	(99,515)	(97,148)
	1,202,579	907,131
Income arising from discontinued or discontinuing operations	322	(2,843)
	1,202,901	904,288
Amounts not allocated to segments (presented under Others)		
Net interest income - bonds portfolio	512,568	325,921
Net interest income - others (2)	(654,187)	17,478
Foreign exchange activity	49,353	17,005
Gains / (losses) arising from sales of subsidiaries and other assets	15,950	3,098
Equity accounted earnings	53,422	58,056
Impairment and other provisions (3)	(58,962)	(169,358)
Operational costs	(267,175)	(183,446)
Gains on sale of Portuguese public debt	(18,377)	(8,181)
Gains on sale of foreign public debt	6,338	31
Mandatory contributions	(40,005)	(72,583)
Loans sale	31,269	(5,242)
Income from other financial assets not held for trading mandatorily at fair value through profit or loss (4)	2,310	(4,276)
Taxes (5)	219,802	21,124
Income from discontinued operations	—	(9)
Non-controlling interests	5,411	5,589
Others (6)	(154,240)	(53,445)
Total not allocated to segments (presented under Others)	(296,523)	(48,238)
Consolidated net income	906,378	856,050

(1) Corresponds mainly to the income attributable to third parties related to the subsidiaries in Poland and in Mozambique.

(2) Includes net interest income arising from internal transfer of liquidity, interest rate risk, cost of wholesale funding and others. In the current year, with the increase in market interest rates, net interest income of the business segments in Portugal benefited from increased remuneration earned on the internal placement of customer resources, namely demand deposits, with an impact on the cost borne by segment Other in 2024 of approximately EUR 357 million. Net income of this segment Other excluding this impact corresponds to a negative amount of EUR 51 million.

(3) Includes impairments for non-current assets held for sale, impairments for other assets, provisions for administrative infractions, various contingencies and other impairments and/or provisions not allocated to business segments.

(4) Includes gains/(losses) from corporate restructuring funds.

(5) Includes deferred tax revenue, net of current non-segment tax expense, namely the tax effect associated with the impacts of the previous items.

(6) It includes other operations not allocated previously namely funding for non-interest bearing assets and strategic financial investments.

53. Solvency

The Group's own funds are determined according to the established regulation, in particular, according to Directive 2013/36/EU and Regulation (EU) 575/2013, approved by the European Parliament and the Council (CRD IV/CRR).

Total capital includes tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, reserves and retained earnings deducted of any foreseeable charges or dividends and non-controlling interests; ii) and deductions related to own shares and loans to finance the acquisition of shares of the Bank, the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts calculated according to the IRB approach, goodwill and other intangible assets and the additional value adjustments necessary for the prudent valuation requirements applied to all assets at fair value, adjustments related to minimum commitment with collective investments undertakings, insufficient coverage for non-performing exposures and with the amount of securitisation positions, eligible for deduction as an alternative to a 1 250 % risk weight. Reserves and retained earnings are adjusted by the reversal of unrealised gains and losses on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, to the extent related to own credit risk. The non-controlling interests are only eligible up to the amount of the Group's capital requirements attributable to the minorities. In addition, the deferred tax assets arising from unused tax losses carried forward are deducted, as well as the deferred tax assets arising from temporary differences relying on the future profitability and the interests held in financial institutions and insurers of at least 10%, in this case only in the amount that exceeds the thresholds of 10% and 15% of the common equity tier 1, when analysed on an individual and aggregated basis, respectively. The irrevocable payment commitments for the Single Resolution Fund, the fair value of the collateral for irrevocable commitments from the Deposits Guarantee Fund and the additional coverage for non-performing exposures, are also deducted, due to a SREP (Supervisory Review and Evaluation Process) recommendation.

Additional tier 1 comprises preference shares, hybrid instruments and perpetual bonds representing subordinated debt that are compliant with the issue conditions established in the Regulation and non-controlling interests related to minimum level 1 additional capital requirements of institutions that are not totally owned by the Group.

Tier 2 includes the subordinated debt that is compliant with the Regulation and the non-controlling interests related to minimum total capital requirements of institutions that are not totally owned by the Group. Additionally, Tier 2 instruments held in financial institutions and insurers of at least 10% are deducted.

Until the end of 2024, the Bank gradually recognised the impacts of the introduction of IFRS 9, in accordance with the provisions of article 473-A of the CRR.

According to the legislation in force, the capital requirements applicable to the Group as at 31 December 2024 are as follows:

2024 Minimum Capital Requirements

		of which:		
BCP Consolidated	**Total**	**Pilar 1**	**Pilar 2**	**Buffers (*)**
CET1	9.74%	4.50%	1.41%	3.83%
T1	11.70%	6.00%	1.88%	3.83%
Total	14.33%	8.00%	2.50%	3.83%

(*) Capital conservation buffer (CCB), other systemically important institution (O-SII), institution specific countercyclical capital buffer (CCyB) e de systemic risk buffer (SyRB).

The Group meets all the requirements and other recommendations issued by the supervisor on this matter.

The Group has adopted the methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of both its retail portfolio in Portugal and Poland and its corporate portfolio in Portugal. The Group has adopted the advanced approach (internal model) for the coverage of trading portfolio's general market risk and for exchange rate risks generated in exposures in the perimeter centrally managed from Portugal, and the standard method was used for the purposes of operational risk coverage. The capital requirements of the other portfolios/geographies were calculated using the standardised approach.

The own funds and the capital requirements determined according to the CRD IV/CRR (phased-in) methodologies previously referred, are the following:

(Thousands of euros)

	2024	2023
Common equity tier 1 (CET1)		
Share capital	3,000,000	3,000,000
Share Premium	16,471	16,471
Reserves and retained earnings	3,018,648	2,632,602
Non-controlling interests eligible to CET1	551,239	475,923
Regulatory adjustments to CET1	(23,119)	32,342
	6,563,239	6,157,338
Tier 1		
Capital Instruments	400,000	400,000
Non-controlling interests eligible to AT1	93,372	84,267
	7,056,611	6,641,605
Tier 2		
Subordinated debt	992,236	1,014,615
Non-controlling interests eligible to Tier 2	219,321	225,063
Other	(2,483)	24,303
	1,209,074	1,263,981
Total own funds	8,265,685	7,905,586
RWA - Risk weighted assets		
Credit risk	33,909,206	34,304,305
Market risk	853,385	547,022
Operational risk	5,312,735	4,854,039
CVA	52,685	45,646
	40,128,011	39,751,012
Capital ratios		
CET1	16.4%	15.5%
Tier 1	17.6%	16.7%
Tier 2	3.0%	3.2%
Total own funds	20.6%	19.9%

The presented amounts include the accumulated net income.

54. Risk Management

The Group is subject to several risks during the course of its business. The risks from different companies of the Group are managed centrally, in coordination with the local departments and considering the specific risks of each business.

The Group's risk-management policy is designed to permanently ensure an adequate relationship between its own funds and the business it develops, as well as the corresponding evaluation of the risk/return profile by business line. Under this scope, the monitoring and control of the main types of financial risks (e.g., credit, market, operational) or non-financial risks (e.g., legal and compliance, reputational) to which the Group’s business is subject to, including the impact of the ESG risk drivers (environmental, social and governance).

The Bank implemented a regular process for identifying and assessing the risks to which its activity is exposed, which conclusions are presented to the management bodies and influence the update of the Group’s risk appetite and risk strategy.

Internal organisation

The Board of Directors of Banco Comercial Português is responsible for the definition of the risk strategy and policies, including the approval of the principles and rules of the highest level to be followed in risk management of the Group, as well as the guidelines dictating the allocation of capital to the business lines.

The Board of Directors, through the Audit Committee and Risk Assessment Committee, ensures the existence of adequate risk control and of risk-management systems at Group level and for each entity. The Board of Directors also approves the risk-tolerance level acceptable to the Group, proposed by its Executive Committee, hearing the Risk Assessment Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that these are compatible with the goals and strategies approved for the business. Other commissions regularly monitor specific risks, namely the Compliance and Operational Risks Commission, the Credit and Non-performing Assets Monitoring Commission, the Pension Funds Risk Monitoring Commission, the Operational Resilience Commission (with a focus on information technologies and cybernetics) and the Sustainability Commission.

The Chief Risk Officer is responsible for the control of risks in all Group entities, for the identification of all risks to which the Group activity is exposed and for the proposal of measures to improve risks control. The Chief Risk Officer also ensures that risks are monitored on an overall basis and that there is alignment of concepts, practices and goals in risk management. The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Board of Directors and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent to their activity. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Chief Risk Officer takes part.

As Head of the Compliance Office, the Compliance Officer is responsible for ensuring that regulatory requirements are complied with, as well as the ethical values of the organization, fulfilling all the attributions that are legally conferred to it, ensuring the existence of an internal control culture, thus contributing to the mitigation of the risk of attributing sanctions or significant asset or reputational damages to the Group Entities, including the compliance with the regulatory framework on the prevention and combating money laundering and terrorism financing.

Risk assessment

Credit Risk

Credit granting is based on a prior classification of the customers' risk and on a thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale, based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk.

The Rating Master Scale also identifies those customers that show a worsening credit capacity and, in particular, those classified as being in default. All rating and scoring models used by the Group have been duly calibrated for the Rating Master Scale. The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to a more active collateralization of loans and to a better adequacy of pricing regarding the risk incurred.

The gross Group's exposure to credit risk (original exposure) is presented in the following table:

(Thousands of euros)

Risk items	2024	2023
Central Governments or Central Banks (*)	31,545,676	26,982,937
Regional Governments or Local Authorities	1,304,957	1,210,789
Administrative and non-profit Organisations	4,615,122	1,098,748
Multilateral Development Banks	290,669	227,711
Other Credit Institutions	2,947,599	3,283,571
Retail and Corporate customers	69,428,657	67,789,725
Other items (**)	9,091,787	11,597,622
	119,224,467	112,191,103

Note: gross exposures of impairment and amortisation, in accordance with the prudential consolidation perimeter. Includes securitization positions.
(*) In 2024 includes DTA's (EUR 1,897,756,767).
(**) In 2023 DTA's were included in Other items.

The evaluation of the risk associated to the loan portfolio and quantification of the respective losses expected considers the following methodological notes.

a) Collaterals and Guarantees

On the risk evaluation of an operation or of a group of operations, the mitigation elements of credit risk associated to those operations are considered in accordance with the rules and internal procedures that fulfil the requirements defined by the regulations in force, also reflecting the experience of the loan's recovery areas and the Legal Department opinions with respect to the entailment of the various mitigation instruments.

The collaterals and the relevant guarantees can be aggregated in the following categories:

- financial collaterals, real estate collaterals or other collaterals;
- receivables;
- first demand guarantees, issued by banks or other entities with Risk Grade 108 or better on the Rating Master Scale;
- personal guarantees when the persons are classified with Risk Grade 108 or better;
- credit derivatives.

The financial collaterals accepted are those that are traded in a recognised stock exchange, i.e., on an organized secondary market, liquid and transparent, with public bid-ask prices, located in countries of the European Union, United Kingdom, United States, Japan, Canada, Hong Kong or Switzerland.

In this context, it is important to refer that the Bank's shares are not accepted as financial collaterals of new credit operations and are only accepted for the reinforcement of guarantees of existing credit operations, or in restructuring process associated to credit recoveries.

Regarding guarantees and credit derivatives, it can be applied the substitution principle by replacing the Risk Grade of the client by the Risk Grade of the guarantor, (if the Risk of Grade Degree of the guarantor is better than the client's), when the protection is formalized through:

- State, Financial Institutions or Mutual Guarantee Societies guarantees exist;
- Personal guarantees (or, in the case of Leasing, there is a recovery agreement of the provider);
- Credit derivatives;
- Formalization of the clause of the contracting party in leasing contracts in which it is an entity that is in a relationship of dominion or group with the lessee.

An internal level of protection is attributed to all credit operations at the moment of the credit granting decision, considering the credit amount as well as the value and type of the collaterals involved. The protection level corresponds to the loss reduction in case of default that is linked to the various collateral types, considering their market value and the amount of the associated exposure.

In the case of financial collaterals, adjustments are made to the protection value by the use of a set of haircuts, in order to reflect the price volatility of the financial instruments.

In the case of real estate mortgages, the initial appraisal of the real estate value is done during the credit analysis and before decision process.

Either the initial evaluations or the subsequent reviews carried out are performed by external expert valuers and the ratification process is centralized in the Appraisals Unit, which is independent of the clients' areas.

In any case, they are the subject to a written report, in a standardized digital format, based on a group of predefined methods that are aligned with the sector practices – income, replacement cost and/or market comparative - mentioning the obtained value, for both the market value and for purposes of the mortgage guarantee, depending on the type of the real estate. The evaluations have a declaration/certification of an expert valuer since 2008, as requested by Regulation (EU) 575/2013 and Law 153/2015 of 14 September and are ratified by the Appraisals Unit.

Regarding residential real estate, after the initial valuation and in accordance with Notice n. 5/2006 of Banco de Portugal and e CRR 575/2013, the Bank monitors the respective values through market indexes. If the index is lower than 0.9, the Bank revaluates choosing one of the following two methods:

i) depreciation of the property by direct application of the index, if the amount owed does not exceed EUR 300,000;

ii) review of the property value by external valuators, depending on the value of the credit operation, and in accordance with the established standards from ECB and Banco de Portugal.

For all non-residential real estate, the Bank also monitors its values through market indexes and to the regular valuation reviews with the minimum periodicities in accordance with the Regulation (EU) 575/2013, in the case of offices, commercial spaces, warehouses and industrial premises.

For all real estate (residential or non-residential) for which the monitoring result in significant devaluation of the real estate value (more than 10%), a valuation review is subsequently carried out by an expert valuer, preserving the referred i) above.

For the remaining real estate (land or countryside buildings for example) there are no market indexes available for the monitoring of appraisal values, after the initial valuations. Therefore, for these cases and in accordance with the minimum periodicity established for the monitoring and reviewing of this type of real estate, valuation reviews are carried out by expert valuers.

The indexes currently used are supplied to the Bank by an external specialized entity that, for more than a decade, has been collecting and processing the data upon which the indexes are built.

In the case of financial collaterals, their market value is daily and automatically updated, through the IT connection between the collaterals management system and the relevant financial markets data.

b) Risk grades

Credit granting is based on the previous risk assessment of clients and also on a rigorous assessment of the protection level provided by the underlying collaterals. For this purpose, a single risk grading system is used - the Rating Master Scale - based on Probability of Default (PD), allowing for a greater discriminating power in clients' assessment and for a better hierarchy of the associated risk. The Rating Master Scale also allows to identify clients that show signs of degradation in their credit capacity and, in particular, those that are classified in a default situation. All rating systems and models used by the Group were calibrated for the Rating Master Scale.

Aiming at an adequate assessment of credit risk, the Group defined a set of macro segments and segments which are treated through different rating systems and models that relate the internal risk grades and the clients' PD, ensuring a risk assessment that considers the clients' specific features in terms of their respectively risk profiles.

The assessment made by these rating systems and models result in the risk grades of the Master Scale, that has eighteen grades, where the last three correspond to relevant downgrades of the clients' credit quality and are referred to by "procedural risk grades": 123, 124 and 125, that correspond, in this order, to situations of increased severity in terms default, as risk grade 125 is a Default situation.

The non-procedural risk grades are attributed by the rating systems through automatic decision models or by the Rating Division – a unit which is independent from the credit analysis and decision areas and bodies- and are reviewed/updated periodically or whenever this is justified by events.

The models within the various rating systems are regularly subject to validation, made by the Models Validation and Monitoring Office, which is independent from the units that are responsible for the development and maintenance of the rating models.

The conclusions of the validations by the Models Validation and Monitoring Office, as well the respective recommendations and proposal for changes and/or improvements, are analysed and ratified by a specific Validation Committee, composed in accordance to the type of model analysed. The proposals for models' changes originated by the Validation Committee are submitted to the approval of the Risk Committee.

The following table lists the equivalence between the internal rating levels (Rating Master Scale) and the external ratings of the international rating agencies:

	External ratings			
Internal risk grade (*)	**Fitch**	**S&P**	**Moody's**	**DBRS**
101	AAA	AAA	Aaa	AAA
102	AA+	AA+	Aa1	AA (high)
102	AA	AA	Aa2	AA
103	AA-	AA-	Aa3	AA (low)
103	A+	A+	A1	A (high)
104	A	A	A2	A
105	A-	A-	A3	A (low)
105	BBB+	BBB+	Baa1	BBB (high)
106	BBB	BBB	Baa2	BBB
107	BBB-	BBB-	Baa3	BBB (low)
108	BB+	BB+	Ba1	BB (high)
109	BB	BB	Ba2	BB
111	BB-	BB-	Ba3	BB (low)
112	B+	B+	B1	B (high)
114	B	B	B2	B
115	Lower B	Lower B	Lower B2	Lower B

(*) Customers with GR 110 and GR 113 correspond to BB- and B- from S&P, respectively, or another equivalent.

c) Impairment and Write-offs

The credit impairment calculation as at 31 December 2024 and 2023 integrates the general principles defined in International Financial Reporting Standards (IFRS 9) and the guidelines issued by the Banco de Portugal through Circular Letter CC/2018/00000062, in order to align the calculation process used in the Group with the best international practices in this area.

As at 31 December 2024, the financial instruments subject to impairment requirements under IFRS 9, (do not include equity instruments as accounting policy 1.C1.1.2), analysed by stage, are detailed in the following tables:

(Thousands of euros)

	2024				
	Gross exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 21)	797,647	–	–	–	797,647
Loans and advances to customers (note 22)	46,682,797	6,885,087	1,796,641	29,267	55,393,792
Debt instruments (note 23)	21,331,504	68,499	4,449	–	21,404,452
Debt instruments at fair value through other comprehensive income (note 24) (*)	12,872,637	–	1,169	–	12,873,806
Guarantees and other commitments (note 45) (**)	15,758,606	1,197,255	322,087	2,790	17,280,738
Total	97,443,191	8,150,841	2,124,346	32,057	107,750,435

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.C1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

(Thousands of euros)

	2024				
	Impairment losses				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 21)	112	–	–	–	112
Loans and advances to customers (note 22)	240,621	265,341	969,138	11,634	1,486,734
Debt instruments (note 23)	55,407	641	3,233	–	59,281
Debt instruments at fair value through other comprehensive income (note 24) (*)	–	–	1,169	–	1,169
Guarantees and other commitments (note 39)	13,831	15,261	88,947	–	118,039
Total	309,971	281,243	1,062,487	11,634	1,665,335

(Thousands of euros)

	2024				
	Net exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 21)	797,535	–	–	–	797,535
Loans and advances to customers (note 22)	46,442,176	6,619,746	827,503	17,633	53,907,058
Debt instruments (note 23)	21,276,097	67,858	1,216	–	21,345,171
Debt instruments at fair value through other comprehensive income (note 24) (*)	12,872,637	–	–	–	12,872,637
Guarantees and other commitments (note 45) (**)	15,744,775	1,181,994	233,140	2,790	17,162,699
Total	97,133,220	7,869,598	1,061,859	20,423	106,085,100

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.C1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments.

As at 31 December 2023, the financial instruments subject to impairment requirements under IFRS 9 (do not include equity instruments as accounting policy 1.C1.1.2), analysed by stage, are detailed in the following tables:

(Thousands of euros)

	2023				
	Gross exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 21)	908,701	–	–	–	908,701
Loans and advances to customers (note 22)	45,651,670	7,290,622	1,914,768	30,749	54,887,809
Debt instruments (note 23)	17,536,547	62,872	5,105	–	17,604,524
Debt instruments at fair value through other comprehensive income (note 24) (*)	10,809,872	–	1,150	–	10,811,022
Guarantees and other commitments (note 45) (**)	14,934,354	1,433,594	336,497	2,574	16,707,019
Total	89,841,144	8,787,088	2,257,520	33,323	100,919,075

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.C1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments.

(Thousands of euros)

	2023				
	Impairment losses				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 21)	224	–	–	–	224
Loans and advances to customers (note 22)	268,948	291,752	1,007,481	14,469	1,582,650
Debt instruments (note 23)	23,066	797	1,525	–	25,388
Debt instruments at fair value through other comprehensive income (note 24) (*)	–	–	1,150	–	1,150
Guarantees and other commitments (note 39)	12,880	14,686	94,008	–	121,574
Total	305,118	307,235	1,104,164	14,469	1,730,986

(Thousands of euros)

	2023				
	Net exposure				
Category	*Stage 1*	*Stage 2*	*Stage 3*	*POCI*	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 21)	908,477	–	–	–	908,477
Loans and advances to customers (note 22)	45,382,722	6,998,870	907,287	16,280	53,305,159
Debt instruments (note 23)	17,513,481	62,075	3,580	–	17,579,136
Debt instruments at fair value through other comprehensive income (note 24) (*)	10,809,872	–	–	–	10,809,872
Guarantees and other commitments (note 45) (**)	14,921,474	1,418,908	242,489	2,574	16,585,445
Total	89,536,026	8,479,853	1,153,356	18,854	99,188,089

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1 C1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

The maximum exposure to credit risk of financial assets not subject to impairment requirements is analysed as follows:

(Thousands of euros)

	2024	2023
Financial assets held for trading (note 24)		
Debt instruments	1,259,178	355,526
Derivatives	404,252	437,155
Financial assets designated at fair value through profit or loss - Debt instruments (note 24)	33,894	32,004
Financial assets not held for trading mandatorily at fair value through profit or loss		
Debt instruments (note 24)	236,346	246,907
Hedging derivatives (note 25)	69,349	40,628
Total	2,003,019	1,112,220

- In the case of financial assets, excluding derivatives, it is considered that its credit risk exposure is equal to its book value;

- In the case of derivatives, the maximum exposure to credit risk is its market value, plus its potential risk ("add-on").

During 2024, the changes occurred in Loans and advances to customers - gross amount are as follows:

(Thousands of euros)

	2024				
	Financial assets at amortised cost - Loans and advances to customers - Gross amount				
	Stage 1	***Stage 2***	***Stage 3***	***POCI***	**Total**
Gross amount as at 1 January	45,651,670	7,290,622	1,914,768	30,749	54,887,809
Changes in gross book value:					
Transfers from stage 1 to stage 2	(2,071,117)	2,071,117	—	—	—
Transfers from stage 1 to stage 3	(297,555)	—	297,555	—	—
Transfers from stage 2 to stage 1	1,958,521	(1,958,521)	—	—	—
Transfers from stage 2 to stage 3	—	(420,581)	420,581	—	—
Transfers from stage 3 to stage 1	26,670	—	(26,670)	—	—
Transfers from stage 3 to stage 2	—	128,195	(128,195)	—	—
Write-offs	(3,114)	(2,986)	(90,163)	(1,468)	(97,731)
Net balance of new financial assets and derecognised financial assets and other variations	1,417,722	(222,759)	(591,235)	(14)	603,714
Gross amount at the end of the year	46,682,797	6,885,087	1,796,641	29,267	55,393,792

During 2024, the changes occurred in Loans and advances to customers - impairment are as follows:

(Thousands of euros)

	2024				
	Financial assets at amortised cost - Loans and advances to customers impairment				
	Stage 1	*Stage 2*	*Stage 3*	*POCI*	Total
Impairment losses as at 1 January	268,948	291,752	1,007,481	14,469	1,582,650
Change in impairment losses:					
Transfer to Stage 1	63,989	(57,318)	(6,549)	(122)	—
Transfer to Stage 2	(13,493)	45,311	(31,818)	—	—
Transfer to Stage 3	(5,250)	(40,730)	46,185	(205)	—
Changes occurred due to changes in credit risk	(98,325)	19,729	240,744	979	163,127
Write-offs	(3,114)	(2,986)	(90,163)	(1,468)	(97,731)
Changes due to new financial assets and derecognised financial assets and other variations	27,866	9,583	(196,742)	(2,019)	(161,312)
Impairment losses at the end of the year	240,621	265,341	969,138	11,634	1,486,734

During 2023, the changes occurred in Loans and advances to customers - gross amount are as follows:

(Thousands of euros)

	2023				
	Financial assets at amortised cost - Loans and advances to customers - Gross amount				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross amount as at 1 January	46,395,996	7,564,235	2,170,979	46,956	56,178,166
Changes in gross book value:					
Transfers from stage 1 to stage 2	(2,100,816)	2,100,816	—	—	—
Transfers from stage 1 to stage 3	(285,020)	—	285,020	—	—
Transfers from stage 2 to stage 1	1,889,217	(1,889,217)	—	—	—
Transfers from stage 2 to stage 3	—	(415,277)	415,277	—	—
Transfers from stage 3 to stage 1	36,667	—	(36,667)	—	—
Transfers from stage 3 to stage 2	—	291,025	(291,025)	—	—
Write-offs	(811)	(2,261)	(186,529)	(2,872)	(192,473)
Net balance of new financial assets and derecognised financial assets and other variations	(283,563)	(358,699)	(442,287)	(13,335)	(1,097,884)
Gross amount at the end of the year	45,651,670	7,290,622	1,914,768	30,749	54,887,809

During 2023, the changes occurred in Loans and advances to customers - impairment are as follows:

(Thousands of euros)

	2023				
	Financial assets at amortised cost - Loans and advances to customers impairment				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment losses as at 1 January	214,470	284,448	985,557	17,898	1,502,373
Change in impairment losses:					
Transfer to Stage 1	64,091	(55,424)	(8,587)	(80)	—
Transfer to Stage 2	(12,326)	129,062	(116,736)	—	—
Transfer to Stage 3	(4,882)	(36,867)	42,105	(356)	—
Changes occurred due to changes in credit risk	(26,368)	(45,099)	376,483	2,155	307,171
Write-offs	(811)	(2,261)	(186,529)	(2,872)	(192,473)
Changes due to new financial assets and derecognised financial assets and other variations	34,774	17,893	(84,812)	(2,276)	(34,421)
Impairment losses at the end of the year	268,948	291,752	1,007,481	14,469	1,582,650

Financial assets modified during the period that have not resulted in derecognition (with impairment losses based on expected lifetime losses) are analysed as follows:

(Thousands of euros)

Financial assets modified	2024	2023
Amortised cost before changes	235,601	457,237
Impairment losses before changes	31,971	(61,984)
Net amortised cost before changes	267,572	395,253
Net gain/loss arising on changes	(5,338)	(9,926)
Net amortised cost after changes	262,234	385,327

The financial assets changed since the initial recognition at a time when the impairment loss was measured based on the expected credit losses lifetime, are analysed as follows:

(Thousands of euros)

Financial assets changed	2024	2023
Amortised cost of financial assets for which credit losses expected to go from "lifetime" to 12 months	71,287	106,778

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by segment and stage, are as follows:

(Thousands of euros)

	2024									
		Stage 2				Stage 3				
Segment	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Individuals-Mortgage	25,410,533	2,531,556	198,053	85,589	2,815,198	284,617	162,464	447,081	10,005	28,682,817
Individuals-Other	9,297,921	1,181,727	126,969	52,644	1,361,340	239,235	327,737	566,972	11,793	11,238,026
Financial Companies	3,450,266	40,675	5	17	40,697	13,035	15	13,050	—	3,504,013
Non-financial companies - Corporate	11,151,305	716,267	6,363	49	722,679	159,996	39,604	199,600	5,226	12,078,810
Non-financial companies - SME-Corporate	9,034,618	1,762,243	22,710	9,089	1,794,042	499,686	122,876	622,562	1,605	11,452,827
Non-financial companies -SME-Retail	6,524,804	1,077,758	31,069	21,154	1,129,981	117,188	155,779	272,967	3,428	7,931,180
Non-financial companies - Other	548,529	21,754	—	—	21,754	—	500	500	—	570,783
Other loans	19,152,578	263,254	335	1,561	265,150	445	—	445	—	19,418,173
Total	84,570,554	7,595,234	385,504	170,103	8,150,841	1,314,202	808,975	2,123,177	32,057	94,876,629
Impairment losses										
Individuals-Mortgage	11,712	24,030	4,054	3,446	31,530	66,785	57,269	124,054	4,482	171,778
Individuals-Other	61,763	56,698	19,156	12,863	88,717	104,205	228,644	332,849	6,883	490,212
Financial Companies	21,558	2,072	1	2	2,075	12,448	9	12,457	—	36,090
Non-financial companies - Corporate	41,412	20,142	34	4	20,180	90,639	18,505	109,144	269	171,005
Non-financial companies - SME-Corporate	41,250	56,922	3,852	2,204	62,978	283,615	56,392	340,007	—	444,235
Non-financial companies -SME-Retail	79,907	64,710	3,220	3,252	71,182	72,307	70,111	142,418	—	293,507
Non-financial companies - Other	651	27	—	—	27	—	272	272	—	950
Other loans	51,718	4,260	14	280	4,554	117	—	117	—	56,389
Total	309,971	228,861	30,331	22,051	281,243	630,116	431,202	1,061,318	11,634	1,664,166
Net exposure										
Individuals-Mortgage	25,398,821	2,507,526	193,999	82,143	2,783,668	217,832	105,195	323,027	5,523	28,511,039
Individuals-Other	9,236,158	1,125,029	107,813	39,781	1,272,623	135,030	99,093	234,123	4,910	10,747,814
Financial Companies	3,428,708	38,603	4	15	38,622	587	6	593	—	3,467,923
Non-financial companies - Corporate	11,109,893	696,125	6,329	45	702,499	69,357	21,099	90,456	4,957	11,907,805
Non-financial companies - SME-Corporate	8,993,368	1,705,321	18,858	6,885	1,731,064	216,071	66,484	282,555	1,605	11,008,592
Non-financial companies -SME-Retail	6,444,897	1,013,048	27,849	17,902	1,058,799	44,881	85,668	130,549	3,428	7,637,673
Non-financial companies - Other	547,878	21,727	—	—	21,727	—	228	228	—	569,833
Other loans	19,100,860	258,994	321	1,281	260,596	328	—	328	—	19,361,784
Total	84,260,583	7,366,373	355,173	148,052	7,869,598	684,086	377,773	1,061,859	20,423	93,212,463
% of impairment coverage										
Individuals-Mortgage	0.05%	0.95%	2.05%	4.03%	1.12%	23.46%	35.25%	27.75%	44.80%	0.60%
Individuals-Other	0.66%	4.80%	15.09%	24.43%	6.52%	43.56%	69.76%	58.71%	58.37%	4.36%
Financial Companies	0.62%	5.09%	20.00%	11.76%	5.10%	95.50%	60.00%	95.46%	0.00%	1.03%
Non-financial companies - Corporate	0.37%	2.81%	0.53%	8.16%	2.79%	56.65%	46.73%	54.68%	5.15%	1.42%
Non-financial companies - SME-Corporate	0.46%	3.23%	16.96%	24.25%	3.51%	56.76%	45.89%	54.61%	0.00%	3.88%
Non-financial companies -SME-Retail	1.22%	6.00%	10.36%	15.37%	6.30%	61.70%	45.01%	52.17%	0.00%	3.70%
Non-financial companies - Other	0.12%	0.12%	0.00%	0.00%	0.12%	0.00%	54.40%	54.40%	0.00%	0.17%
Other loans	0.27%	1.62%	4.18%	17.94%	1.72%	26.29%	0.00%	26.29%	0.00%	0.29%
Total	0.37%	3.01%	7.87%	12.96%	3.45%	47.95%	53.30%	49.99%	36.29%	1.75%

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by segment and stage, are as follows:

(Thousands of euros)

	2023									
		Stage 2				Stage 3				
Segment	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Individuals-Mortgage	24,913,323	2,317,570	217,742	106,027	2,641,339	269,211	149,473	418,684	11,247	27,984,593
Individuals-Other	8,455,374	996,879	138,926	50,292	1,186,097	256,328	320,458	576,786	14,263	10,232,520
Financial Companies	3,275,624	53,152	42	1	53,195	46,841	10	46,851	—	3,375,670
Non-financial companies - Corporate	10,825,177	716,737	13,734	1,961	732,432	198,010	29,407	227,417	2,209	11,787,235
Non-financial companies - SME-Corporate	8,777,780	2,327,698	13,722	3,902	2,345,322	582,545	102,199	684,744	2,959	11,810,805
Non-financial companies -SME-Retail	6,672,112	1,429,586	45,468	19,621	1,494,675	161,067	138,539	299,606	2,645	8,469,038
Non-financial companies - Other	515,637	22,791	4	16	22,811	269	2,010	2,279	—	540,727
Other loans	15,596,245	308,938	2,266	13	311,217	1	2	3	—	15,907,465
Total	79,031,272	8,173,351	431,904	181,833	8,787,088	1,514,272	742,098	2,256,370	33,323	90,108,053
Impairment losses										
Individuals-Mortgage	30,606	21,789	4,435	5,736	31,960	59,673	54,599	114,272	5,376	182,214
Individuals-Other	65,165	42,205	23,950	13,973	80,128	104,578	211,238	315,816	9,093	470,202
Financial Companies	23,475	1,381	3	—	1,384	34,559	6	34,565	—	59,424
Non-financial companies - Corporate	36,533	25,712	247	312	26,271	91,151	20,578	111,729	—	174,533
Non-financial companies - SME-Corporate	49,075	78,177	1,490	760	80,427	313,575	59,279	372,854	—	502,356
Non-financial companies -SME-Retail	83,013	75,676	4,281	4,152	84,109	92,830	59,457	152,287	—	319,409
Non-financial companies - Other	370	74	—	2	76	8	1,482	1,490	—	1,936
Other loans	16,881	2,763	116	1	2,880	—	1	1	—	19,762
Total	305,118	247,777	34,522	24,936	307,235	696,374	406,640	1,103,014	14,469	1,729,836
Net exposure										
Individuals-Mortgage	24,882,717	2,295,781	213,307	100,291	2,609,379	209,538	94,874	304,412	5,871	27,802,379
Individuals-Other	8,390,209	954,674	114,976	36,319	1,105,969	151,750	109,220	260,970	5,170	9,762,318
Financial Companies	3,252,149	51,771	39	1	51,811	12,282	4	12,286	—	3,316,246
Non-financial companies - Corporate	10,788,644	691,025	13,487	1,649	706,161	106,859	8,829	115,688	2,209	11,612,702
Non-financial companies - SME-Corporate	8,728,705	2,249,521	12,232	3,142	2,264,895	268,970	42,920	311,890	2,959	11,308,449
Non-financial companies -SME-Retail	6,589,099	1,353,910	41,187	15,469	1,410,566	68,237	79,082	147,319	2,645	8,149,629
Non-financial companies - Other	515,267	22,717	4	14	22,735	261	528	789	—	538,791
Other loans	15,579,364	306,175	2,150	12	308,337	1	1	2	—	15,887,703
Total	78,726,154	7,925,574	397,382	156,897	8,479,853	817,898	335,458	1,153,356	18,854	88,378,217
% of impairment coverage										
Individuals-Mortgage	0.12%	0.94%	2.04%	5.41%	1.21%	22.17%	36.53%	27.29%	47.80%	0.65%
Individuals-Other	0.77%	4.23%	17.24%	27.78%	6.76%	40.80%	65.92%	54.75%	63.75%	4.60%
Financial Companies	0.72%	2.60%	7.14%	0.00%	2.60%	73.78%	60.00%	73.78%	0.00%	1.76%
Non-financial companies - Corporate	0.34%	3.59%	1.80%	15.91%	3.59%	46.03%	69.98%	49.13%	0.00%	1.48%
Non-financial companies - SME-Corporate	0.56%	3.36%	10.86%	19.48%	3.43%	53.83%	58.00%	54.45%	0.00%	4.25%
Non-financial companies -SME-Retail	1.24%	5.29%	9.42%	21.16%	5.63%	57.63%	42.92%	50.83%	0.00%	3.77%
Non-financial companies - Other	0.07%	0.32%	0.00%	12.50%	0.33%	2.97%	73.73%	65.38%	0.00%	0.36%
Other loans	0.11%	0.89%	5.12%	7.69%	0.93%	0.00%	50.00%	33.33%	0.00%	0.12%
Total	0.39%	3.03%	7.99%	13.71%	3.50%	45.99%	54.80%	48.88%	43.42%	1.92%

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by sector of activity and stage, are as follows:

(Thousands of euros)

	2024									
		Stage 2				*Stage 3*				
Sector of activity	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Loans to individuals	34,708,454	3,713,283	325,022	138,233	4,176,538	523,852	490,201	1,014,053	21,798	39,920,843
Non-financial companies - Trade	5,416,938	657,638	8,559	7,002	673,199	53,917	61,395	115,312	4,560	6,210,009
Non-financial companies - Construction	2,670,497	394,218	6,546	4,854	405,618	248,140	36,340	284,480	2,155	3,362,750
Non-financial companies - Manufacturing industries	5,483,661	794,421	14,995	6,037	815,453	146,620	82,064	228,684	924	6,528,722
Non-financial companies - Other activities	2,345,455	305,401	3,469	2,144	311,014	23,924	16,458	40,382	104	2,696,955
Non-financial companies - Other services	11,342,705	1,426,344	26,573	10,255	1,463,172	304,269	122,502	426,771	2,516	13,235,164
Other Services /Other activities	22,602,844	303,929	340	1,578	305,847	13,480	15	13,495	—	22,922,186
Total	84,570,554	7,595,234	385,504	170,103	8,150,841	1,314,202	808,975	2,123,177	32,057	94,876,629
Impairment losses										
Loans to individuals	73,475	80,728	23,210	16,309	120,247	170,990	285,913	456,903	11,365	661,990
Non-financial companies - Trade	32,985	20,550	1,229	1,136	22,915	17,823	25,364	43,187	269	99,356
Non-financial companies - Construction	12,726	7,819	1,011	1,247	10,077	113,102	18,993	132,095	—	154,898
Non-financial companies - Manufacturing industries	39,131	44,277	2,740	1,235	48,252	49,740	40,350	90,090	—	177,473
Non-financial companies - Other activities	8,248	14,122	291	540	14,953	9,519	9,738	19,257	—	42,458
Non-financial companies - Other services	70,130	55,033	1,835	1,302	58,170	256,377	50,835	307,212	—	435,512
Other Services /Other activities	73,276	6,332	15	282	6,629	12,565	9	12,574	—	92,479
Total	309,971	228,861	30,331	22,051	281,243	630,116	431,202	1,061,318	11,634	1,664,166
Net exposure										
Loans to individuals	34,634,979	3,632,555	301,812	121,924	4,056,291	352,862	204,288	557,150	10,433	39,258,853
Non-financial companies - Trade	5,383,953	637,088	7,330	5,866	650,284	36,094	36,031	72,125	4,291	6,110,653
Non-financial companies - Construction	2,657,771	386,399	5,535	3,607	395,541	135,038	17,347	152,385	2,155	3,207,852
Non-financial companies - Manufacturing industries	5,444,530	750,144	12,255	4,802	767,201	96,880	41,714	138,594	924	6,351,249
Non-financial companies - Other activities	2,337,207	291,279	3,178	1,604	296,061	14,405	6,720	21,125	104	2,654,497
Non-financial companies - Other services	11,272,575	1,371,311	24,738	8,953	1,405,002	47,892	71,667	119,559	2,516	12,799,652
Other Services /Other activities	22,529,568	297,597	325	1,296	299,218	915	6	921	—	22,829,707
Total	84,260,583	7,366,373	355,173	148,052	7,869,598	684,086	377,773	1,061,859	20,423	93,212,463
% of impairment coverage										
Loans to individuals	0.21%	2.17%	7.14%	11.80%	2.88%	32.64%	58.33%	45.06%	52.14%	1.66%
Non-financial companies - Trade	0.61%	3.12%	14.36%	16.22%	3.40%	33.06%	41.31%	37.45%	5.90%	1.60%
Non-financial companies - Construction	0.48%	1.98%	15.44%	25.69%	2.48%	45.58%	52.26%	46.43%	0.00%	4.61%
Non-financial companies - Manufacturing industries	0.71%	5.57%	18.27%	20.46%	5.92%	33.92%	49.17%	39.39%	0.00%	2.72%
Non-financial companies - Other activities	0.35%	4.62%	8.39%	25.19%	4.81%	39.79%	59.17%	47.69%	0.00%	1.57%
Non-financial companies - Other services	0.62%	3.86%	6.91%	12.70%	3.98%	84.26%	41.50%	71.99%	0.00%	3.29%
Other Services /Other activities	0.32%	2.08%	4.41%	17.87%	2.17%	93.21%	60.00%	93.18%	0.00%	0.40%
Total	0.37%	3.01%	7.87%	12.96%	3.45%	47.95%	53.30%	49.99%	36.29%	1.75%

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit losses and revocable commitments, analysed by sector of activity and stage, are as follows:

(Thousands of euros)

	2023									
		Stage 2				*Stage 3*				
Sector of activity	**Stage 1**	**No delays**	**Days past due <= 30 days**	**Days past due > 30 days**	**Total**	**Days past due <= 90 days**	**Days past due > 90 days**	**Total**	**POCI**	**Total**
Gross Exposure										
Loans to individuals	33,368,697	3,314,449	356,668	156,319	3,827,436	525,539	469,931	995,470	25,510	38,217,113
Non-financial companies - Trade	5,299,609	735,392	16,114	3,998	755,504	91,961	44,149	136,110	604	6,191,827
Non-financial companies - Construction	2,346,987	583,617	7,508	2,523	593,648	272,067	30,830	302,897	4,141	3,247,673
Non-financial companies - Manufacturing industries	5,596,512	934,013	14,368	7,458	955,839	137,257	71,289	208,546	560	6,761,457
Non-financial companies - Other activities	2,265,462	372,268	12,087	954	385,309	56,211	15,197	71,408	50	2,722,229
Non-financial companies - Other services	11,282,136	1,871,522	22,851	10,567	1,904,940	384,395	110,690	495,085	2,458	13,684,619
Other Services /Other activities	18,871,869	362,090	2,308	14	364,412	46,842	12	46,854	—	19,283,135
Total	79,031,272	8,173,351	431,904	181,833	8,787,088	1,514,272	742,098	2,256,370	33,323	90,108,053
Impairment losses										
Loans to individuals	95,771	63,994	28,385	19,709	112,088	164,251	265,837	430,088	14,469	652,416
Non-financial companies - Trade	28,456	25,648	863	1,084	27,595	40,537	19,292	59,829	—	115,880
Non-financial companies - Construction	15,896	13,624	978	645	15,247	91,537	17,927	109,464	—	140,607
Non-financial companies - Manufacturing industries	54,770	57,777	1,909	1,842	61,528	53,536	35,826	89,362	—	205,660
Non-financial companies - Other activities	10,608	18,371	771	170	19,312	38,378	8,562	46,940	—	76,860
Non-financial companies - Other services	59,261	64,219	1,497	1,485	67,201	273,576	59,189	332,765	—	459,227
Other Services /Other activities	40,356	4,144	119	1	4,264	34,559	7	34,566	—	79,186
Total	305,118	247,777	34,522	24,936	307,235	696,374	406,640	1,103,014	14,469	1,729,836
Net exposure										
Loans to individuals	33,272,926	3,250,455	328,283	136,610	3,715,348	361,288	204,094	565,382	11,041	37,564,697
Non-financial companies - Trade	5,271,153	709,744	15,251	2,914	727,909	51,424	24,857	76,281	604	6,075,947
Non-financial companies - Construction	2,331,091	569,993	6,530	1,878	578,401	180,530	12,903	193,433	4,141	3,107,066
Non-financial companies - Manufacturing industries	5,541,742	876,236	12,459	5,616	894,311	83,721	35,463	119,184	560	6,555,797
Non-financial companies - Other activities	2,254,854	353,897	11,316	784	365,997	17,833	6,635	24,468	50	2,645,369
Non-financial companies - Other services	11,222,875	1,807,303	21,354	9,082	1,837,739	110,819	51,501	162,320	2,458	13,225,392
Other Services /Other activities	18,831,513	357,946	2,189	13	360,148	12,283	5	12,288	—	19,203,949
Total	78,726,154	7,925,574	397,382	156,897	8,479,853	817,898	335,458	1,153,356	18,854	88,378,217
% of impairment coverage										
Loans to individuals	0.29%	1.93%	7.96%	12.61%	2.93%	31.25%	56.57%	43.20%	56.72%	1.71%
Non-financial companies - Trade	0.54%	3.49%	5.36%	27.11%	3.65%	44.08%	43.70%	43.96%	0.00%	1.87%
Non-financial companies - Construction	0.68%	2.33%	13.03%	25.56%	2.57%	33.65%	58.15%	36.14%	0.00%	4.33%
Non-financial companies - Manufacturing industries	0.98%	6.19%	13.29%	24.70%	6.44%	39.00%	50.25%	42.85%	0.00%	3.04%
Non-financial companies - Other activities	0.47%	4.93%	6.38%	17.82%	5.01%	68.27%	56.34%	65.73%	0.00%	2.82%
Non-financial companies - Other services	0.53%	3.43%	6.55%	14.05%	3.53%	71.17%	53.47%	67.21%	0.00%	3.36%
Other Services /Other activities	0.21%	1.14%	5.16%	7.14%	1.17%	73.78%	58.33%	73.77%	0.00%	0.41%
Total	0.39%	3.03%	7.99%	13.71%	3.50%	45.99%	54.80%	48.88%	43.42%	1.92%

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by geography and stage, are as follows:

(Thousands of euros)

	2024									
		Stage 2				Stage 3				
Geography	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Portugal	58,473,777	5,846,367	216,085	102,395	6,164,847	918,541	356,047	1,274,588	13,881	65,927,093
Poland	24,622,516	1,380,971	160,546	61,255	1,602,772	391,388	420,892	812,280	18,176	27,055,744
Mozambique	1,474,261	367,896	8,873	6,453	383,222	4,273	32,036	36,309	—	1,893,792
Total	84,570,554	7,595,234	385,504	170,103	8,150,841	1,314,202	808,975	2,123,177	32,057	94,876,629
Impairment										
Portugal	184,443	174,794	11,245	9,943	195,982	473,433	146,705	620,138	—	1,000,563
Poland	86,667	48,884	18,436	10,769	78,089	155,362	266,152	421,514	11,634	597,904
Mozambique	38,861	5,183	650	1,339	7,172	1,321	18,345	19,666	—	65,699
Total	309,971	228,861	30,331	22,051	281,243	630,116	431,202	1,061,318	11,634	1,664,166
Net exposure										
Portugal	58,289,334	5,671,573	204,840	92,452	5,968,865	445,108	209,342	654,450	13,881	64,926,530
Poland	24,535,849	1,332,087	142,110	50,486	1,524,683	236,026	154,740	390,766	6,542	26,457,840
Mozambique	1,435,400	362,713	8,223	5,114	376,050	2,952	13,691	16,643	—	1,828,093
Total	84,260,583	7,366,373	355,173	148,052	7,869,598	684,086	377,773	1,061,859	20,423	93,212,463
% of impairment coverage										
Portugal	0.32%	2.99%	5.20%	9.71%	3.18%	51.54%	41.20%	48.65%	0.00%	1.52%
Poland	0.35%	3.54%	11.48%	17.58%	4.87%	39.70%	63.24%	51.89%	64.01%	2.21%
Mozambique	2.64%	1.41%	7.33%	20.75%	1.87%	30.92%	57.26%	54.16%	0.00%	3.47%
Total	0.37%	3.01%	7.87%	12.96%	3.45%	47.95%	53.30%	49.99%	36.29%	1.75%

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by geography and stage, are as follows:

(Thousands of euros)

	2023									
		Stage 2				Stage 3				
Geography	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Portugal	54,817,070	6,507,490	243,837	97,956	6,849,283	1,101,355	321,902	1,423,257	14,814	63,104,424
Poland	22,932,079	1,254,639	168,557	76,684	1,499,880	404,395	394,011	798,406	18,509	25,248,874
Mozambique	1,282,123	411,222	19,510	7,193	437,925	8,522	26,185	34,707	—	1,754,755
Total	79,031,272	8,173,351	431,904	181,833	8,787,088	1,514,272	742,098	2,256,370	33,323	90,108,053
Impairment										
Portugal	190,234	201,637	10,867	9,419	221,923	551,673	145,912	697,585	—	1,109,742
Poland	103,505	40,435	22,551	14,419	77,405	143,301	245,864	389,165	14,469	584,544
Mozambique	11,379	5,705	1,104	1,098	7,907	1,400	14,864	16,264	—	35,550
Total	305,118	247,777	34,522	24,936	307,235	696,374	406,640	1,103,014	14,469	1,729,836
Net exposure										
Portugal	54,626,836	6,305,853	232,970	88,537	6,627,360	549,682	175,990	725,672	14,814	61,994,682
Poland	22,828,574	1,214,204	146,006	62,265	1,422,475	261,094	148,147	409,241	4,040	24,664,330
Mozambique	1,270,744	405,517	18,406	6,095	430,018	7,122	11,321	18,443	—	1,719,205
Total	78,726,154	7,925,574	397,382	156,897	8,479,853	817,898	335,458	1,153,356	18,854	88,378,217
% of impairment coverage										
Portugal	0.35%	3.10%	4.46%	9.62%	3.24%	50.09%	45.33%	49.01%	0.00%	1.76%
Poland	0.45%	3.22%	13.38%	18.80%	5.16%	35.44%	62.40%	48.74%	78.17%	2.32%
Mozambique	0.89%	1.39%	5.66%	15.26%	1.81%	16.43%	56.77%	46.86%	0.00%	2.03%
Total	0.39%	3.03%	7.99%	13.71%	3.50%	45.99%	54.80%	48.88%	43.42%	1.92%

As at 31 December 2024, the gross exposure, by type of financial instrument, internal rating and stage, is analysed as follows:

(Thousands of euros)

	2024							
	Gross Exposure							
	Higher quality	Average quality	Lower quality	Procedural RG	Not classified (without risk grade)	Total	Impairment losses	Net exposure
Financial assets at amortised cost								
stage 1	54,782,294	9,856,040	2,681,861	620	1,491,131	68,811,946	296,140	68,515,806
stage 2	1,781,656	2,210,946	2,208,958	427,453	324,574	6,953,587	265,982	6,687,605
stage 3	193	1,608	737	1,772,838	25,715	1,801,091	972,371	828,720
POCI	2,700	2,384	1,358	22,792	32	29,266	11,634	17,632
	56,566,843	12,070,978	4,892,914	2,223,703	1,841,452	77,595,890	1,546,127	76,049,763
Debt instruments at fair value through other comprehensive income (*)								
stage 1	12,735,540	—	—	—	137,096	12,872,636	—	12,872,636
stage 3	—	—	—	—	1,169	1,169	1,169	—
	12,735,540	—	—	—	138,265	12,873,805	1,169	12,872,636
Guarantees and other commitments (**)								
stage 1	11,380,949	3,218,006	785,001	3	374,649	15,758,608	13,831	15,744,777
stage 2	207,462	408,214	393,070	22,586	165,922	1,197,254	15,261	1,181,993
stage 3	3	19	—	321,943	121	322,086	88,947	233,139
POCI	4	2	1	2,783	—	2,790	—	2,790
	11,588,418	3,626,241	1,178,072	347,315	540,692	17,280,738	118,039	17,162,699
Total	80,890,801	15,697,219	6,070,986	2,571,018	2,520,409	107,750,433	1,665,335	106,085,098

Note: Higher quality (RG 101-107); Average quality (RG 108-111); Lower quality (RG 112-115); Procedural RG (RG 123/124/125).

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1 C1.5.1.2.

(**) The gross exposure includes the guarantees granted, irrevocable credit facilities and revocable commitments (note 45).

As at 31 December 2023, the gross exposure, by type of financial instrument, internal rating and stage, is analysed as follows:

(Thousands of euros)

	2023							
	Gross Exposure							
	Higher quality (RG 1-6)	Average quality (RG 7-9)	Lower quality (RG 10-12)	Procedural (RG 13/14/15)	Not classified (without risk grade)	Total	Impairment losses	Net exposure
Financial assets at amortised cost								
stage 1	48,884,930	9,891,705	4,050,015	800	1,269,469	64,096,919	292,238	63,804,681
stage 2	1,338,150	1,942,276	3,215,313	379,810	477,945	7,353,494	292,549	7,060,945
stage 3	–	–	–	1,896,329	23,543	1,919,872	1,009,006	910,866
POCI	2,152	2,448	1,202	24,831	115	30,748	14,469	16,279
	50,225,232	11,836,429	7,266,530	2,301,770	1,771,072	73,401,033	1,608,262	71,792,771
Debt instruments at fair value through other comprehensive income (*)								
stage 1	10,490,205	153,637	11,687	50	154,294	10,809,873	–	10,809,873
stage 3	–	–	–	–	1,150	1,150	1,150	–
	10,490,205	153,637	11,687	50	155,444	10,811,023	1,150	10,809,873
Guarantees and other commitments (**)								
stage 1	9,603,432	3,927,153	1,224,614	3,511	175,643	14,934,353	12,880	14,921,473
stage 2	169,847	400,684	670,786	13,250	179,027	1,433,594	14,686	1,418,908
stage 3	–	–	–	336,351	147	336,498	94,008	242,490
POCI	6	5	1	2,563	–	2,575	–	2,575
	9,773,285	4,327,842	1,895,401	355,675	354,817	16,707,020	121,574	16,585,446
Total	70,488,722	16,317,908	9,173,618	2,657,495	2,281,333	100,919,076	1,730,986	99,188,090

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1 C1.5.1.2.
(**) The gross exposure includes the guarantees granted, irrevocable credit facilities and revocable commitments (note 45).

As at 31 December 2024, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by segment, are presented in the following table:

(Thousands of euros)

	2024					
	Gross Exposure			Impairment losses		
Segment	Individual	Collective	Total	Individual	Collective	Total
Individuals - Mortgage	28,581	28,654,236	28,682,817	9,285	162,493	171,778
Individuals - Other	8,130	11,229,896	11,238,026	4,839	485,373	490,212
Financial Companies	12,658	3,491,355	3,504,013	12,297	23,793	36,090
Non-financial companies-Corporate	184,831	11,893,979	12,078,810	102,207	68,798	171,005
Non-financial companies-SME-Corporate	409,804	11,043,023	11,452,827	277,360	166,875	444,235
Non-financial companies-SME-Retail	32,522	7,898,658	7,931,180	61,815	231,692	293,507
Non-financial companies-Other	500	570,283	570,783	272	678	950
Other loans	—	19,418,173	19,418,173	—	56,389	56,389
Total	677,026	94,199,603	94,876,629	468,075	1,196,091	1,664,166

As at 31 December 2023, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by segment, are presented in the following table:

(Thousands of euros)

	2023					
	Gross Exposure			Impairment losses		
Segment	Individual	Collective	Total	Individual	Collective	Total
Individuals - Mortgage	27,960	27,956,633	27,984,593	9,347	172,867	182,214
Individuals - Other	8,531	10,223,989	10,232,520	4,709	465,493	470,202
Financial Companies	48,444	3,327,226	3,375,670	34,439	24,985	59,424
Non-financial companies-Corporate	204,869	11,582,366	11,787,235	105,559	68,974	174,533
Non-financial companies-SME-Corporate	517,062	11,293,743	11,810,805	326,269	176,087	502,356
Non-financial companies -SME - Retail	84,903	8,384,136	8,469,039	77,852	241,557	319,409
Non-financial companies-Other	702	540,025	540,727	567	1,369	1,936
Other loans	—	15,907,464	15,907,464	—	19,762	19,762
Total	892,471	89,215,582	90,108,053	558,742	1,171,094	1,729,836

As at 31 December 2024, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by sector of activity are presented in the following table:

(Thousands of euros)

	2024					
	Gross Exposure			Impairment losses		
Sector of activity	Individual	Collective	Total	Individual	Collective	Total
Loans to individuals	36,711	39,884,132	39,920,843	14,124	647,866	661,990
Non-financial companies-Trade	31,532	6,178,477	6,210,009	11,538	87,818	99,356
Non-financial companies-Construction	188,453	3,174,297	3,362,750	110,151	44,747	154,898
Non-financial companies-Manufacturing industry	101,395	6,427,327	6,528,722	44,047	133,426	177,473
Non-financial companies-Other activities	18,033	2,678,922	2,696,955	11,909	30,549	42,458
Non-financial companies-Other services	288,244	12,946,920	13,235,164	264,009	171,503	435,512
Other Services/Other activities	12,658	22,909,528	22,922,186	12,297	80,182	92,479
Total	677,026	94,199,603	94,876,629	468,075	1,196,091	1,664,166

As at 31 December 2023, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by sector of activity are presented in the following table:

(Thousands of euros)

	2023					
	Gross Exposure			Impairment losses		
Sector of activity	Individual	Collective	Total	Individual	Collective	Total
Loans to individuals	36,491	38,180,622	38,217,113	14,056	638,360	652,416
Non-financial companies-Trade	63,282	6,128,545	6,191,827	33,799	82,081	115,880
Non-financial companies-Construction	212,160	3,035,513	3,247,673	88,160	52,447	140,607
Non-financial companies-Manufacturing industry	110,203	6,651,255	6,761,458	57,795	147,865	205,660
Non-financial companies-Other activities	48,448	2,673,781	2,722,229	37,216	39,644	76,860
Non-financial companies-Other services	373,443	13,311,176	13,684,619	293,277	165,950	459,227
Other Services/Other activities	48,444	19,234,690	19,283,134	34,439	44,747	79,186
Total	892,471	89,215,582	90,108,053	558,742	1,171,094	1,729,836

As at 31 December 2024, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by geography, are presented in the following table:

(Thousands of euros)

	2024					
	Gross Exposure			Impairment losses		
Geography	Individual	Collective	Total	Individual	Collective	Total
Portugal	499,966	65,427,127	65,927,093	411,589	588,974	1,000,563
Poland	163,443	26,892,301	27,055,744	49,694	548,210	597,904
Mozambique	13,617	1,880,175	1,893,792	6,792	58,907	65,699
Total	677,026	94,199,603	94,876,629	468,075	1,196,091	1,664,166

As at 31 December 2023, the financial assets at amortised cost, guarantees and other commitments subject to individual and collective impairment, by geography, are presented in the following table:

(Thousands of euros)

	2023					
	Gross Exposure			Impairment losses		
Geography	Individual	Collective	Total	Individual	Collective	Total
Portugal	758,022	62,346,402	63,104,424	516,336	593,406	1,109,742
Poland	121,548	25,127,326	25,248,874	36,255	548,289	584,544
Mozambique	12,901	1,741,854	1,754,755	6,151	29,399	35,550
Total	892,471	89,215,582	90,108,053	558,742	1,171,094	1,729,836

The columns Gross exposure and Collective impairment losses of the previous tables include loans subject to individual analysis for which the Group has concluded that there is no objective evidence of impairment.

As at 31 December 2024, the following table includes the loans portfolio (including guarantees and commitments) by segment and by year of production (date of the beginning of the operations, in the portfolio at the date of balance sheet - it does not include restructured loans):

	2024					
Year of production	Construction and Commercial Real Estate	Companies - Other Activities	Mortgage loans	Individuals - Other	Other loans	Total
2014 and previous						
Number of operations	14,156	29,534	252,970	668,544	730	965,934
Amount (EUR '000)	896,754	3,183,643	7,756,515	1,305,814	254,286	13,397,012
Impairment constituted (EUR '000)	78,530	52,663	100,158	27,346	1,621	260,318
2015						
Number of operations	1,581	6,354	8,748	76,703	161	93,547
Amount (EUR '000)	84,592	497,077	407,678	134,673	2,955	1,126,975
Impairment constituted (EUR '000)	1,495	18,949	5,031	7,484	533	33,492
2016						
Number of operations	1,807	7,290	9,811	98,126	173	117,207
Amount (EUR '000)	118,163	946,970	468,327	182,369	2,472	1,718,301
Impairment constituted (EUR '000)	1,595	10,080	5,726	12,138	145	29,684
2017						
Number of operations	2,191	8,306	16,035	108,278	556	135,366
Amount (EUR '000)	121,934	792,998	903,737	204,274	5,942	2,028,885
Impairment constituted (EUR '000)	4,756	13,468	7,472	14,679	326	40,701
2018						
Number of operations	3,880	12,010	21,342	195,982	357	233,571
Amount (EUR '000)	348,049	1,717,047	1,385,196	426,990	291,719	4,169,001
Impairment constituted (EUR '000)	5,185	18,602	9,535	30,198	878	64,398
2019						
Number of operations	6,077	15,879	24,524	437,421	312	484,213
Amount (EUR '000)	379,403	1,390,533	1,701,878	816,725	50,025	4,338,564
Impairment constituted (EUR '000)	5,390	38,613	8,242	50,635	851	103,731
2020						
Number of operations	7,221	25,512	29,793	205,882	355	268,763
Amount (EUR '000)	557,772	1,983,167	2,115,840	445,438	43,465	5,145,682
Impairment constituted (EUR '000)	12,161	33,067	9,626	32,906	1,620	89,380
2021						
Number of operations	8,038	27,455	43,540	254,064	365	333,462
Amount (EUR '000)	554,664	1,927,360	3,439,789	728,043	284,772	6,934,628
Impairment constituted (EUR '000)	8,245	36,582	11,137	58,648	1,782	116,394
2022						
Number of operations	8,953	30,755	31,844	394,452	443	466,447
Amount (EUR '000)	1,011,708	3,225,162	2,976,052	1,183,881	48,900	8,445,703
Impairment constituted (EUR '000)	10,394	49,175	5,672	72,621	1,548	139,410
2023						
Number of operations	10,212	33,388	29,257	608,249	723	681,829
Amount (EUR '000)	1,480,507	2,773,296	2,970,331	1,716,879	96,858	9,037,871
Impairment constituted (EUR '000)	16,315	40,737	4,197	74,391	933	136,573
2024						
Number of operations	14,366	126,180	39,644	1,311,647	2,976	1,494,813
Amount (EUR '000)	2,029,470	6,918,957	4,568,010	3,397,754	298,452	17,212,643
Impairment constituted (EUR '000)	13,463	214,703	6,071	75,276	4,619	314,132
Total						
Number of operations	78,482	322,663	507,508	4,359,348	7,151	5,275,152
Amount (EUR '000)	7,583,016	25,356,210	28,693,353	10,542,840	1,379,846	73,555,265
Impairment constituted (EUR '000)	157,529	526,639	172,867	456,322	14,856	1,328,213

In the year of the current production, are included operations that, by their nature, are contractually subject to renewals. In these cases, the date of the last renewal is considered, namely for overdraft operations, secured current account and factoring operations.

As at 31 December 2023, the following table includes the loans portfolio (including guarantees and commitments) by segment and by year of production (date of the beginning of the operations, in the portfolio at the date of balance sheet - it does not include restructured loans):

	2023					
Year of production	**Construction and Commercial Real Estate**	**Companies - Other Activities**	**Mortgage loans**	**Individuals - Other**	**Other loans**	**Total**
2013 and previous						
Number of operations	13,988	27,550	275,796	637,888	380	955,602
Amount (EUR '000)	928,757	3,261,687	8,790,207	1,229,144	89,608	14,299,403
Impairment constituted (EUR '000)	73,508	58,659	113,180	22,494	812	268,653
2014						
Number of operations	1,310	5,156	7,877	63,545	85	77,973
Amount (EUR '000)	69,788	447,850	327,925	111,200	184,307	1,141,070
Impairment constituted (EUR '000)	7,137	5,895	5,441	4,563	873	23,909
2015						
Number of operations	1,740	7,093	9,709	84,470	114	103,126
Amount (EUR '000)	85,463	591,723	464,924	145,749	8,498	1,296,357
Impairment constituted (EUR '000)	1,952	22,286	4,621	7,655	577	37,091
2016						
Number of operations	2,053	8,438	10,979	110,408	49	131,927
Amount (EUR '000)	141,513	1,117,972	542,229	213,263	3,067	2,018,044
Impairment constituted (EUR '000)	2,314	12,494	5,106	13,662	179	33,755
2017						
Number of operations	2,482	9,808	17,985	120,635	99	151,009
Amount (EUR '000)	157,801	978,292	1,047,446	246,833	14,258	2,444,630
Impairment constituted (EUR '000)	10,391	17,786	6,592	17,477	774	53,020
2018						
Number of operations	4,819	15,084	23,954	213,882	165	257,904
Amount (EUR '000)	384,262	1,901,330	1,604,675	530,572	301,822	4,722,661
Impairment constituted (EUR '000)	5,771	33,804	8,220	37,433	1,227	86,455
2019						
Number of operations	7,245	21,732	27,329	521,238	150	577,694
Amount (EUR '000)	499,121	1,658,088	1,956,352	982,211	79,619	5,175,391
Impairment constituted (EUR '000)	7,673	43,210	7,137	67,067	1,144	126,231
2020						
Number of operations	9,258	31,822	32,966	244,303	189	318,538
Amount (EUR '000)	862,852	2,855,711	2,410,351	617,566	104,195	6,850,675
Impairment constituted (EUR '000)	14,538	76,473	8,944	38,516	1,913	140,384
2021						
Number of operations	9,130	33,058	48,727	363,405	219	454,539
Amount (EUR '000)	792,772	2,539,394	3,981,918	1,016,489	333,477	8,664,050
Impairment constituted (EUR '000)	11,334	42,963	10,857	67,703	3,131	135,988
2022						
Number of operations	9,311	34,292	35,724	571,063	396	650,786
Amount (EUR '000)	1,397,283	4,265,544	3,490,509	1,677,789	126,587	10,957,712
Impairment constituted (EUR '000)	15,286	51,293	6,233	79,493	1,704	154,009
2023						
Number of operations	14,388	113,890	31,737	1,312,681	4,733	1,477,429
Amount (EUR '000)	1,967,654	6,445,098	3,317,913	2,949,518	179,760	14,859,943
Impairment constituted (EUR '000)	16,782	217,800	6,768	70,824	2,232	314,406
Total						
Number of operations	75,724	307,923	522,783	4,243,518	6,579	5,156,527
Amount (EUR '000)	7,287,266	26,062,689	27,934,449	9,720,334	1,425,198	72,429,936
Impairment constituted (EUR '000)	166,686	582,663	183,099	426,887	14,566	1,373,901

In the year of the current production, are included operations that, by their nature, are contractually subject to renewals. In these cases, the date of the last renewal is considered, namely for overdraft operations, secured current account and factoring operations.

As at 31 December 2024, the following table includes the fair value of the collaterals by segments (not limited by the value of the collateral) associated to the loan's portfolio:

	2024					
	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	**Real Estate (*)**	**Other real Collateral (**)**	**Real Estate (*)**	**Other real Collateral (**)**	**Real Estate (*)**	**Other real Collateral (**)**
< 0.5 M€						
Number	7,421	10,402	8,695	72,842	435,269	197
Amount (EUR '000)	971,177	294,041	1,331,150	1,797,700	69,220,142	9,702
>= 0.5 M€ and < 1 M€						
Number	1,038	65	1,303	261	9,252	4
Amount (EUR '000)	716,107	43,049	900,825	174,655	5,923,481	2,532
>= 1 M€ and < 5 M€						
Number	760	57	1,068	192	1,389	0
Amount (EUR '000)	1,603,016	110,727	2,143,924	375,273	2,170,247	—
>= 5 M€ and < 10 M€						
Number	122	2	116	18	23	—
Amount (EUR '000)	860,789	10,213	814,568	134,013	148,552	—
>= 10 M€ and < 20 M€						
Number	69	1	53	14	3	—
Amount (EUR '000)	961,620	29,640	755,885	187,204	35,893	—
>= 20 M€ and < 50 M€						
Number	21	—	40	3	2	—
Amount (EUR '000)	609,676	—	1,211,901	63,454	45,216	—
>= 50 M€						
Number	9	—	14	4	—	—
Amount (EUR '000)	724,928	—	1,069,731	879,137	—	—
Total Number	9,440	10,527	11,289	73,334	445,938	201
Total Amount (EUR '000)	6,447,313	487,670	8,227,984	3,611,436	77,543,531	12,234

(*) The fair value of real estate collateral relates to the PVT included in valuations.

(**) Includes, namely, securities, deposits and fixed assets pledges.

As at 31 December 2023, the following table includes the fair value of the collaterals by segments (not limited by the value of the collateral) associated to the loan's portfolio:

	2023					
	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)
< 0.5 M€						
Number	7,433	10,521	8,995	74,256	453,097	247
Amount (EUR '000)	957,351	270,085	1,360,898	1,715,200	64,939,467	14,258
>= 0.5 M€ and < 1 M€						
Number	788	68	1,221	261	6,910	5
Amount (EUR '000)	548,653	46,495	856,785	181,934	4,459,854	2,833
>= 1 M€ and < 5 M€						
Number	752	49	1,137	180	1,169	1
Amount (EUR '000)	1,564,212	90,200	2,317,694	351,774	1,828,625	1,121
>= 5 M€ and < 10 M€						
Number	126	1	128	15	16	—
Amount (EUR '000)	883,759	5,424	892,174	111,364	102,113	—
>= 10 M€ and < 20 M€						
Number	52	1	62	12	2	—
Amount (EUR '000)	705,360	10,415	882,748	176,111	21,129	—
>= 20 M€ and < 50 M€						
Number	32	1	47	2	—	—
Amount (EUR '000)	900,127	20,241	1,393,377	46,125	—	—
>= 50 M€						
Number	4	—	15	4	—	—
Amount (EUR '000)	263,193	—	1,124,438	855,609	—	—
Total Number	9,187	10,641	11,605	74,730	461,194	253
Total Amount (EUR '000)	5,822,655	442,860	8,828,114	3,438,117	71,351,188	18,212

(*) The fair value of real estate collateral relates to the PVT included in valuations.

(**) Includes, namely, securities, deposits and fixed assets pledges.

As at 31 December 2024, the following table includes the LTV (*loan-to-value*) ratio by segments Construction and Commercial Real Estate (CRE), Companies - Other Activities and Mortgage loans:

(Thousands of euros)

	2024				
Segment/Ratio	**Number of properties**	**Stage 1**	**Stage 2**	**Stage 3**	**Impairment**
Construction and CRE					
Without associated collateral	n.a.	1,512,159	281,959	68,269	76,485
<60%	25,977	1,519,840	158,693	37,610	23,185
>=60% and <80%	3,506	362,009	51,182	31,307	15,650
>=80% and <100%	1,059	106,345	40,451	2,610	3,460
>=100%	1,135	94,340	21,947	38,149	32,810
Companies - Other Activities					
Without associated collateral	n.a.	8,965,096	1,172,453	280,620	431,817
<60%	47,243	1,894,339	487,811	85,539	39,543
>=60% and <80%	14,091	816,960	390,644	49,399	30,333
>=80% and <100%	10,728	692,087	152,910	15,653	16,478
>=100%	2,065	459,238	165,964	183,867	167,306
Mortgage loans					
Without associated collateral	n.a.	417,293	7,163	8,637	12,859
<60%	386,507	14,822,521	1,490,909	319,980	129,363
>=60% and <80%	102,038	7,652,552	897,507	104,596	26,597
>=80% and <100%	27,048	2,377,618	387,868	41,008	13,827
>=100%	3,636	134,446	41,043	11,792	6,137

As at 31 December 2023, the following table includes the LTV (*loan-to-value*) ratio by segments Construction and Commercial Real Estate (CRE), Companies - Other Activities and Mortgage loans:

(Thousands of euros)

	2023				
Segment/Ratio	**Number of properties**	**Stage 1**	**Stage 2**	**Stage 3**	**Impairment**
Construction and CRE					
Without associated collateral	n.a.	1,325,209	368,506	61,341	69,194
<60%	26,471	1,231,512	314,464	27,331	22,492
>=60% and <80%	4,107	405,123	124,352	25,326	17,357
>=80% and <100%	858	115,631	26,141	2,513	3,689
>=100%	915	83,185	56,059	49,530	30,584
Companies - Other Activities					
Without associated collateral	n.a.	9,520,386	1,406,516	244,982	438,065
<60%	49,955	1,888,694	528,115	128,724	75,157
>=60% and <80%	15,150	965,433	277,671	80,993	42,715
>=80% and <100%	9,050	457,684	378,185	48,634	34,873
>=100%	2,328	492,635	159,776	258,397	208,054
Mortgage loans					
Without associated collateral	n.a.	62,011	3,510	9,719	12,435
<60%	380,896	13,666,658	1,351,098	264,041	119,276
>=60% and <80%	119,725	8,368,284	896,151	117,924	39,255
>=80% and <100%	33,465	2,594,964	349,466	50,104	20,302
>=100%	4,814	168,138	53,712	19,770	10,447

As at 31 December 2024, the following table includes the fair value and the net book value of the properties classified as Non-current assets held for sale (note 27) and as Other assets (note 32), by type of asset:

(Thousands of euros)

	2024					
	Assets arising from recovered loans results		Assets belonging to investments funds and real estate companies		Total	
Asset	**Appraised value**	**Book value**	**Appraised value (1)**	**Book value**	**Appraised value**	**Book value**
Land						
Urban	54,050	25,840	60,855	60,855	114,905	86,695
Rural	1,459	735	2,853	2,853	4,312	3,588
Buildings under construction						
Commercials	790	—	—	—	790	—
Mortgage loans	2,310	—	—	—	2,310	—
Constructed buildings						
Retail	17,380	9,573	—	—	17,380	9,573
Mortgage loans	38,903	29,227	—	—	38,903	29,227
Other	28,971	28,764	—	—	28,971	28,764
	143,863	94,139	63,708	63,708	207,571	157,847

(1) Value deducted from haircuts or other applicable impairments

As at 31 December 2023, the following table includes the fair value and the net book value of the properties classified as Non-current assets held for sale (note 27) and as Other assets (note 32), by type of asset:

(Thousands of euros)

	2023					
	Assets arising from recovered loans		Assets belonging to investments funds and real estate companies		Total	
Asset	**Appraised value**	**Book value**	**Appraised value (1)**	**Book value**	**Appraised value**	**Book value**
Land						
Urban	80,526	49,779	84,684	84,684	165,210	134,463
Rural	4,622	2,188	17,560	17,560	22,182	19,748
Buildings under construction						
Commercials	790	529	—	—	790	529
Mortgage loans	2,474	1,438	—	—	2,474	1,438
Constructed buildings						
Retail	29,968	15,391	—	—	29,968	15,391
Mortgage loans	52,120	35,758	—	—	52,120	35,758
Other	30,495	30,261	—	—	30,495	30,261
Other assets	5,400	5,400	—	—	5,400	5,400
	206,395	140,744	102,244	102,244	308,639	242,988

(1) Value deducted from haircuts or other applicable impairments

Credit Portfolio Monitoring Process

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

The importance of this approach is reinforced by the uncertainty that has marked the activity in recent years, where it stands out in the current context the potential impacts resulting from multiple geopolitical conflicts, instability in several relevant European countries, particularly with political uncertainties, a more modest level of economic growth and budgetary pressures, as well as the potential changes resulting from the new leadership in the United States, particularly with regard to measures affecting international trade.

The main guidelines of the credit portfolio monitoring approach can be characterized as presented below:

- Global and transversal: Analysis of the entire credit portfolio of the Bank, being excluded from the monitoring process only customers with a better risk profile (in the case of retail) or with exposures of a lower size (in the case of retail and corporate).

- Specialized: Monitoring by the Credit Division in coordination with the Rating Division and the Specialized Recovery Division for the corporate segment and by the Credit Division and Retail Recovery Division for individuals and small businesses.

- Segmented: Prioritization of approach/analysis recurrence based on risk signs, in order to gather additional information and agree on appropriate and sustainable financial restructuring solutions in a timely manner.

- Prospective: Use of predictive models, in order to anticipate potential future defaults, avoiding a reactive approach.

- Standardized: Both in terms of risk models and monitoring, and in terms of credit solutions for which it is possible to identify pre-defined alternatives (retail segments).

- Convenient and innovative: Making the restructuring journey simpler and more convenient both in terms of credit solutions and channels, extending the restructuring offer to the App for consumer credit and mortgages.

Specifically in the corporate segment, the process of portfolio follow-up and monitoring can be generically characterized as described below, having as a fundamental component the attribution of credit strategies, among pre-defined options, with review periods differentiated according to the level of risk associated to the strategy attributed:

1. Client Assessment and presentation of Indicative Credit Strategy by the Rating Division (for customers with ratings assigned by corporate rating models);

2. Approval, by the competent credit decision levels, of a credit strategy for each customer, taking into consideration the Indicative Credit Strategy from the Rating Division, the information received from the area that follows the client and the inputs received as a result of the customer interaction process;

3. Decision, negotiation and formalisation of the operations that will ensure that the approved strategy is pursued and the approved credit limits are met (Credit Division, Areas that follow the client and Operations Division);

4. Monitoring the Credit Strategy and the evolution of the customer's activity (Credit Division and the Areas that follow the client);

5. Monitoring of the credit portfolio and effectiveness of the portfolio monitoring process and credit strategy attribution (Risk Office), based on a set of KPIs, (e.g. percentage of the credit portfolio with valid risk strategy; evolution of credit exposure to customers with a reduction strategy; adequacy of the credit strategy to the customer's performance);

6. In the attribution of the customer's credit strategy, besides the intrinsic factors of the customer, more transversal factors are taken into consideration, such as the evaluation of the sectorial risk (periodically reviewed with the support of the Economic t Studies Division) and taking into consideration the attribution of a ESG rating regarding the clients with most relevant exposures;

7. The occurrence of effective and/or potential risk events (signs of default/delinquency; breach of contractual covenants; severe alteration in sector risk; alteration in the corporate/shareholder structure), trigger an extraordinary/anticipated revision of the strategy.

As part of this monitoring process and with an impact on other complementary procedures adopted, the Bank defines a list of sectors considered to be more vulnerable to the macroeconomic environment and climate impacts, which is reviewed periodically (at least annually), supporting a set of reports on the evolution of the risk profile of the exposures associated with these sectors.

Additional measures with impact on the Impairment level

i. Updating macroeconomic scenarios and the parameters of the collective impairment model

Taking into consideration the evolution of the economic context and outlook, involving a progressive normalization of inflation levels and interest rates, the macroeconomic scenarios used in the collective impairment analysis model in Portugal were updated in December 2024, based on three scenarios (Central Scenario, Optimistic and Pessimistic) prepared by the Bank's Economic Studies Area.

The referred scenarios, which are used in the Bank for several purposes other than the impairment calculation, took into consideration the existing projections of reputed entities.

The tables below systematise the projections for 2024 and 2025 considered for Portugal concerning the central scenarios with regard to some of the critical variables used in the calculation of collective impairment.

Update of main macroeconomic scenario assumptions (Base Scenario) - Portugal

	December 2023 Scenario		December 2024 Scenario		Difference	
Variable	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**
Unemployment rate	7.15%	7.33%	6.37%	6.40%	-0.78%	-0.92%
3 months Euribor Rate	3.18%	2.11%	3.58%	2.11%	0.40%	0.00%
Public Consumption growth Rate	0.99%	0.85%	1.07%	1.11%	0.09%	0.26%
Imports of Goods and Services growth Rate	2.79%	4.07%	5.17%	4.73%	2.38%	0.66%

Regarding Poland, an update of the macroeconomic assumptions was carried out in relation to those considered in December 2023, which translates into the terms presented in the table below regarding the projections for 2024 and 2025 foreseen in the central scenario.

Update of main macroeconomic scenario assumptions (Base Scenario) - Poland

	December 2023 Scenario		December 2024 Scenario		Difference	
Variable	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**
Unemployment rate	5.30%	5.20%	5.10%	5.10%	-0.20%	-0.10%
Nominal GDP annual evolution	7.60%	7.30%	6.50%	8.50%	-1.10%	1.20%
Consumption annual evolution	3.50%	4.40%	3.80%	3.50%	0.30%	-0.90%
Disposable Income	8.10%	6.90%	9.10%	8.50%	1.00%	1.60%
EUR/PLN exchange rate	4.42	4.37	4.34	4.31	-0.08	-0.06
CHF/PLN exchange rate	4.58	4.40	4.62	4.53	0.04	0.13

The following tables describe the weightings assigned in Portugal and Poland to the different macroeconomic scenarios considered at the end of 2023 and 2024, which can be considered as conservative:

Weightings of the macroeconomic scenarios considered

	Weightings			
	Portugal		Poland	
Scenario	**Dec 2023**	**Dec 2024**	**Dec 2023**	**Dec 2024**
Central	60 %	60 %	70 %	60 %
Upside	10 %	10 %	10 %	10 %
Downside	30 %	30 %	20 %	30 %

For Portugal, a simulation of an additional one percentage point worsening in the evolution of the key indicators for the collective impairment estimate was carried out, which translates into the impacts shown in the table below, based on the collective impairment of the portfolio in Portugal as at 31 December 2024, which amounted to EUR 476 million (this figure does not include the impairment amounts calculated by the overlays methodology described in point ii. of this section).

Sensitivity analysis on the calculation of collective impairment (December 2024)

Variable	Estimated impact (% variation)
100 bp Unemployment Rate aggravation	2.50%
100 bp 3 months Euribor aggravation	8.94%
100 bp Savings Rate aggravation	1.57%
100 bp Inflation Rate aggravation	0.08%

ii. Impairment overlays

In order to incorporate an additional level of conservatism in the impairment values, the Bank defined and implemented a methodology of complementary of identification of significant increase in credit risk situations and potential signs of impairment.

This approach adopts differentiated criteria in relation to the base methodologies in force, with distinct processes having been adopted for the calculation of overlays for the corporate and individual customers segments.

The overlays currently in force seek in particular to address the uncertainty that continues to prevail, associated with a context of multiple geopolitical conflicts, instability in several relevant European countries, constraints on economic growth and potential measures affecting international trade.

This positioning is in line with the guidelines on this matter issued by the supervisors in what regards the identification and measurement of credit risk in contexts of uncertainty, so that the release of overlays initially constituted in the context of the pandemic should be carried out with prudence and taking into account the possible need for new overlays to respond to the current context.

The exercise carried out reflected, in terms of impairment value, in the calculation of the estimated impact arising from potential migrations of customers with higher risk to Stage 2 and Stage 3, based on the various factors considered in the analysis. It should be noted that the most significant impact occurred in the corporate segment. The methodology developed by the Bank was considered for the calculation and recording of impairment at the reference date of the accounts, without affecting the classification of credit exposures by stages in the Bank's loan portfolio.

The application of overlay impairments and the respective methodology is approved by the Risk Committee.

In Poland, the Bank also adopted a policy of recording overlays. Taking into consideration the country's specific reality, adjustments to the overlay's methodology had already been incorporated in 2022 to address the impacts of the geopolitical crisis.

As a result of the implementation of this methodology, the Bank calculated an additional impairment to that resulting from the collective analysis model, therefore with characteristics of overlays, whose amount on 31 December 2024 was approximately EUR 99.1 million in Portugal (EUR 99.0 million in December 2023), EUR 43.8 million in Poland (EUR 48.3 million in December 2023). There are no impairments on overlays in December 2024 in Mozambique (EUR 2.8 million in December 2023).

Government measures to mitigate the impacts on mortgage contracts and support in the access to financing for the purchase of own and permanent housing

Decree-Law 20-B/2023

Decree-Law 20-B/2023, a Portuguese Government regulation of 22 March 2023, embodied the legislative package "Mais Habitação", providing extraordinary support to families, namely through the creation of support for borrowers of credit agreements for permanent own housing in the form of a temporary subsidy of the interest component, in situations where the index rate exceeds a certain threshold.

As at 31 December 2024 the date on which the period for signing up at the request of customers ended, loans with subsidies already processed amounted to exposures of approximately EUR 479 million, with an average monthly subsidy of EUR 59.

Decree-Law 91/2023

Also with regard to the promotion of support measures for borrowers of mortgage loan contracts, it is worth noting the publication of Decree-Law 91/2023, a Portuguese government decree of 11 October 2023, which allows to fix the instalment over a period of 24 months, taking into account an interest rate benchmark defined in the decree-law.

By 31 March 2024, the date on which the period for signing up at the request of customers ended, the Bank had implemented this measure in what regards around 2,000 contracts.

Decree-Law 44/2024

With the aim to support the purchase of own permanent houses by young people up to the age of 35, Decree-Law no. 44/2024, was published by the Portuguese government on July 10, which involves the granting of a partial personal State guarantee to bank loans granted within this purpose and scope.

Credit concentration risk

The Group's policy relating to the identification, measurement, and evaluation of the concentration risk in credit risk is approved by the Bank's management body, applied to all Group entities, and is based on the following guidelines:

The monitoring of the concentration risk and the follow-up of major risks is made, at Group level, based on the concept of "Economic Groups" and "Customers' Groups" - sets of connected Customers (individual persons or companies), which represent a single entity from a credit risk perspective, such that if one of them is affected by financial problems, one or all of the others, will probably face difficulties to fulfil their debtor obligations.

The Customer connections that originate a Customers' group include the formal participation on the same economic group, the evidence that a direct or indirect control relationship exists, including the control by an individual Customer (criteria of capacity of control) of a company or the existence of a strong commercial interdependency or common sources of funding that cannot be replaced on a short term (criteria of economic dependency). The identification of connected clients is an integral part of the credit granting and monitoring processes of each Entity, with the Risk Office monitoring the economic and customers' groups maintenance.

For the control of credit concentration risk and limit the exposure to this risk, there are limits defined for:

1) Exposures to Sovereigns;
2) Exposures to Institutions (Banks/financial institutions);
3) Single-name exposures (Large Corporate exposures);
4) Geographic concentration (country risk);
5) Exposure to sectors of activity.

These limits apply to the 'Net exposures' (*), relating either to a counterparty or a group of counterparties – cases for 1), 2) and 3) – or to the set of exposures to an activity sector or to a country (the counterparty country of residence) – cases for 4) and 5).

The metrics regarding the concentration of exposure to Sovereigns and geographic concentration exclude the countries in which the Group has significant operations (Portugal, Poland, and Mozambique) and the respective Sovereigns.

Except for exposure to sectors of activity, the concentration limits are established by taking into consideration the credit worthiness of the debtors at stake in what concerns their rating grades/probability of default (PD) (internal or external ratings; country rating in the case of geographic concentration).

The concentration limits for corporate single-name exposures apply only to non-NPE positions, since the NPE (Non-performing exposures) positions are considered "always in excess" and it's framed by the actions covered by the NPE reduction Plan defined and executed at Group BCP level.

The limits in force as of 31 December 2024, for the exposure to Single name, in terms of the Net Exposure weight over the Consolidated Own Funds, are the following:

Risk quality	Master Scale rating grades	Limit (M€)	%
Tier 1	101 - 105	572,9	7.0%
Tier 2	106 - 108	368,3	4.5%
Tier 3	109 - 111	211,8	2.6%
Tier 4	112 - 113	41,9	0.5%
Tier 5	114 - 116	19,4	0.2%

(*) Net exposure = EAD x LGD. EAD = Exposure at default ; LGD = Loss given Default.

The limit for exposure to sectors of activity is defined as a maximum of 40% per sector of activity, in terms of the weight of the Net Exposure for each sector of activity over the Own Funds of each Group Entity.

As at 31 December 2024:

- There were no exposure excesses to Sovereigns, Institutions, or Sectors of activity;

- There was a specific excess of 1,3% net exposure to the Kingdom of Spain (Country risk);

- One Economic Group showed a net exposure above the established Single name limits for their respective risk grade. For each client with an exposure excess a specific plan is prepared, aiming at reducing the exposure and bringing it within the established limits.

It should also be referred that the assessment of the Single-name concentration is also performed within the Group RAS (Risk Appetite Statement) scope.

The Bank's management body and the Risk Assessment Committee are regularly informed on the evolution of the credit concentration risk metrics (against the mentioned limits) and on major risks.

The credit concentration risk is measured and monitored by the Risk Office.

The Risk Office maintains a simulation tool for supporting the analysis of the impact on changes on the Customers' exposures in the consumption of the respective concentration limits, which is used by the Credit Division and by the Commercial Networks within the scope of credit analysis for large clients with the purpose of ensuring that exposures are kept within the approved limits.

Real Estate risk

Real estate risk materializes through losses associated with changes in the value of assets held by the Bank or, indirectly, through funds and/or real estate companies.

The Group detains a real estate portfolio, that comes from repossessed assets linked with recovery processes of non-performing exposures, that is subject to fluctuations and risks in the real estate market and the obligations arising from ownership of the properties.

As a credit institution operating in the financial market, the Bank does not operate directly in the real estate sector, neither as a sales agent nor as an operator in the rental segment.

In this context, the management of this portfolio is based on the following objectives:

• Minimize the risks associated with the real estate portfolio;

• Minimize management costs, maintenance and sale of properties;

• Maximize the financial results from the sale of foreclosed assets;

• Mitigate the portfolio's impact on the Bank's cost of capital and liquidity.

Within this framework, the Bank should optimize the outflow of foreclosed assets from the real estate portfolio, developing appropriate commercial strategies and exploring the distribution channels that are expected to be most effective at any given time to sell the different types of properties held by the Bank.

By managing this portfolio, the following risks were identified and monitored by the Bank:

- Price risk – Risk associated with the devaluation of the property due to unfavourable developments in the real estate market, whether due to a decrease in demand or strong pressure on property sales;

- Liquidity risk - Inherent to the nature of real estate assets and the impact on the Bank's liquidity position and respective financial costs of holding the property;

- Operational risk - associated with the processes of acquiring, maintaining and selling properties, which can result in costs or lost revenue (includes the risks of vandalization and deterioration of properties);

- Compliance risk - compliance with legal standards from the property acquisition process, to the requirements to be observed in its sale, including the responsibility associated with your status as owner;

- Fiscal risk – associated with possible tax contingencies relating to properties owned by the Bank and monitoring the administrative and judicial processes;

- Reputational risk - related to the risks mentioned above, but also with the image projected by the Bank in the way it manages its operations in the real estate market.

The risks associated above are mitigated by the Bank through the existence of a team specialized in the management of this type of assets; a set of internal policies and standards that regulate the asset management processes on the balance sheet; and an insurance policy.

The portfolio of real estate assets has been progressively reduced by the Bank over the last few years.

Market risk

Market risks represent potential losses arising from changes in interest or exchange rates and/or in the prices of various financial instruments, taking into account not only the correlations among these instruments but also their respective volatilities.

For profitability analysis and quantification and control of market risks, the following management areas are defined for each Group entity:

- Trading: Management of positions aimed at achieving short-term gains through sale or revaluation. These positions are actively managed, tradable without restrictions, and can be frequently and accurately valued. These include securities and derivatives resulting from sales activities.
- Funding: Management of institutional funding (wholesale funding) and money market positions.
- Investment: Management of all positions in securities intended to be held to maturity or for an extended period, as well as positions not tradable on liquid markets.
- Commercial: Management of positions arising from commercial activities with customers.
- Structural: Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above.
- ALM: Assets and Liabilities Management.

The definition of these management areas allows for an effective separation between the trading and banking books, as well as a proper allocation of each transaction to the most appropriate management area, according to its context and strategy.

To ensure that the risk levels incurred in the Group's portfolios align with predefined risk tolerance levels, various market risk limits are established, at least on an annual basis, applicable to all portfolios of the relevant management areas. These limits are monitored daily (or intra-daily, for financial market areas) by the Risk Office.

Stop-loss limits are also set for portfolios in the financial market areas – Trading and Funding – based on multiples of the defined risk limits. The objective is to cap potential losses in these areas. If these limits are reached, a mandatory review of the underlying business strategy and assumptions associated with the positions in question is triggered.

Market risks of the prudential trading book [1]

For the daily measurement of generic market risk, which includes interest rate risk, exchange rate risk, equity risk and the price risk of credit default swap (indexes), the Group uses a Value-at-Risk (VaR) model, with a 10-business-day time horizon and a 99% confidence level.

Additionally, the Group uses an integrated market risk measure that covers all relevant risk sub-types. This measure incorporates generic, specific, non-linear and commodity risks. Each sub-type is measured individually using appropriate risk models, and the integrated measure is calculated without considering any diversification across the four sub-types (worst-case scenario approach).

For non-linear risk, the Group applies an internally developed methodology that replicates the effect of the main non-linear elements of option positions on portfolios results, similar to the VaR approach, using the same time horizon and confidence level.

Specific and commodity risks are measured using standard methodologies defined in applicable regulations, with an appropriate adjustment of the time horizon.

The following table presents the amounts at risk for the Trading Book, measured using approaches described above:

(Thousands of euros)

	2024	Max of global risk in the year	Min of global risk in the year	2023
Generic Risk (VaR)	488	2,994	488	889
Interest Rate Risk	310	2,034	310	587
FX Risk	275	2,183	275	551
Equity Risk	285	504	285	499
Diversification effects	*(382)*	*(1,728)*	*(382)*	*(748)*
Specific Risk	1	27	1	624
Non-Linear Risk	—	—	—	—
Commodities Risk	—	—	—	—
Global Risk	489	3,021	489	1,513

Several validation processes are conducted over time to ensure the internal VaR model is appropriate for assessing the risk in the Group’s positions, with different scopes and frequency, including back testing, diversification effects estimation, and analysis of the comprehensiveness of risk factors.

In addition to VaR, the Group continuously tests a broad range of stress scenarios, the results of which are analysed to identify risk concentrations not captured by the VaR model.

(1) Trading Book - positions allocated to the Trading Management Area (and not specifically to the accounting trading book)

Interest rate risk

Interest rate risk from Banking Book operations is evaluated through a monthly risk sensitivity analysis, covering all operations in the Group's consolidated Balance Sheet, categorised by exposure currency. Market interest rate fluctuations impact the Group's net interest income in both the short and long term, as well as its economic value.

Key sources of this risk include Repricing Risk, from timing mismatches in asset and liability repricing; Yield Curve Risk, due to shifts in the interest rate environment affecting future cash flow valuations; Basis Risk, arising from unequal variations in reference rates with the same repricing period; and Credit Spread Risk, reflecting changes in credit spreads that impact asset and liability fair values.

Additionally, behavioural factors such as assumptions for non-maturing deposits, early repayments of consumer and mortgage loans, and withdrawal assumptions for term deposits contribute to Interest Rate Risk in the Banking Book (IRRBB).

In order to identify the exposure of the Group's banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of each of the relevant contracts, with the respective expected cash-flows (principal and interest, without the spread component but including costs for liquidity, capital, operational and other) being forecasted according to the repricing dates, thus allowing for the calculation of the impact on economic value resulting from alternative scenarios of change of market interest rate curves.

The Group measures interest rate risk exposure using standardised sensitivity scenarios, typically assessing the impact of parallel shifts of ±100 and ±200 basis points on the economic value of the Banking Book. These analyses are complemented by the Supervisory Outlier Tests (SOTs), which assess exposure to IRRBB in the context of SREP, identifying potential adverse impacts on EVE under shock scenarios.

The following tables show the expected impact on the banking book economic value of parallel shifts of the yield curve by ±100 and ±200 basis points, for each of the main currencies in which the Group holds material positions:

(Thousands of euros)

	2024			
Currency	'-200 bp (*)	- 100 bp (*)	+ 100 bp	+ 200 bp
CHF	3,734	1,668	(1,713)	(3,393)
EUR	(55,339)	(17,400)	(2,590)	(15,642)
PLN	157,210	69,159	(69,603)	(119,933)
USD	(16,628)	(8,178)	7,192	14,240
	88,977	45,249	(66,714)	(124,728)

(*) Decrease in rates scenario, limited to non-negative rates (which implies effective variations of lesser amplitude than 100 bp, especially in shorter periods).

(Thousands of euros)

	2023			
Currency	'-200 bp (*)	- 100 bp (*)	+ 100 bp	+ 200 bp
CHF	2,726	1,368	(1,378)	(2,763)
EUR	(52,312)	(24,650)	21,646	38,925
PLN	130,883	63,939	(61,469)	(120,974)
USD	(8,362)	(4,103)	3,954	7,764
	72,935	36,554	(37,247)	(77,048)

(*) Decrease in rates scenario, limited to non-negative rates (which implies effective variations of lesser amplitude than 100 bp, especially in shorter periods).

As described in accounting policy 1.B, the financial statements of the Group's subsidiaries and associates placed abroad are prepared in their functional currency and translated into euro at the end of each financial period. The exchange rates used for the conversion of balance sheet foreign currency amounts are the ECB reference rates at the end of each period. In foreign currency conversion of results, are calculated average exchange rates according to the closing exchange rates of each month of the year. The rates used by the Group are as follows:

	Closing exchange rates (Balance sheet)		Average exchange rates (Income statement)	
Currency	2024	2023	2024	2023
AOA	955.3050	924.8560	954.9984	748.1139
BRL	6.3942	5.3614	5.8558	5.4066
CHF	0.9382	0.9297	0.9514	0.9729
MOP	8.2838	8.8865	8.2838	8.8865
MZN	65.9290	70.5700	68.9735	69.2471
PLN	4.2767	4.3437	4.3048	4.5396
USD	1.0355	1.1049	1.0819	1.0819

Foreign exchange and equity risk of the banking book

The foreign exchange risk of the banking book is internally transferred to the Trading area, in accordance with the Group's risk specialization model for the management of balance sheet foreign exchange risk. Structural foreign exchange exposures, including those resulting from financial holdings in subsidiaries, are not transferred and may be hedged using market operations, in accordance with the defined strategy for structural foreign exchange risk management. This strategy aims at hedging against volatility in the CET1 ratio stemming from changes in exchange rates.

As of 31 December 2024, the Group 's financial investments denominated in foreign currency were not hedged.

When such hedges exist, on a consolidated basis, these are identified as net investment hedge sunder IFRS nomenclature. On an individual basis, they are designated as fair value hedges of the relevant investments. Gains and losses on instruments used to hedge net investments in foreign institutions are recognized in foreign exchange reserves and presented in the statement of comprehensive income.

The transfer of funds, including dividends, owed by BCP subsidiaries or associates in third countries, particularly those outside the European Union, may be subject to restrictions and exchange controls that, at any given time, are in force in the subsidiary's or associate's country of incorporation.

Regarding equity risk, the Group holds a limited number of low-risk positions, primarily within the investment portfolio, mainly resulting from foreclosure or payment-in-kind processes. These positions are managed by a specialized unit within the Group, with the associated risk monitored through metrics and limits set for market risk control.

Liquidity risk

The evaluation of the Group's liquidity risk is carried out using indicators set by the supervisory authorities on a regular basis and other internal metrics for which exposure limits are also fixed.

The monitoring of the liquidity position of the Group's operations in short-term time horizons (up to 3 months) is based on two internally defined indicators (immediate liquidity and quarterly liquidity). These indicators are calculated on a daily basis, taking into account the impact in the liquidity buffers available to discount with the respective central banks at the reference date of future estimated cash flows for each of the respective time horizon (3 days or 3 months) considering the set of transactions intermediated by the market areas, including in this context transactions with clients of the Corporate and Private networks, which, due to their size, must be quoted by the Trading Room. The remaining buffer in each time bucket is then compared to the amount of customer deposits, being the indicators assessed against exposure limits defined in the Bank's regulations.

In parallel, the evolution of the Group's structural liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, to enable the decision making that leads to the maintenance of financing conditions adequate to the business sustainability.

The methodological aspects of the control of liquidity risk are a responsibility of the Risk Commission. This control includes the regular execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

Throughout 2024 there was a reinforcement of the liquidity positions of the Group's three operations - BCP, Bank Millennium and Millennium Bim, based always on the significant growth of the respective customer deposit portfolios, with emphasis on the retail segment. Thus, on an annual basis, the Group's balance sheet customer funds grew by 7,7%, driven by increases of 5,9% in Portugal, 11,0% in Poland and 14,6% in Mozambique. The evolution described, combined with the stagnation or incipient growth of credit portfolios, resulted in a significant reinforcement of liquidity buffers discountable at central banks in each of the operations, translated into an improvement in all liquidity risk indicators, regulatory and internal regulations, whether at a consolidated or local level.

As a result, at the end of the year and on a consolidated basis, the regulatory liquidity coverage ratio (LCR: Liquidity Coverage Ratio) reached 342%, vs. 276% in December 2023, allowing the minimum regulatory requirement of 100% to be met by a wide margin. The other short-term liquidity indicator included in the Group's Risk Appetite Statement (RAS), which represents the degree of coverage of customer deposits by the liquidity buffers available for discounting at European central banks, also showed a favourable evolution, from 44% to 51%.

From the perspective of structural liquidity, and as mentioned before, the Group continued to reinforce its stable funds base, characterized by the high weight of customer deposits in the funding structure, complemented by medium and long-term instruments, mainly made up of MREL issues (Minimum Requirements for Own Funds and Eligible Liabilities). The regulatory stable funding ratio (NSFR: Net Stable Funding Ratio) reached 181% in December 2024, vs 167% a year earlier, almost doubling the regulatory minimum of 100%. The ratio of loan to deposits, also an indicator of the RAS, evolved consistently towards greater conservatism, with a reduction from 70% to 65%.

Benefiting from two rating upgrades during 2024, BCP carried out the early redemption of two issuances replacing them by two operations in the same instrument, under advantageous cost conditions. Thus, the Bank issued EUR 400,000,000 of AT1 perpetual debt in January, replacing an issue of equal amount, and in October issued senior preferred notes worth EUR 500,000,000, refinancing an issue of EUR 350,000,000.

The liquidity buffer available with the ECB stood at EUR 33,748,136,000 at the end of 2024, EUR 5,888,772,000 higher than a year earlier, due to the favourable evolution of the commercial gap from a liquidity perspective, the reinforcement of credit portfolios eligible for discount at the ECB and the cash flow generated by the activity. At the end of 2024, the liquidity buffer comprises a long position of EUR 2,820,810,000 on the ECB, higher than that observed a year earlier.

Throughout 2024, and in addition to strengthening its deposit base, Bank Millennium reinforced its liquidity position by placing on the market its inaugural issues of PLN 300,000,000 of covered bonds in June (followed by a second one of PLN 500,000,000 in November), and senior non-preferred green debt of EUR 500,000,000 in September, the latter qualifying for MREL purposes.

Banco Internacional de Moçambique continues to exhibit a resilient liquidity position, supported by a robust buffer discountable at the respective central bank, despite the strong increase in minimum reserve requirements in national and foreign currency imposed by the monetary authority in the first half of 2023, still in place.

The pool of eligible assets for funding operations in the European Central Bank and other central banks, after haircuts, is detailed as follows:

(Thousands of euros)

	2024	2023
European Central Bank	15,437,781	14,677,769
Other Central Banks	10,001,379	7,346,514
	25,439,160	22,024,283

The amount discounted with the Bank of Mozambique amounts to EUR 755,000 (31 December 2023: EUR 1,469,000). There are no discounted amounts with other central banks.

The evolution of the ECB's Monetary Policy Pool, the net borrows at the ECB and liquidity buffer is analysed as follows:

(Thousands of euros)

	2024	2023
Collateral eligible for ECB, after haircuts:		
The pool of ECB monetary policy (i)	15,437,781	14,677,769
Outside the pool of ECB monetary policy	15,489,545	11,130,941
	30,927,326	25,808,710
Net borrowing at the ECB (ii)	(2,820,810)	(2,050,654)
Liquidity buffer (iii)	33,748,136	27,859,364

i) Corresponds to the amount reported in COLMS (Banco de Portugal application).

ii) Includes as at 31 December 2024 the amount of deposits with the Banco de Portugal and other liquidity with the Eurosystem (EUR 2,820,810,000) in excess over the minimum cash reserves (EUR 526,867,000).

iii) Eligible collateral available for discount with the ECB, after haircuts, deducted from the net funding at the ECB.

In consolidated terms, the refinancing risk of medium and long-term instruments will remain at very low levels over the next years, with no material expression, considering the magnitude of the liquidity buffers of the issuing entities.

Encumbered and Unencumbered assets

Within the scope of the European Banking Authority's guidance on the disclosure of encumbered assets and unencumbered assets, taking into account the recommendation made by the European Systemic Risk Committee, the following information is presented in accordance with Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for disclosure of encumbered and unencumbered assets.

(Thousands of euros)

	2024 (1)							
	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA (2)		of which notionally eligible EHQLA and HQLA (2)		of which EHQLA and HQLA (2)		of which EHQLA and HQLA (2)
Assets of the disclosing institution	1,948,498	1,420,660			97,771,704	33,002,000		
Equity instruments	—	—	—	—	312,927	—	312,927	—
Debt securities	1,420,660	1,420,660	1,377,828	1,377,828	33,380,734	28,720,484	33,000,715	28,336,099
of which: covered bonds	—	—	—	—	207,365	207,365	207,365	207,365
of which: securitisations	—	—	—	—	162	—	162	—
of which: issued by general governments	1,420,660	1,420,660	1,377,828	1,377,828	26,112,551	25,633,327	25,728,359	25,247,295
of which: issued by financial corporations	—	—	—	—	2,136,169	923,295	2,141,144	924,942
of which: issued by non-financial corporations	—	—	—	—	3,193,102	517,134	3,194,041	517,134
Other assets	689,001	—			64,487,604	4,464,457		

(1) Table's figures are calculated by the median of the values disclosed in the regulatory information for the previous 4 quarters.

(2) EHQLA (Set as Extremely High-Quality Liquid Assets) e HQLA (High-Quality Liquid Assets).

Collateral received and own debt securities issued

(Thousands of euros)

	2024 (1)			
	Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA (2)		of which EHQLA and HQLA (2)
Collateral received by the disclosing institution	—	—	195,452	57,544
Debt securities	—	—	57,544	57,544
of which: issued by general governments	—	—	57,544	57,544
Loans and advances other than loans on demand	—	—	140,470	—
Own covered bonds and securitisations issued and not yet pledged			9,103,646	—
TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	1,948,498	1,420,660		

(1) Table's figures are calculated by the median of the values disclosed in the regulatory information for the previous 4 quarters.

(2) EHQLA (Set as Extremely High-Quality Liquid Assets) e HQLA (High-Quality Liquid Assets).

Sources of encumbrance

(Thousands of euros)

	2024 (1)	
Sources of encumbrance	Matching liabilities, contingent liabilities and securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
Carrying amount of selected financial liabilities	926,750	1,103,783

(1) The table's figures are calculated by the median of the values disclosed in the regulatory information for the previous 4 quarters.

At the end of December 2024, and according to the EBA methodology, the total encumbered assets represent 2% of the Group's total balance sheet assets. Debt securities represents 73% of the total encumbered assets while encumbered Loans to customers represents 25%.

The main sources of asset encumbrance in Portugal stem from financing operations, notably transactions with the European Investment Bank (EIB), collateralization of derivative operations and securitization programs collateralised by certain Loans to Customers' portfolios. Collateralization of securitization operations in Poland, derivatives central counterparty clearing houses and other commitments with the Deposit Guarantee Fund, are primarily supported by eligible sovereign debt held with the central bank of Poland. In June 2024 and November 2024, two issues of Covered Bonds were carried out in Poland in the amount of PLN 300,000,000 and PLN 500,000,000, respectively.

As at 31 December 2024, the Other assets includes unencumbered assets in the amount of EUR 3,849,071,000 related to Loans on demand, the amount of EUR 54,605,479,000 related to Loans and advances other than loans on demand (of which encumbered assets in the amount of EUR 491,669,000) and the amount of EUR 6,247,897,000, mostly unencumbered and related to the Group's activity, namely: investments in associated companies and subsidiaries, tangible assets and investment properties, intangible assets, assets associated with derivatives and current and deferred taxes.

As at 31 December 2024, BCP has a EUR 12.5 billion BCP Covered Bond Programme ("BCP Programme") with EUR 9.2 billion of covered bonds outstanding. The BCP Programme is backed by a EUR 10.93 billion portfolio of residential mortgages, as well as by a liquidity buffer of EUR 50 million, amounting to an overcollateralization of 19.4%, which is above the minimum of 18.0% currently required by rating agencies. Currently, there is no source of encumbrance associated with the collateral of the mortgage bond program in Portugal.

The new Portuguese covered bond legislation, under which the BCP Programme has been recently updated and authorised for the issuance of "Covered Bonds (Premium)" (label now born by all its outstanding covered bonds), affords covered bond holders a dual-recourse, firstly over the issuer, secondly over the cover pool that may also include other eligible assets, over which they benefit from a special preferential claim. The Portuguese covered bond legislation ensures total segregation of the covered pool from any future issuer's insolvent estate, for the benefit of covered bond holders, who have precedence over claims of any other of the issuer's creditors in case of issuer insolvency, thus and to this extent superseding the general insolvency and recovery legislation. Residential mortgages in a cover pool are subject to certain eligibility criteria inscribed in the Portuguese covered bond legislation, among them a maximum LTV of 80%, in the case of programmes issuing Covered Bonds (Premium), delinquency of no more than 90 days, and them being first lien mortgages (or, if otherwise, all preceding liens being in the cover pool) over properties located in the EU. The BCP's Programme documentation limits property location to Portugal only.

As regard Poland Covered Bonds, Millennium Bank Hipoteczny S.A. ("MBH") initiated operations on 14 June 2021, with an initial capital of PLN 120 million, fully subscribed by Bank Millennium S.A. The main objective of MBH is to provide stable and long-term mortgage loan financing via covered bonds secured by mortgage receivables. In 2024, MBH began issuing covered bonds, with the first series issued in June with a three-year maturity and a value of PLN 300 million, and the second series in November with a five-year maturity and a value of PLN 500 million. Both series were offered on the domestic market of institutional investors and have been listed on the domestic regulated market operated by the Warsaw Stock Exchange. As at December 2024, MBH's covered bonds have the highest possible AAA rating by Fitch Ratings.

MBH's covered bonds are secured by mortgage receivables under loans granted by the Bank. In 2024, four transfers of mortgage loans to MBH were completed, with preparatory work for further transfers ongoing. These loans meet specific criteria, including being in PLN, intended for housing purposes, having ownership titles with established mortgages in favour of Bank Millennium in the first place, no evidence of impairment, and loan values lower than the mortgage lending value.

The analysis of the balance sheet items by maturity dates is as follows:

(Thousands of euros)

	2024						
	Demand	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined maturity	Total
Assets							
Cash and deposits at Central Banks	5,589,030	–	–	–	–	–	5,589,030
Loans and advances to Credit Institutions - Repayable on demand	251,157	–	–	–	–	–	251,157
Other loans and advances (a)	–	696,834	100,813	–	–	–	797,647
Loans and advances to customers (a)	–	–	8,654,989	13,088,272	33,044,321	606,210	55,393,792
Other financial assets (b)	–	2,691,714	2,654,271	7,220,844	1,820,408	664,236	15,051,473
	5,840,187	3,388,548	11,410,073	20,309,116	34,864,729	1,270,446	77,083,099
Liabilities							
Deposits from Credit Institutions	–	676,932	100,787	–	–	–	777,719
Deposits from costumers	47,913,078	23,122,393	10,490,965	558,251	–	–	82,084,687
Debt securities issued	–	–	–	3,217,908	310,802	–	3,528,710
Subordinated debt	–	–	–	532,619	894,740	–	1,427,359
	47,913,078	23,799,325	10,591,752	4,308,778	1,205,542	–	87,818,475

(a) Gross of impairment
(b) Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income.

Operational Risk

The operational risk management system is framed by the “3 Lines of Defence” Corporate Governance model and is based on an integrated structure of end-to-end processes, considering that a vision which is transversal to the functional units of the organisational structure is the most suitable approach for the perception of risks and to estimate the effects of the corrective measures introduced for their mitigation. Furthermore, these processes model also underlies other strategic initiatives related to the management of this risk such as the actions to improve operating efficiency and the management of business continuity. Hence, the most relevant Group subsidiaries have their own process's structure, which is periodically adjusted according to business evolution, in order to ensure suitable coverage of the business activities (or business support activities) developed.

The responsibility for the day-to-day processes’ management lies with the 1st Line of Defence: the process owners (seconded by process managers), whose mission is to characterise the operational losses captured under their processes, to monitor the respective Key Risk Indicators (KRI), to perform the Risks Self-Assessment (RSA) exercises, as well as to identify and implement suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment. The periodic revision of the main processes in each geography is ensured by local structure units.

The Risk Management function (materialised in the Risk Office) and the Compliance function (materialised in the Compliance Office) represent the 2nd Line of Defence and are responsible for implementing the risk policy defined for the Group, proposing and developing approaches for managing this risk, supervising their implementation and challenging the 1st Line of Defence regarding the risk levels incurred. The Internal Audit function embodies the 3rd Line of Defence and supervises the appropriate fulfilment of the functions and activities of the remaining two lines of defence.

In 2024, the usual operational risk management activities continued to be executed by the various players involved in the management of this risk, aiming at an efficient and systematic identification, evaluation, mitigation and control of exposures, as well as at the appropriate reporting tasks, either to the Group's management bodies or within regulatory duties. The results of the RSA exercises evidence a robust control environment, demonstrating the Group's commitment to operational risk management through the continuous development of improvement actions that help mitigate exposures to this risk. Regarding the operational losses registered, it should be highlighted that their pattern was not different from what is usual and expected, with a higher frequency of losses of low amounts, without concentration in significant amounts.

The monitoring of KRI has allowed to identify opportunities for improvement that, together with the RSA exercises and the process of identification and registration of losses, provide for an effective management of this risk.

The Bank's mobilisation to reinvent the banking experience, based on the digitization and use of new technologies, entails relevant challenges in the management of operational risk, which include the reinforcement of the security of digital banking channels, the reinforcement of mechanisms for the prevention and detection of potential fraud, proper management of personal data and compliance with the information duties legally provided for in sales through digital banking channels.

Covenants

The contractual terms of instruments of various wholesale funding instruments encompass obligations assumed by entities belonging to the Group as borrowers or issuers, concerning general duties of corporate conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms essentially reflect the internationally adopted standards for each of the types of debt instruments used by the Group.

The terms of the Group's intervention in rated securitization transactions involving its own assets are subject to changes in case the Group triggers certain rating criteria. The criteria established in each transaction results mainly from the analysis performed at the moment that the transaction was structured, being usually applied by each rating agency in a standardised way to the securitization transactions involving the same type of assets.

Regarding the Covered Bond Programs of Banco Comercial Português, there are no relevant covenants related to a possible downgrade of BCP.

Hedge accounting

The detailed information of the strategies, hedge transactions, hedged items and hedging instruments applied by the Group, is shown in a table below:

Strategy	Description of hedge transactions	Hedged items	Hedging instruments
Cash flow volatility hedge of the flows generated by the portfolio of EUR floating rate mortgage loans (a)	Group hedges the risk of the volatility of interest payments from floating rate mortgages. The volatility of cash flows results from interest rate risk	Floating rate mortgage loans (BCP S.A.)	IRS transactions
Cash flow volatility hedge due to future income and interest costs denominated in foreign currencies (a)	The Group hedges the risk of the volatility of cash flows generated by income and interest costs denominated in foreign currencies. The volatility of cash flows results from the currency risk	Cash flows resulting from income and interest costs denominated in foreign currencies (Bank Millennium S.A.)	FX position transactions
Cash flow volatility hedge for the flows generated by FX mortgage portfolio and its underlying PLN liabilities (a)	The Group hedges the risk of the volatility of cash flows generated by FX mortgages and by PLN liabilities financially underlying such loans. The volatility of cash flows results from the currency risk and interest rate risk	Cash flows resulting from the FX mortgage loan portfolio and PLN deposits together with issued debt PLN securities funding them (Bank Millennium S.A.)	CIRS transactions
Hedge of volatility of the cash flows generated by PLN denominated financial assets (a)	The Group hedges the risk of the volatility of cash flows generated by PLN denominated financial assets. The volatility of cash flows results from interest rate risk	Cash flows resulting from PLN denominated financial assets (Bank Millennium S.A.)	IRS transactions
Fair value hedge of fixed rate mortgage loans (a)	Group hedges changes in the fair value of cash flows of fixed rate mortgage loans due to changes in market interest rates	Fixed rate mortgage loans (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate debt instruments (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at amortised cost (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate debt instruments in EUR (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at fair value through other comprehensive income (BCP S.A. and ActivoBank S.A.)	IRS transactions
Fair value hedge of fixed rate issued debt instruments in EUR (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate Issued debt (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate deposits in EUR (a)	Group hedges changes in the fair value of fixed rate deposits due to changes in market interest rates	Term deposits (BCP S.A.)	IRS transactions
Fair value hedge of fixed rate deposits in EUR (macro hedge) (a)	Group hedges changes in the fair value of fixed rate deposits due to changes in market interest rates	Repayable demand deposits without maturity (BCP S.A. and ActivoBank S.A.)	IRS transactions
Fair value hedge of fixed rate debt instruments in USD (a)	Group hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at fair value through other comprehensive income or amortised cost (BCP S.A.)	CIRS transactions
Fair value hedge of a fixed interest rate debt instrument (macro hedge) (a)	The Group hedges part of the interest rate risk associated with the change in the fair value of a fixed-rate debt instrument recorded in other comprehensive income, resulting from fluctuations in market interest rate	A portfolio of fixed coupon debt securities classified as financial assets measured at fair value through other comprehensive income denominated in PLN (Bank Millennium S.A.)	IRS transactions
Hedging the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies (a)	The Group hedges part of the interest rate risk related to changes in the fair value of cash flows from issued fixed-rate liabilities denominated in foreign currencies, resulting from the volatility of market interest rates	Cash flows from issued fixed-rate liabilities denominated in foreign currencies (Bank Millennium S.A.)	IRS transactions
Hedging the fair value of the risk profile assigned to a portfolio of homogeneous, non-interest-bearing current accounts in PLN (portfolio hedge) (b)	The Group hedges part of the interest rate risk related to the change in the fair value of the risk profile assigned to the portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately foreign currencies, resulting from the volatility of market interest rates.	Risk profile assigned to a portfolios of homogeneous, non-interest-bearing current accounts in PLN and separately in foreign currencies (Bank Millennium S.A.).	IRS transactions

(a) - Strategy applied in 2024 and 2023.
(b) - Strategy applied in 2024.

As at 31 December 2024, the table below includes the detail of the hedging instruments used in the Group's hedging strategies and accounted at the Balance sheet item - Hedging derivatives:

(Thousands of euros)

	2024			
	Hedging instruments			
		Book value		
Type of hedging	Notional	Assets	Liabilities	Change in fair value (A)
Fair value hedge				
Interest rate risk				
Interest rate swaps	23,798,173	47,629	8,759	60,064
Foreign exchange risk				
Currency and interest rate swap	376,647	19,312	—	(253)
	24,174,820	66,941	8,759	59,811
Cash flows hedging				
Interest rate risk				
Interest rate swaps	11,501,067	2,408	6,724	468,167
Foreign exchange risk				
Currency and interest rate swap	81,633	—	23,558	998
	11,582,700	2,408	30,282	469,165
Total	35,757,520	69,349	39,041	528,976

(A) Changes in fair value used to calculate the ineffectiveness of the hedge

As at 31 December 2023, the table below includes the detail of the hedging instruments used in the Group's hedging strategies and accounted at the Balance sheet item - Hedging derivatives:

(Thousands of euros)

	2023			
	Hedging instruments			
		Book value		
Type of hedging	Notional	Assets	Liabilities	Change in fair value (A)
Fair value hedge				
Interest rate risk				
Interest rate swaps	11,482,214	34,716	8,441	(43,031)
Foreign exchange risk				
Currency and interest rate swap	348,464	2,279	6,272	856
	11,830,678	36,995	14,713	(42,175)
Cash flows hedging				
Interest rate risk				
Interest rate swaps	10,258,928	164	14,965	1,310,159
Foreign exchange risk				
Currency and interest rate swap	454,268	3,469	38,147	16,544
	10,713,196	3,633	53,112	1,326,703
Total	22,543,874	40,628	67,825	1,284,528

(A) Changes in fair value used to calculate the ineffectiveness of the hedge

As at 31 December 2024, the table below includes the detail of the hedged items:

(Thousands of euros)

		2024						
		Hedged items						
		Book value		Cumulative value of the adjustments			Cash flow hedge reserve / Currency translation reserve	
Type of hedging	Balance sheet item	Assets	Liabilities	Assets	Liabilities	Change in fair value (A)	Hedging relationships in effect	Hedging relationships discontinued
Fair value hedge								
Interest rate risk								
Interest rate swaps	(B)	879,845	—	(11,565)	—	8,706	n/a	n/a
	(H)	8,999,175	—	(32,878)	—	(372)	n/a	n/a
	(C)	2,710,442	—	(52,993)	2,003	33,078	n/a	n/a
	(D)	—	—	—	—	—	n/a	n/a
	(E)	—	6,757,347	—	127,030	(63,732)	n/a	n/a
	(F)	—	2,523,356	—	(5,507)	(15,188)	n/a	n/a
	(G)	—	1,062,003	—	(17,808)	(24,023)	n/a	n/a
Foreign exchange risk								
Currency and interest rate swap		—	376,647	—	(81)	137	n/a	n/a
		12,589,462	10,719,353	(97,436)	105,637	(61,394)	n/a	n/a
Cash flows hedging								
Interest rate risk								
Interest rate swaps	(B)	11,501,067	—	—	—	(468,167)	(2,245)	(877,187)
Foreign exchange risk Currency and interest rate swap	(B)	81,633	—	—	—	(1,050)	(165)	—
		11,582,700	—	—	—	(469,217)	(2,410)	(877,187)
Total		24,172,162	10,719,353	(97,436)	105,637	(530,611)	(2,410)	(877,187)

(A) Fair value changes used to calculate the ineffectiveness of the hedge
(B) Financial assets at amortised cost - Loans and advances to customers
(C) Financial assets at fair value through other comprehensive income
(D) Financial liabilities at amortised cost - Deposits from credit institutions and other funds
(E) Financial liabilities at amortised cost - Deposits from customers and other funds
(F) Financial liabilities at amortised cost - Non-subordinated debt securities issued
(G) Financial liabilities at amortised cost - Subordinated debt
(H) Debt securities held not associated with credit operations

As at 31 December 2023, the table below includes the detail of the hedged items:

(Thousands of euros)

		2023						
		Hedged items						
		Book value		Cumulative value of the adjustments			Cash flow hedge reserve / Currency translation reserve	
Type of hedging	Balance sheet item	Assets	Liabilities	Assets	Liabilities	Change in fair value (A)	Hedging relationships in effect	Hedging relationships discontinued
Fair value hedge								
Interest rate risk								
Interest rate swaps	(B)	288,106	—	(24,592)	2,197	24,669	n/a	n/a
	(H)	1,599,095	—	(21,780)	—	55,434	n/a	n/a
	(C)	2,997,010	—	(126,169)	—	93,925	n/a	n/a
	(D)	—	10,000	—	(221)	221	n/a	n/a
	(E)	—	2,387,825	—	114,957	(74,647)	n/a	n/a
	(F)	—	1,329,345	—	(34,224)	(32,636)	n/a	n/a
	(G)	—	1,037,079	—	(41,831)	(30,208)	n/a	n/a
Foreign exchange risk								
Currency and interest rate swap		—	348,464	—	51	(173)	n/a	n/a
		4,884,211	5,112,713	(172,541)	40,929	36,585	n/a	n/a
Cash flows hedging								
Interest rate risk								
Interest rate swaps	(B)	10,258,698	—	—	—	(1,310,159)	(470,250)	(808,471)
Foreign exchange risk								
Currency and interest rate swap	(B)	454,268	—	—	—	(16,027)	(2,138)	(51)
		10,712,966	—	—	—	(1,326,186)	(472,388)	(808,522)
Total		15,597,177	5,112,713	(172,541)	40,929	(1,289,601)	(472,388)	(808,522)

(A) Fair value changes used to calculate the ineffectiveness of the hedge
(B) Financial assets at amortised cost - Loans and advances to customers
(C) Financial assets at fair value through other comprehensive income
(D) Financial liabilities at amortised cost - Deposits from credit institutions and other funds
(E) Financial liabilities at amortised cost - Deposits from customers and other funds
(F) Financial liabilities at amortised cost - Non-subordinated debt securities issued
(G) Financial liabilities at amortised cost - Subordinated debt
(H) Debt securities held not associated with credit operations

The reconciliation of each equity component and an analysis of other comprehensive income attributable to hedge accounting, is as follows:

(Thousands of euros)

	Cash flow hedge reserve	
	2024	**2023**
Balance as at 1 January	(1,280,910)	(1,788,008)
Amounts recognised in other comprehensive income:		
Cash flow hedge		
Changes in fair value of currency and interest rate swaps	469,217	1,326,186
Foreign exchange changes	(196)	(6,747)
Hedge breakage	(68,716)	(816,115)
Ineffectiveness of coverage recognised in results	52	(517)
Others	956	4,291
Balance at the end of the year	(879,597)	(1,280,910)

The table below includes information on the effectiveness of hedging relationships, as well as impacts on results and other comprehensive income, as at 31 December 2024:

(Thousands of euros)

	2024					
				Amounts reclassified from reserves to results for the following reasons:		
Type of hedging	**Income statement item (A)**	**Gains/(losses) recognised in Other comprehensive income**	**Hedging ineffectiveness recognised in Income statement (A)**	**Income statement item (B)**	**Cash flows that were being hedged (C)**	**Hedged item with an impact on results**
Fair value hedge						
Interest rate risk						
Interest rate swaps	(D)	–	(1,467)		–	–
Foreign exchange risk						
Currency and interest rate swap	(D)	–	(116)		–	–
		–	(1,583)		–	–
Cash flows hedging						
Interest rate risk						
Interest rate swaps	(D)	2,740	–	(E)	(344,971)	–
Foreign exchange risk						
Currency and interest rate swap	(D)	1,225	(52)		–	–
		3,965	(52)		(344,971)	–
Total		3,965	(1,635)		(344,971)	–

(A) Income Statement item in which the ineffectiveness of the hedge was recognised

(B) Income Statement item in which the reclassified amount was recognised

(C) but which are no longer expected to occur

(D) Gains/(losses) on hedge accounting

(E) Interest income

The table below includes information on the effectiveness of hedging relationships, as well as impacts on results and other comprehensive income, as at 31 December 2023:

(Thousands of euros)

	2023					
				Amounts reclassified from reserves to results for the following reasons:		
Type of hedging	**Income statement item (A)**	**Gains/(losses) recognised in Other comprehensive income**	**Hedging ineffectiveness recognised in Income statement (A)**	**Income statement item (B)**	**Cash flows that were being hedged (C)**	**Hedged item with an impact on results**
Fair value hedge						
Interest rate risk						
Interest rate swaps	(D)	—	(6,273)		—	—
Foreign exchange risk						
Currency and interest rate swap	(D)	—	683		—	—
		—	(5,590)		—	—
Cash flows hedging						
Interest rate risk						
Interest rate swaps	(D)	61,205	—	(E)	(45,947)	—
Foreign exchange risk						
Currency and interest rate swap	(D)	19,801	517		—	—
		81,006	517		(45,947)	—
Total		81,006	(5,073)		(45,947)	—

(A) Income Statement item in which the ineffectiveness of the hedge was recognised
(B) Income Statement item in which the reclassified amount was recognised
(C) but which are no longer expected to occur
(D) Gains/(losses) on hedge accounting
(E) Interest income

The table below shows the detail of hedging instruments, as at 31 December 2024, by maturity:

(Thousands of euros)

	2024					
	Remaining period				Fair value	
Type of hedging	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps						
Notional	463,500	201,596	23,133,077	23,798,173	47,629	8,759
Fixed interest rate (average)	-0.35%	3.15%	2.77%	2.72%		
Fair value hedging derivatives related to currency risk changes						
OTC Market:						
Currency and interest rate swap	96,576	280,071	–	376,647	19,312	–
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	1,205,000	2,107,537	8,188,530	11,501,067	2,408	6,724
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap	81,633	–	–	81,633	–	23,558
Total derivatives traded by OTC Market:	1,846,709	2,589,204	31,321,607	35,757,520	69,349	39,041

The table below shows the detail of hedging instruments, as at 31 December 2023, by maturity:

(Thousands of euros)

	2023					
	Remaining period				Fair value	
Type of hedging	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps						
Notional	7,750	508,735	10,965,729	11,482,214	34,716	8,441
Fixed interest rate (average)	3.56%	6.17%	2.91%	3.07%		
Fair value hedging derivatives related to currency risk changes						
OTC Market:						
Currency and interest rate swap	140,291	208,173	–	348,464	2,279	6,272
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	499,574	1,600,000	8,159,354	10,258,928	164	14,965
Cash flow hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap	354,009	19,885	80,374	454,268	3,469	38,147
Total derivatives traded by OTC Market:	1,001,624	2,336,793	19,205,457	22,543,874	40,628	67,825

Climate risks - Integration of ESG Factors in Risk Management

In its risk classification, the BCP Group recognises that issues associated with climate and environmental dimensions, as well as social and governance aspects, act as factors impacting traditional risk categories. These risk factors are not considered separately; in fact, they are seen as elements that can positively or negatively affect the financial performance and solvency of the Bank's customers and counterparties. This way, their impacts materialize through traditional risk categories: credit, market, liquidity, operational, and reputational.

Within this context, and with the goal of promoting the integration of ESG factors into risk management, the Bank has implemented a set of processes and methodologies to identify, assess, manage, and monitor the impact of ESG factors on overall risk, in accordance with the framework and policies already established for other financial and non-financial risks.

Governance Model

The sustainability governance model and the risks arising from ESG factors follow a structure based on three lines of defense which, under the leadership of the Board of Directors (and its specialized committees and the Executive Committee), ensure its adequate assessment and management.

The Executive Committee is responsible for ensuring that ESG policies and strategies are followed, through the mobilization of resources and the execution of necessary operational and business actions. The Sustainability Commission assists the Executive Committee in integrating sustainability principles into decision-making and management processes, being responsible for evaluating and approving initiatives of the Sustainability Master Plan, as well as making necessary adjustments and monitoring their implementation.

Within the Board of Directors (BoD) committees, the Corporate Governance, Ethics and Sustainability Committee (CGESC) is responsible for recommending to the Board the adoption of policies in line with ethical principles and social responsibility, and with best practices in corporate governance and sustainability.

It also monitors the progress of the Sustainability Master Plan and the Corporate Social Responsibility Plan, and issues opinions on the annual governance and sustainability reports. The Risk Assessment Committee (RAC) advises the Board on identifying, managing and controlling ESG risk factors, monitoring the Group's risk appetite and performance, and supervising the adequacy of the ESG internal control system, focusing on the effectiveness of the risk management system to handle ESG risk drivers and any related reputational risk cases the Group may be directly or indirectly associated with.

Identification of ESG risks

Climate change and environmental degradation factors are elements that can affect economic activity, through the mitigation and adaptation efforts of economic agents toward sustainable use of resources, the transition to a circular economy, pollution prevention and control, and biodiversity protection/restoration, including marine biodiversity and resources (cf. EU Taxonomy).

The materialization of these risks fundamentally stems from the Bank's portfolio exposure to customers, counterparties, and invested assets whose performance may be affected by or contribute to the negative impacts of climate change and other environmental factors. These factors may generate negative financial impacts, which are identified and assessed through key dimensions:

- **Physical Risk Factors**: arising from the physical effects of climate change and environmental degradation. They are categorized as acute risks, arising from extreme weather events like wildfires or floods, and chronic risks, from gradual changes in climate patterns or ecosystem degradation.

- **Transition Risk Factors**: are the risks of any negative financial impact resulting from the ongoing or future efforts to transition to a low-carbon and environmentally sustainable economy. This can result from technological changes, public policy impacts, or behavioural changes in demand for goods or services (including banking services).

- **Biodiversity and Nature-Related Risk Factors**: the degradation of natural capital, which in this context encompasses environmental risks. Natural capital refers to the world's stocks of natural assets, including geology, soil, air, water, and all living organisms, as well as the organization and distribution of ecosystems. Its degradation undermines nature's ability to provide ecosystem services (food, raw materials, freshwater, etc.) on which human society, economies, and other species depend. The degradation of natural capital can have chronic and acute economic effects.

The materialisation of social risks is also evaluated, considering issues related to the rights, well-being, and interests of people and communities, and including factors like human rights, inequality, health, diversity, inclusion, labor relations, workplace health and safety, human capital, and communities.

In addition, the Bank identifies governance risk factors through issues related to leadership, executive remuneration, shareholder rights, anti-corruption and anti-bribery practices, conflict of interest management and prevention, internal control quality and independent audits, transparency, and good tax practices, among others.

To assess the potential impact of these factors on its risk profile, the Bank has developed a methodology for assessing the materiality of ESG risk factors.

Management and Monitoring Principles

The management, monitoring and control of ESG risk factors follow a different logic compared to traditional risks, which are based on short-term horizons. In contrast, ESG risk factors will materialize over longer time horizons, so the establishment of strategy and risk appetite follows different time frames. For example, evaluating physical risk factors (acute) may determine a more short-term focused strategy (e.g., establishing additional mitigation measures in credit policies and insurance policies), while transition risk factors justify a more structural approach, based on information collection, client evaluation, and long-term performance monitoring. With this perspective, the Bank's management of ESG impacts follows these principles:

- Establishing a corporate responsible financing policy that excludes or conditions the Group's operations in sectors and/or activities with greater environmental and social impact;

- Integrating the strategy for managing risks arising from ESG factors into the Bank's overall sustainability plan, guiding the integration of the ESG dimension into business processes, setting objectives, schedules and a control model to ensure compliance;

- Transparency in communication: the Bank publicly discloses its sustainability objectives and main practices and the management of ESG impact factors, allowing all stakeholders to evaluate the robustness of its approach, including exposure to risks arising from ESG factors;

- Regular monitoring of exposure to risks arising from ESG factors through established management information routines for each risk category;

- Internal standardization of ESG references through a corporate taxonomy that identifies and classifies exposures that demonstrably promote the economic transition;

- Focus on credit risk management through models that promote the integration of the ESG dimension into the risk assessment of the Bank’s main companies/customers, ensuring that business decisions incorporate an evaluation of the main ESG impact factors;

- Collecting and structuring information using public sources and information provided directly by customers to improve knowledge of customers’ environmental performance and possible financial impacts associated with any limitations in that performance.

The implementation of these principles is promoted through an internal policy for managing risks arising from ESG factors, which establishes the following main risk tools:

- Regular assessment of the materiality of risks arising from ESG factors to confirm alignment with risk appetite and the need for mitigation actions;

- Risk assessment methodologies arising from ESG factors integrated into credit risk assessment models;

- Portfolio-level risk classification methodologies to identify sectors, companies and exposures most subject to transition and/or physical and/or nature-related risk factors;

- Quantification models for financed greenhouse gas (GHG) emissions, promoting strategic discussions on managing these emissions and their alignment (in time) with the Paris Agreement targets;

- Sensitivity analyses and stress tests focusing on climate risks.

55. Mozambique's sovereign debt

Following a period of deceleration in economic activity and increase of inflation, reduction of Republic of Mozambique rating, depreciation of Metical and decrease in foreign direct investment, the Bank of Mozambique has adopted a restrictive policy, with increases in the reference rate since December 2015, as well as increasing the reserve ratio. This set of factors constrained commercial banking in Mozambique, pushing it to pursue a strict liquidity management, emphasis on raising funds, despite contributing to the improvement of net interest income.

According to an International Monetary Fund (IMF) statement dated 23 April 2016, existing debt guaranteed by the State of Mozambique in an amount over USD 1 billion that had not been disclosed to the IMF. Following this disclosure, the economic program supported by the IMF was suspended. According to an IMF statement dated 13 December 2016, discussions were initiated on a possible new agreement with the Government of Mozambique and the terms of reference for an external audit were agreed.

In the statements dated of 16 January 2017 and 17 July 2017, the Ministry of Economy and Finance of Mozambique informed the holders of bonds issued by the Republic of Mozambique specifically "US$726.524 million, 10.5%, repayable securities in 2023" that the interest payment due on 18 January 2017 and 18 July 2017, would not be paid by the Republic of Mozambique. In November 2018, the Ministry of Economy and Finance of the Republic of Mozambique announced that it has reached an agreement in principle on the key commercial terms of a proposed restructuring transaction related to this debt securities with four members of the Global Group of Mozambique Bondholders.

On 6 September 2019, the Ministry of Economy and Finance of the Republic of Mozambique announced the approval by 99.95% of the Bondholders of a written decision containing the terms and conditions of the restructuring proposal. The Group has no exposure to this debt.

In May 2020, the Constitutional Council of the Republic of Mozambique issued a Judgment, declaring the nullity of the acts related with the loans contracted by Proindicus, SA ("Proindicus") and Mozambique Asset Management, MAM, SA ("MAM"), and the respective sovereign guarantees granted by the Government in 2013 and 2014, respectively, and on 19 October 2020, the dissolution of the two companies was registered based on an order issued by the Judicial Court of the City of Maputo.

An action brought on 27 February 2019 (amended on 30 April 2020), by the Republic of Mozambique (represented by the Attorney General of the Republic) against the arranger and originating lender of the loan to Proindicus and other entities, by which the Republic of Mozambique requested, inter alia, the declaration of nullity of the sovereign guarantee of the Mozambican State to the Proindicus loan. Following this lawsuit, on 27 April 2020, the Banco Internacional de Moçambique (BIM) filed a lawsuit, in the London Commercial Court, against the arranger and lender of the loan to Proindicus, claiming, inter alia, payment of BIM's exposure to the Proindicus, in the event that the said sovereign guarantee of the State of Mozambique to Proindicus was, in a court of law declared null and void.

In the context of the liquidation of Proindicus and MAM, the Liquidator published, on 3 May 2022, an announcement in the Jornal de Notícias de Moçambique, through which the creditors of those companies are notified to submit, within thirty days counted from the said publication, the supporting documents of their credits. Following the publication of the said announcement, BIM and BCP submitted, on 1 June 2022, their credit claims on Proindicus and MAM, respectively.

However, on 30 September 2023, the Republic of Mozambique and the arranger and originating lender of the loan to Proindicus announced that they have settled amicably the legal proceedings in London concerning the loan to Proindicus and associated guarantee. This settlement was subscribed by the majority lenders of the said credit facility, including BIM. The signing parties to the agreement have mutually released each other from any liabilities and claims relating to the loan to Proindicus.

Regarding MAM, on 26 June 2024, the Republic of Mozambique, represented by the Attorney General of the Republic, MAM (in liquidation), represented by its Liquidator, BCP and others have signed a “Deed of Release and Settlement” (The “Agreement”), under which the signing parties released the Republic of Mozambique from any liabilities and claims relating to the loan to MAM, against payment of an agreed amount.

Following the political and social situation in Mozambique as a result of the disputed presidential election results, Standard & Poor's ('S&P') downgraded Mozambique's sovereign debt rating (in local currency) in October 2024.

According to S&P, "liquidity management challenges remain considerable, with some apparent payment delays to domestic creditors, the accumulation of arrears to suppliers and contractors", and as a result, Mozambique's local currency debt rating was downgraded by one notch to CCC.

Considering the impairment model defined by Banco Internacional de Moçambique for sovereign debt, which applies the probability of default resulting from the S&P study, this situation implied an increase in the impairment levels for Mozambique's sovereign debt to MZN 2,358,324,000 (EUR 35,771,000), with an impact on profit for the year of MZN 2,372,954,000 (EUR 34,404,000).

As at 31 December 2024, considering the 66.7% indirect investment in BIM, the Group's interest in BIM's equity amounted to EUR 358,464,000 (31 December 2023: EUR 356,514,000), with the exchange translation reserve associated with this participation, accounted in Group's consolidated equity, in a negative amount of EUR 128,243,000 (31 December 2023: negative amount of EUR 152,108,000). BIM's contribution to consolidated net income in 2024, attributable to the shareholders of the Bank, amounts to EUR 32,322,000 (31 December 2023: EUR 67,787,000).

As at 31 December 2024, the subsidiary BIM's exposure to the State of Mozambique includes public debt securities denominated in Metical classified as Financial assets measured at amortised cost - Debt instruments in the gross amount of MZN 35,364,638,000 corresponding to EUR 536,405,000 (31 December 2023: MZN 40,995,115,000 corresponding to EUR 580,914,000) and Financial assets at fair value through other comprehensive income in the gross amount of MZN 9,396,711,000 corresponding to EUR 142,528,000 (31 December 2023: MZN 6,989,511,000 corresponding to EUR 99,044,000).

Additionally, the Group has also recorded as at 31 December 2024, in the balance Loans and advances to customers, a direct gross exposure to the Mozambican State in the amount of MZN 17,791,809,000 corresponding to EUR 269,863,000 (31 December 2023: MZN 18,228,666,000 corresponding to EUR 258,306,000) and in the balance Guarantees granted revocable and irrevocable commitments, an amount of MZN 2,943,963,000 corresponding to EUR 44,600,000 (31 December 2023: MZN 1,035,157,000orresponding to EUR 14,663,000).

56. Contingent liabilities and other commitments

In accordance with accounting policy 1.U3, the main contingent liabilities and other commitments under IAS 37 are the following:

1. In 2012, the Competition Authority ("AdC") filed an administrative offence proceedings for alleged practices restricting competition (proceedings PRC 2012/9). On 6 March 2013, it carried out measures of search and seizure at Banco Comercial Português, S.A. ("BCP" or "Bank") and other credit institutions facilities, where it seized documents relevant to the investigation of an alleged exchange of sensitive commercial information between credit institutions in the national market.

The proceedings was subject to justice secrecy by decision of the AdC, considering that the interests of the investigation and the rights of the procedural parties would not be specifically compatible with the publicity of the proceedings. On 2 June 2015, the Bank was notified of an infringement notice ("NI") adopted by the AdC in the context of the investigation of proceedings PRC 2012/9, accusing it of participating, together with 14 other credit institutions, in an exchange of sensitive commercial information, regarding the offer of credit products in retail banking, namely home loan, consumer loan and corporate loan.

On 9 September 2019, the AdC adopted a final decision in this proceedings, and convicted the Bank to pay a EUR 60 million fine on the grounds that it had participated in a system of sharing confidential information between competitors regarding home loan, consumer loan and corporate loan. BCP disagrees with the Decision, which it considers having a set of serious defects, both in fact and in law, and appealed against it to the Competition Court on 21 October 2019, requesting that it be annulled and that the appeal be given suspensive effect. On 8 May 2020, the appeal was admitted. On 21 December 2020, BCP submitted, which the Competition Court accepted, a bank guarantee issued by the Bank itself as a way of fulfilling the bail. By order of 1 March 2021, the Competition Court granted suspensive effect to the judicial objection appeal as to the sentencing decision. By order of 20 March 2021, the Competition Court ordered the lifting of the justice secrecy and informed the appellants that the trial will, in principle, begin in September 2021.

On 28 April 2022, the CRSC ruled within proceedings Proc. n.º 225/15.4YUSTR-W, regarding the judicial objection appeal as to the decision of the Competition Authority of September 2019 (PRC/2012/09).

In this extensive ruling, the CRSC lists the facts given as proven, both in the administrative phase and in the trial, however, at this stage, the CRSC has not yet concluded that the facts have been proven are legally based, nor, consequently, that fines should be imposed, and the CRSC has instead chosen to make a reference for a preliminary ruling to the Court of Justice of the European Union (CJEU) to answer two questions referred for a preliminary ruling, requesting that this reference follow further terms in the form of an expedited procedure in view of the limitation risk. It should be noted that the CJEU is not responsible for judging the case, but only for interpreting the rules of Community law by answering in abstract to the questions referred to it by the national court.

The CJEU rejected the CRSC's request for an expedited procedure and for priority to be given in the examination of this proceedings.

On 29 July 2024, the CJEU delivered its judicial ruling in which it gave the following interpretation on the questions referred by the CRSC:

"Article 101(1), TFEU to be interpreted as meaning that a comprehensive reciprocal and monthly exchange of information between competing credit institutions, carried out on highly concentrated markets with high barriers to entry, and which regards the conditions applicable to transactions carried out on those markets, in particular spreads and risk variables, current and future ones, as well as the individualised production values of the participants in that exchange, to the extent that, at least, those spreads thus exchanged are those that those institutions intend to apply in the future, must be qualified as a restriction of competition by object."

After the judicial Ruling, the proceedings returned to the CRSC, which issued an order on 30 July 2024, notifying the Banks (i) of the appointment of 18 September 2024 for oral arguments, of an optional nature, limited to the content of the CJEU Ruling; and (ii) the designation of 20 September 2024 for the reading of the Ruling, in the part relating to the Law and the section.

On 20 September 2024, the CRSC issued its Final Ruling in which it deemed that an offence by object committed by the Appellants BPN/BIC, BBVA, BPI, BCP, BES, Popular/Santander, Santander, Barclays, Caixa Agrícola, Montepio, CGD and UCI, embodied in an exchange of sensitive information between competitors, was verified in the case files.

In its Ruling, the CRSC confirmed the EUR 60 million fine imposed by the AdC on the Bank.

On 14 October 2024, the Bank filed its appeal with the Lisbon Court of Appeal (TRL), which, by decision issued on 10 February 2025 by its Intellectual Property, Competition and Supervision Section, decided, by majority, to declare the pending administrative offence proceedings against the Defendant companies in relation to the practice of the aforementioned administrative offence to be barred and ordered the timely filing of the case.

In summary, the TRL considered that the facts occurred between 2002 and March 2013, applying the 2012 Competition Law, which provides for the maximum limitation period for administrative offence proceedings of 10 years and 6 months, and not applying the 2022 Competition Law, which provides for a longer period of suspension of the limitation period for administrative offence proceedings (either because the legislator so determined, or because it is more unfavourable than the 2012 Competition Law).

Moreover, the reference for a preliminary ruling (made by the TCRS to the CJEU) does not suspend (autonomously) the limitation period.

The TRL also considered that the limitation occurred on 1 September 2023 or, at the limit, applied to the so-called Covid-19 laws, on 11 February 2024.

A possible procedural reaction from the Public Prosecutor's Office and/or the Competition Authority is awaited.

1-A. In relation to this administrative offence proceeding of the Competition Authority PRC/2012/09, and in view of the alleged damage caused by the targeted and defendant Banks to bank customers, resulting from the alleged sharing of confidential information between the Banks relating to home loan, consumer loan and corporate loan, three declaratory popular actions of conviction were filed against the Bank and several other banking institutions.

These proposed popular actions aim to compensate consumers and companies affected by alleged harm caused by the alleged anti-competitive practice. Actions vary depending on the group of consumers and companies represented and the damages calculated.

It should be noted that the decision issued by the Lisbon Court of Appeal on 10 February 2025, which decided to declare the administrative offence proceedings PRC/2012/09 barred, does not extinguish these popular actions, which will now fully continue as "stand alone", not taking advantage of the presumption of evidence produced in this case.

1-A.1. On 11 March 2024, BCP, along with 8 banking institutions, was summoned, to plead a "popular declaratory action of conviction in the form of a common proceeding aimed at the protection of competition, consumer rights, and diverse and/or collective interests associated with the consumption of goods and services", an action brought by Ius Omnibus Association, which is under no. 2/24.1YQSRT in the Competition, Regulation and Supervision Court, entirely based on the alleged competition offence in home and consumer loan transactions declared in the AdC's Ruling of 9 September 2019 (PRC/2012/09), a ruling that was subject to a judicial objection appeal by BCP, an objection that has not yet been definitively judged.

In this case, the Plaintiff makes the following main claims:

1. To be declared that, from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101(2) of the TFEU and (subsequently) article 2 of Decree-Law no. 371/393 and article 4 of Law no. 18/2003, by exchanging strategic, non-public, current and future information, with its competitors, in a disaggregated, individualised and regular manner, namely, on their respective offers of home loan and consumer loan;

2. To be declared that this Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Alternatively to section 2, to be declared that the Defendants' practice has led to their unjust enrichment at the expense of the impoverishment of all the consumers represented;

4. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question in the amount resulting from the sum of several factors.

5. To be declared the nullity of the clause(s) that fix the spread rate in home loan agreements and consumer loan agreements entered into by consumers represented during the relevant period, the aforementioned clause(s) being consequently reduced in the part corresponding to the unlawful overprice, in agreements whose validity exceeds the date of the final judgment, and in which the Defendants are lenders, because they were entered into by them or by subsequent termination of the contractual position.

As the deadline for the pleading is running, the Bank was notified on 9 May 2024 that an order had been issued ordering the suspension of the proceedings until the final judgment to be rendered in proceeding no. 225/15.4YUSTR-W (the judicial objection appeal of the administrative offence proceeding PRC/2012/09), before this Competition, Regulation and Supervision Court.

1-A.2. On 8 April 2024, BCP, along with 9 banking institutions, was summoned to oppose another case brought by Ius Omnibus Association against the banks, under no. 6/24.4YQSTR, also related to the aforementioned Ruling of the AdC of 9 September 2019 (PRC/2012/09), this case being related to the corporate credit segment.

In this case, the Plaintiff makes the following main claims:

1. To be declared that from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101 of the TFEU and (successively) article 2 of Decree-Law No. 371/393 and article 4 of Law No. 18/2003, by exchanging strategic, non-public, current and future information with their competitors, in a disaggregated, individualised, and regular manner, namely, on their respective credit offers to companies;

2. To be declared that the Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question, associated with the credits to the companies entered into between the Defendants and companies in Portugal, in the period from May 2005 to September 2012, with regard to the overprice that was passed on by the companies to the represented consumers, and charged directly by the Defendants, in a global amount to be fixed and determined considering several factors.

On 18 November 2024, the Bank filed its opposition with the Competition, Regulation and Supervision Court.

1-A.3. On 24 April 2024, BCP, along with 9 banking institutions, was summoned to oppose an action brought by Association of Portuguese Micro, Small and Medium Enterprises (AMPEMEP) against the banks, under no. 10/24.2YQSRT, also related to the aforementioned AdC' Decision of 9 September 2019 (PRC/2012/09), this case also being related to the corporate credit segment.

In this case, the Plaintiff makes the following main claims:

1. To be declared that from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101 of the TFEU and (successively) article 2 of Decree-Law No. 371/393 and article 4 of Law No. 18/2003, by exchanging strategic, non-public, current and future information with their competitors, in a disaggregated, individualised, and regular manner, namely, on their respective credit offers to companies;

2. To be declared that this Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question, associated with the credits to the companies entered into between the Defendants and companies in Portugal, in the period from May 2005 to September 2012, with regard to the overprice that was passed on by the companies to the represented consumers, and charged directly by the Defendants, in a global amount to be fixed and determined considering several factors.

On 17 December 2024, the Bank filed its opposition with the Competition, Regulation and Supervision Court.

In view of the similarity of the object and parts of these 3 popular actions, the possibility of joining them was raised, and BCP was notified, in the context of proceeding no. 6/24.4YQSTR (point 1-A.2.above) to rule on the joinder to this action of proceeding no. 10/24.2YQSTR (point 1-A.3.above).

The Bank has already ruled on this issue, requesting the opposite, that is, that proceeding no. 6/24.4YQSTR be joined to proceeding no. 10/24.2YQSTR instead, requesting that the logical precedence relationship between this proceeding and that one be declared, and that the Judge in charge of proceeding no. 10/24.2YQSTR be granted the decision to join proceeding no. 6/24.4YQSTR.

There is still no decision on this matter, and these two cases are ongoing and running autonomously.

2. On 7 June 2022, the Bank was notified by the Court to contest a lawsuit brought by Fundação José Berardo and José Manuel Rodrigues Berardo against Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., Novo Banco, S.A. and Banco Espírito Santo, S.A., in liquidation.

In this lawsuit, the Plaintiffs allege that they incurred in a mistake regarding the endogenous situation of the defendant banks and the financial system, without which they would have sold the pledged shares and paid their loans. If this is not the case, the plaintiffs request the defendant banks to be ordered to pay compensation to Fundação José Berardo for damages caused by breach of contract, since the moment when they should have been sold in execution of the pledge due to failure to verify coverage ratios until the moment when they were sold, that is, the difference between the price at which the pledged shares would have been sold on the dates of coverage ratios default and the price at which they were actually sold, plus interest and all other loan charges since those dates, in any case the global amount of compensation not being less than EUR 800,000,000. In any case, the plaintiffs ask the defendant banks to be jointly condemned to pay José Manuel Rodrigues Berardo compensation for moral damages, in the already calculated amount of EUR 100,000,000 and also in the amount that is settled as soon as the full extent of the damages is known.

In the meantime, through Order No. 8765/2022 of Mr. Secretary of State for the Presidency of the Council of Ministers, published in Republic Diary, Series 2, part C, of 19 July 2022, the Plaintiff of this lawsuit, Fundação José Berardo, was declared extinct. This decision was legally contested by the José Berardo Foundation, and in April 2023, the Administrative and Fiscal Court of Funchal cancel the decision that ordered its extinction. Dissatisfied, the Portuguese State appealed against this latter and is awaiting the outcome.

The lawsuit was contested on 27 September 2022 and is awaiting subsequent terms.

Nothing relevant to the judgment on the merit of the case happened. The lawsuit is suspended until the motions submitted by FJB in the execution filed by the Banks (8489/19.8T8LSB) have been definitively judged.

The Bank does not anticipate that this lawsuit may result in any responsibility that could have impact on the respective financial statements.

3. On 3 January 2018, Bank Millennium received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman), in which the OPCC Chairman found infringement by Bank Millennium of the rights of consumers. In the opinion of the OPCC Chairman the essence of the violation is that Bank Millennium informed consumers (it regards 78 agreements) in responses to their complaints, that the court verdict stating the abusiveness of the provisions of the loan agreement regarding exchange rates does not apply to them. According to the position of the OPCC Chairman the abusiveness of contract's clauses determined by the court in the course of abstract control is constitutive and effective for every contract from the beginning. As a result of the decision, Bank Millennium was obliged to:

1) send information on the OPCC's decision to the said 78 clients;

2) place the information on decision and the decision itself on the website and on Twitter;

3) to pay a fine amounting to PLN 20.7 million (EUR 4.8 million).

Bank Millennium lodged an appeal within the statutory time limit.

On 7 January 2020, the first instance court dismissed Bank Millennium's appeal in its entirety. Bank Millennium appealed against the judgment within the statutory deadline. The court presented the view that the judgment issued in the course of the control of a contractual template (in the course of an abstract control), recognizing the provisions of the template as abusive, determines the abusiveness of similar provisions in previously concluded contracts. Therefore, the information provided to consumers was incorrect and misleading. As regards the penalty imposed by OPCC, the court pointed out that the policy of imposing penalties by the Office had changed in the direction of tightening penalties and that the court agrees with this direction.

In Bank Millennium's assessment, the Court should not assess Bank Millennium's behaviour in 2015 from the perspective of today's case-law views on the importance of abstract control (it was not until January 2016 that the Supreme Court's resolution supporting the view of the OPCC Chairman was published), the more penalties for these behaviours should not be imposed using current policy. The above constitutes a significant argument against the validity of the judgment and supports the appeal which Bank Millennium submitted to the Court of second instance.

The second instance court, in its judgment of 24 February 2022, completely revoked the decision of the OPCC Chairman. On 31 August 2022, the OPCC Chairman lodged a cassation appeal to the Supreme Court. On 3 July 2024, the Supreme Court issued a decision accepting the cassation appeal for consideration. Bank Millennium believes that the prognosis regarding the litigation chances of winning the case before the Supreme Court is positive.

4. Bank Millennium (along with other banks) is also a party to the dispute with OPCC, in which the OPCC Chairman recognized the practice of participating banks, including Bank Millennium, in an agreement aimed at jointly setting interchange fee rates charged on transactions made with Visa and Mastercard cards as restrictive of competition, and by decision of 29 December 2006 imposed a fine on Bank Millennium in the amount of PLN 12.2 million (EUR 2.9 million). Bank Millennium, along with other banks, appealed the decision.

In connection with the judgment of the Supreme Court and the judgment of the Court of Appeal in Warsaw of 23 November 2020, the case is currently pending before the court of first instance - the Court of Competition and Consumer Protection. Bank Millennium has created a provision in the amount equal to the imposed penalty.

5. On 22 September 2020, Bank Millennium received decision of the Chairman of the Office for Protection of Competition and Consumers (OPCC Chairman) recognising clauses stipulating principles of currency exchange applied in the so-called anti-spread annex as abusive and prohibited the use thereof.

Penalty was imposed upon Bank Millennium in the amount of PLN 10.5 million (EUR 2.5 million). Penalty amount takes account of two mitigating circumstances: cooperation with the Office for Protection of Competition and Consumers and discontinuation of the use of provisions in question.

Bank Millennium was also requested, after the decision becomes final and binding, to inform consumers, by registered mail, to the effect that the said clauses were deemed to be abusive and therefore not binding upon them (without need to obtain court's decision confirming this circumstance) and publish the decision in the case on Bank Millennium's website.

In the decision justification delivered in writing the OPCC Chairman stated that FX rates determined by Bank Millennium were determined at Bank Millennium's discretion (on the basis of a concept, not specified in any regulations, of average inter-bank market rate). Moreover, client had no precise knowledge on where to look for said rates since provision referred to Reuters, without precisely defining the relevant site.

Provisions relating to FX rates in Bank Millennium's tables were challenged since Bank Millennium failed to define when and how many times a day these tables were prepared and published.

In justification of the decision, the OPCC Chairman also indicated that in the course of the proceeding, Bank Millennium presented various proposed solutions, which the OPCC Chairman deemed to be insufficient.

Bank Millennium appealed against the said decision within statutory term.

On 31 March 2022, the first instance court revoked the entire decision of the Chairman of the OPCC. On 23 May 2022, the Chairman of the OPCC filed an appeal. On 26 October 2022, the Court of Appeal changed the judgment of the court of first instance and shared the position of the Chairman of the OPCC as to the abusiveness of the provisions regarding the determination of exchange rates in the annexes concluded with foreign currency borrowers. On 21 November 2022, the Court of Appeal, at the request of Bank Millennium, suspended the execution of the judgment until the end of the cassation proceedings. On 30 January 2023, Bank Millennium filled a cassation appeal to the Supreme Court. By the decision of 20 March 2024, the cassation appeal was accepted for consideration. The date of the hearing has not been set yet. Bank Millennium has created a provision in the amount equal to the imposed penalty.

6. Bank Millennium is a defendant in two court proceedings, in which the subject of the dispute is the amount of the interchange fee. The total value of claims reported in these cases is PLN 729.2 million (EUR 170.5 million). The procedure with the highest value of the reported claim is the case is brought by PKN Orlen SA, the plaintiff demands payment of PLN 635.7 million (EUR 148.6 million). The plaintiff in this proceeding alleges that the banks acted under an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2006-2014. In this case, Bank Millennium was sued jointly with another bank and card organisations. In the case brought by LPP S.A. the allegations are similar to those raised in the case brought by PKN Orlen SA, while the period of the alleged agreement is indicated as 2008-2014. In this case, the Bank is sued jointly and severally with another bank. The case was resolved positively for the Bank by the courts of both instances, and is currently at the stage of a cassation appeal filed by LPP S.A. The Supreme Court did not issue a decision regarding the acceptance of the cassation appeal for consideration. According to current estimates of the risk of losing a dispute in these matters, Bank Millennium did not create a provision. In addition, we point out that Bank Millennium participates as a side intervener in three other proceedings regarding the interchange fee. Other banks are the defendant. Plaintiffs in these cases also accuse banks of acting as part of an agreement restricting competition on the acquiring services market by jointly setting the level of the national interchange fee in the years 2008-2014.

- A lawsuit brought up by shareholder of PCZ S.A. in bankruptcy (PHM, then the European Foundation for Polish-Belgian Cooperation - EFWP-B, currently called The European Foundation for Polish-Kenyan Cooperation) against Bank Millennium S.A., worth of the dispute PLN 521.9 million (EUR 122 million) with statutory interest from 5 April 2016 until the day of payment. The plaintiff filed the suit dated 23 October 2015 to the Regional Court in Warsaw; the suit was served to Bank Millennium on 4 April 2016. According to the plaintiff, the basis for the claim is damage to their assets, due to the actions taken by Bank Millennium and consisting in the wrong interpretation of the Agreement for working capital loan concluded between Bank Millennium and PCZ S.A., which resulted in placing the loan on demand. Bank Millennium is requesting complete dismissal of the suit, stating disagreement with the charges raised in the claim. Supporting the position of Bank Millennium, the Bank's attorney submitted a binding copy of final verdict of Appeal Court in Wrocław favourable to Bank Millennium, issued in the same legal state in the action brought by PCZ SA against Bank Millennium. On 10 May 2023, the Court of First Instance announced a judgment dismissing the claim in its entirety. The verdict is not final, the plaintiff filed an appeal.

On 6 May 2024, the Bank Millennium's representative submitted a response to the appeal, requesting that it be dismissed in its entirety as unfounded. On 17 December 2024, the Court of Appeal in Warsaw issued a judgment favourable to the Bank, dismissing the Plaintiff's appeal. The judgment is final. Due to the Plaintiff's submission of a motion for a written justification of the aforementioned judgment of the Court of Appeal of 17 December 2024, it is possible for the Foundation to file a cassation appeal to the Supreme Court.

7. On 3 December 2015 a class action was served on Bank Millennium. A group of Bank Millennium's debtors (454 borrowers party to 275 loan agreements) is represented by the Municipal Consumer Ombudsman in Olsztyn. The plaintiffs demanded payment of the amount of PLN 3.5 million (EUR 0.8 million), claiming that the clauses of the agreements, pertaining to the low down payment insurance, are unfair and thus not binding. Plaintiff extended the group in the court letter filed on 4 April 2018, therefore the claims increased from PLN 3.5 million (EUR 0.8 million) to over PLN 5 million (EUR 1.2 million).

Actual status:

On 1 October 2018, the group's representative corrected the total amount of claims pursued in the proceedings and submitted a revised list of all group members, covering the total of 697 borrowers – 432 loan agreements. The value of the subject of the dispute, as updated by the claimant, is PLN 7,371,107.94 (EUR 1,723,550.4).

By the resolution of 1 April 2020 the court established the composition of the group as per request of the plaintiff and decided to take witness evidence in writing. On 18 October 2024, the Court adjourned the hearing without setting a new date. The Bank Millennium assesses that the procedural chances of winning the case is positive.

As at 31 December 2024, there were also 92 individual court cases regarding LTV (loans-to-value) insurance (cases in which only a claim for the reimbursement of the commission or LTV insurance fee is presented).

8. On 13 August 2020, Bank Millennium received lawsuit from the Financial Ombudsman. The Financial Ombudsman, in the lawsuit, demands that Bank Millennium and the Insurer (TU Europa) be ordered to discontinue performing unfair market practices involving, as follows:

- presenting the offered loan repayment insurance as protecting interests of the insured in case when insurance structure indicates that it protects Bank Millennium’s interests;

- use of clauses linking the value of insurance benefit with the amount of borrower’s debt;

- use of clauses determining the amount of insurance premium without prior risk assessment (underwriting);

- use of clauses excluding insurer’s liability for insurance accidents resulting from earlier causes.

Furthermore, the Ombudsman requires Bank Millennium to be ordered to publish, on its web site, information on use of unfair market practices.

The lawsuit does not include any demand for payment, by Bank Millennium, of any specified amounts. Nonetheless, if the practice is deemed to be abusive it may constitute grounds for future claims to be filed by individual clients.

The case is being examined by the court of first instance. The date of the first hearing was set for 25 March 2025. In the Bank's opinion, there are currently no prerequisites for creating provisions in the case.

9. By 31 December 2024, Bank Millennium received 1,332 lawsuits in which the plaintiffs (both clients and companies purchasing claims), alleging violation of the information obligations provided in Art. 30 of the Consumer Credit Act, demand reimbursement of interest and other costs incurred in connection with taking out a loan (free loan sanction within the meaning of Article 45 of the Consumer Credit Act).

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning Article 45 of the Consumer Credit Act. This phenomenon affects the entire banking services sector. It is likely that a "new business model" will be created in the area of law firms, which involves questioning consumer credit agreements.

As at 31 December 2024, 124 cases have been legally concluded, in 106 cases the Bank won the dispute and lost in 18 cases. Disputes in the above respect should be subject to constant observation and analysis. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases, which is justified by the lack of a uniform line of jurisprudence. Currently, the Bank's litigation chances in the cases in question are assessed positively.

On 13 February 2025, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under the reference number C472/23 as a result of an application filed by the District Court for the Capital City of Warsaw. In its judgment, the CJEU, interpreting the provisions of Directive 2008/48/EC of the European Parliament and of the Council of 23 April 2008 on consumer credit agreements, found that:

(i) the fact that a credit agreement indicates an annual percentage rate which turns out to be inflated because certain terms of that agreement were subsequently found to be unfair within the meaning of Article 6(1) of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts and therefore not binding on the consumer, does not in itself constitute an infringement of the obligation to provide information laid down in that provision of Directive 2008/48.

(ii) the fact that a credit agreement lists a number of circumstances justifying an increase in the fees related to the performance of the agreement, without a properly informed and sufficiently observant and reasonable consumer being able to verify their occurrence or their impact on those fees, constitutes an infringement of the information obligation laid down in that provision, provided that this indication may undermine the consumer's ability to assess the extent of his obligation.

(iii) Directive 2008/48 does not preclude national legislation which provides, in the event of a breach of the obligation to provide for information imposed on the creditor in accordance with Article 10(2) of that directive, a uniform penalty consisting in depriving the creditor of the right to interest and fees, irrespective of the individual degree of gravity of such a breach, provided that such breach may undermine the consumer's ability to assess the extent of his obligation.

Following the judgment of the Court, it is still up to the domestic courts to assess the possibility of crediting non-interest costs of the loan and to assess compliance with the information obligation regarding the possibility of changing fees. The CJEU also noted that the right to benefit from the free loan sanction is updated only if a potential breach of the bank may undermine the consumer's ability to assess the scope of his liability. Law firms purchasing clients' receivables publicize the judgment as a ruling with a favourable ruling for consumers (opposite to the view of the Bank), which may translate into an increase in the number of new cases.

10. By 31 December 2024, Bank Millennium recorded the receipt of 135 lawsuits by borrowers of mortgage loans in PLN for reimbursement of benefits provided under the loan agreement. Three final judgments were issued dismissing the borrowers' claim. The borrowers' allegations focus on the WIBOR ratio as an incomprehensible, unverifiable element affecting the consumer's liability, as well as the issue of insufficient information on the effects of variable interest rates provided to the consumer by the bank before the conclusion of the contract.

Based on publicly available information, it can be assumed that there will be an increase in the number of lawsuits concerning mortgage loans in PLN. This phenomenon affects the entire sector of banking services. It is possible that a "new business model" will be created in the area of law firms, which consists in questioning mortgage contracts containing a variable interest rate clause based on the WIBOR reference index.

On 29 June 2023, the Polish Financial Supervision Authority (KNF) announced that it had assessed the ability of the WIBOR interest rate reference index to measure the market and economic realities. The KNF stated that the WIBOR interest rate reference index is capable of measuring the market and economic realities for which it was established. According to the Commission's assessment, the WIBOR ratio responds appropriately to changes in liquidity conditions, changes in central bank rates and economic realities (https://www.knf.gov.pl/komunikacja/komunikaty?articleId=82924&p_id=18).

On 26 July 2023, the Polish Financial Supervision Authority (PFSA) presented its position on legal and economic issues related to mortgage loan agreements in Polish currency in which the WIBOR interest rate reference index is used. This position can be used in court proceedings and can then be treated as an 'amicus curiae' opinion. The Polish Financial Supervision Authority stated that the WIBOR reference index meets all legal requirements. In the opinion of the Polish Financial Supervision Authority, there are no grounds to question the credibility and legality of WIBOR, in particular in the context of the use of this indicator in mortgage loan agreements in the Polish currency (Stanowisko_UKNF_dot_zagadnien_prawnych_i_ekonomicznych_zw_ze_wskaznikiem_referencyjnym WIBOR_83233.pdf).

11. Currently, in connection with the activities of Bank Millennium - as it is the case with the activities of other banks in Poland - the President of the Office of Competition and Consumer Protection is conducting proceedings on the use of practices infringing the collective interests of consumers as regards the so-called "unauthorized transactions". In the opinion of the President of the Office of Competition and Consumer Protection, in the case of Bank Millennium, such actions include the following:

(i) failure – no later than by the end of the business day after the date of receipt of an appropriate notification from the consumer regarding the occurrence of an unauthorised payment transaction – to refund the amount of the unauthorised payment transaction or to restore the debited payment account to the state that would have existed if the unauthorised payment transaction had not taken place, despite the lack of justified and duly documented grounds to suspect fraud on the part of the consumer and informing the authorities appointed to prosecute crimes about this suspicion in writing, as well as;

(ii) providing consumers – in the replies to their reports regarding the occurrence of unauthorized payment transactions – with information about the verification by the payment service provider of the correct use of the payment instrument by using individual authentication data in a way suggesting that the Bank's demonstration only that the disputed payment transactions have been correctly authenticated constitutes at the same time demonstration of the authorization of such a transaction and excludes its obligation to return the amount of the unauthorized transaction and;

(iii) providing consumers – in the replies to their reports regarding the occurrence of unauthorized payment transactions – with false information about authorization of the transactions questioned by consumers, while presenting information indicating that the transactions took place as a result of an intentional or grossly negligent violation by consumers of at least one of the obligations referred to in Article 42 of the Payment Services Act and in the agreement between the consumer and the bank, as a result of which they are liable for the questioned payment transactions.

In the course of the proceedings, the Bank provided appropriate explanations and also substantively referred to the allegations formulated by the President of the Office of Competition and Consumer Protection. The proceedings have been extended until 30 June 2025. The Bank did not create a provision for these proceedings because at this stage of the proceedings, it is not possible to reasonably predict the outcome of the proceedings.

As at 31 December 2024, the Bank was a party to 197 court proceedings in which customers questioned the fact of their authorization of a transaction. In the cases in question, the Bank makes an individual assessment of the litigation chances in each of the court cases, In cases where, in the Bank's opinion, there is a greater probability of losing the dispute than winning it, provisions in the appropriate amount are created.

12. On 22 December 2023, the Polish Financial Supervision Authority (KNF) started administrative proceedings against Bank Millennium S.A. that might result in a penalty being imposed on the Bank under Article 176i(1)(4) of the Act on trading in financial instruments. On 16 September 2024, Bank Millennium was served with the Resolution of 13 September 2024 issued by the PFSA ("the Resolution") pursuant to the provisions of Chapter 2b of the Act of 21 July 2006 on Financial Market Supervision regarding: the possibility of concluding an arrangement regarding the conditions for extraordinary easing of sanctions and setting a 3-month deadline for concluding an arrangement. In response to the Resolution, on 27 September 2024 after considering the circumstances of the case, Bank Millennium decided not to proceed with the procedure of concluding the arrangement.

In the course of further proceedings Bank Millennium S.A. received the following letters:

(i) Letter from the KNF on the opportunity to present explanations before the decision is issued (18 November 2024) regarding the opportunity to comment on the materials and evidence collected during the proceedings. In response, Bank Millennium S.A. on 19 November 2024 communicated the position of a party to the proceedings in which it maintains the legal arguments contained in the letters submitted in the proceedings and an indication that, in the Bank's opinion, the factual circumstances in the case file described in the Bank's letters and this position do not justify the application of an administrative sanction to Bank Millennium S.A. as a supervised entity providing input to the WIRON reference index.

(ii) Letter from the KNF extending the proceedings until February 2025 (19 December 2024).

On 31 May 2024, the Polish Financial Supervision Authority initiated administrative proceedings against Bank Millennium S.A. regarding the imposition of a financial penalty on the Bank pursuant to Art. 73 sec. 1 item 11 in conjunction with sec. 3 point 10 of the Act of 5 July 2018 on the National Cybersecurity System (UKSC) in connection with failure to ensure that an information system security audit was conducted within the statutory deadline. On 23 August 2024, the PFSA imposed a fine on Bank Millennium in the amount of PLN 150,000 (EUR 35,074). Bank Millennium appealed against the fine by filing a complaint with the Provincial Administrative Court.

As at 31 December 2024, the total value of the subjects of the other litigations in which the Bank Millennium Group's companies appeared as defendant, stood at PLN 6,186.4 million (EUR 1,446.5 million) (excluding the class actions described in note 57. In this group the most important category are cases related with FX loans mortgage portfolio.

13. On 1 October 2015, a set of entities connected to a group with debts in default to BCP amounting to EUR 170 million, resulting from a loan agreement signed in 2009 - debts already fully provisioned in the Bank's accounts -, filed against BCP, after receiving the Bank's notice for mandatory payment, a lawsuit requesting that:

a) the court declares that two of the defendants are mere fiduciary owners of 340,265,616 BCP shares, since they acted pursuant to a request made by the Bank for the making of the respective purchases, and also that the court orders the cancellation of the registration of those shares in the name of those companies;

b) the court declares the nullity of the financing agreement established between the plaintiffs and the Bank, due to relative simulation;

c) the court sentences the Bank, in accordance with the legal regime of the mandate without representation, to become liable for the amounts due to the institution, abstaining from requesting those amounts to the plaintiffs and to refund them the cost they incurred while complying with that mandate, namely, EUR 90,483,816.83 regarding Banco Espírito Santo, S.A. (BES) and EUR 52,021,558.11 regarding Caixa Geral de Depósitos, S.A. (CGD), plus default interests;

d) the amount of the lawsuit determined by the plaintiffs is EUR 317,200,644.90;

e) the Bank opposed and presented a counter claim, wherein it requests the conviction, namely, of a plaintiff company in the amount of EUR 185,169,149.23 for the loans granted, plus default interests and stamp tax.

The court issued a curative act and already ascertained the factual basis that are proven and that must be proven.

The expertise was carried out and the expert report submitted.

In November 2022 the Bank complained about the Experts' Report: (i) they considered documents that the Court had ordered to be removed from the proceedings, which had not been done due to the Court's inertia, (ii) they considered written notes on documents, that may have been written by the entities that initiated the process, and (iii) they did not consider much information that was contained in the statements, and (iv) they made errors in the calculation of interest and the amount of financing granted. In view of the experts' new reply, BCP claimed all the expertise, in March 2023. For the Court's final decision, BCP added, in June this year, a set of documents supporting its position.

14. Resolution Fund

Resolution measure of Banco Espírito Santo, S.A.

On 3 August 2014, with the purpose of safeguarding the stability of the financial system, Banco de Portugal applied a resolution measure to Banco Espírito Santo, S.A. (BES) in accordance with the Article 145-C (1.b) of the Decree-law no. 298/92, of 31 December 1992, as amended (the "Banking Law"), which entailed, *inter alia*, the partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. (Novo Banco), incorporated on that date by a decision issued by Banco de Portugal. Within the scope of this process, the Resolution Fund made a capital contribution to Novo Banco amounting to EUR 4,900 million, becoming, on that date, the sole shareholder. Further, in accordance with information published on the Resolution Fund's website, the Resolution Fund borrowed EUR 4,600 million, of which EUR 3,900 million were granted by the Portuguese State and EUR 700 million by a group of credit institutions, including the Bank.

As announced on 29 December 2015, Banco de Portugal transferred to the Resolution Fund the liabilities emerging from the "*eventual negative effects of future decisions regarding the resolution process that may result in liabilities or contingencies*".

On 7 July 2016, the Resolution Fund declared that it would analyse and evaluate the diligences to be taken, following the publication of the report on the result of the independent evaluation, made to estimate the level of credit recovery for each category of creditors under a hypothetical scenario of a normal insolvency process of BES on 3 August 2014.

In accordance with the applicable law, when the BES liquidation process is over, if it is verified that the creditors, whose credits were not transferred to Novo Banco, would take on a higher loss than the one they would hypothetically take if BES had gone into liquidation right before the application of the resolution measure, such creditors shall be entitled to receive the difference from the Resolution Fund.

On 31 May 2019, the Liquidation Committee of BES presented a list of all the acknowledged and a list of the non-acknowledged creditors before the court and the subsequent terms of the proceedings. These lists detail that the total acknowledged credits, including capital, remunerative and default interest amounts to EUR 5,056,814,588, of which EUR 2,221,549,499 are common credits and EUR 2,835,265,089 are subordinated claims, and no guaranteed or privileged claims exist. Both the total number of acknowledged creditors and the total value of the acknowledged credits and their ranking will only be ultimately determined upon the definitive judicial judgment of the verification and ranking of credits to be given in the liquidation proceedings.

According to the Resolution Fund's Annual Report of 2023, "in 2019, the Resolution Fund was informed that the credits (it) claimed had not been recognised by the Liquidation Commission of BES – In Liquidation, whilst the Resolution Fund filed an objection to the list of creditors with the Lisbon District Court, requesting that the credits it claimed be recognised. The challenge was upheld and the Liquidation Committee of BES – In Liquidation appealed. In 2023, the Lisbon Court of Appeal issued a judgment dismissing the appeal of the Liquidation Commission of BES - In Liquidation, and in favour of the position defended by the Resolution Fund, confirms the decision of the Court of First Instance and the recognition of the credits claimed by the Resolution Fund as privileged credits. The Liquidation Commission of BES - In Liquidation, filed an appeal for review before the Supreme Court of Justice, which issued a judgment in July 2023, which has already become final, recognising, and classifying as privileged the credits claimed by the Resolution Fund for the total amount of EUR 1,242,568.9 thousand".

Following the resolution measure of BES, a significant number of lawsuits against the Resolution Fund was filed and is underway. According to note 22 of the Resolution Fund's Annual Report of 2023, *"Legal actions related to the application of resolution measures have no definitive legal precedents, which makes it impossible to use case law in its evaluation, as well as to obtain a reliable estimate of the associated contingent financial impact. (…) The Resolution Fund, supported by legal advice of the attorneys for these actions, and in light of the legal and procedural information available so far, considers that there is no evidence to cast doubt on their belief that the probability of success is higher than the probability of failure".*

According to note 24 of the Resolution Fund's Annual Report of 2023, *"In addition to the Portuguese courts, it is important to take into account the litigation of Novo Banco, S.A., in other jurisdictions, being noteworthy, for its materiality and respective procedural stage, the litigation in the Spanish jurisdiction. Regarding litigation in the Spanish jurisdiction, during the years 2018 to 2023, twelve (decisions) have become final and unappealable condemning Novo Banco, Spanish branch, as well as four sentences in relation to which due compensation has been requested from the Resolution Fund".*

On 31 March 2017, Banco de Portugal communicated the sale of Novo Banco, where it states the following: *"Banco de Portugal today selected Lone Star to complete the sale of Novo Banco. The Resolution Fund has consequently signed the contractual documents of the transaction. Under the terms of the agreement, Lone Star will inject a total of EUR 1,000 million in Novo Banco, of which EUR 750 million at completion and EUR 250 million within a period of up to 3 years. Through the capital injection, Lone Star will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital".*

The terms agreed also included a Contingent Capital Agreement (CCA), under which the Resolution Fund, as a shareholder, undertakes to make capital injections if certain cumulative conditions are met related to the performance of a specific portfolio of assets and to the capital ratios of Novo Banco going forward.

If these conditions are met, the Resolution Fund may be called upon to make a payment to Novo Banco for the lesser of the accumulated losses in the covered assets and the amount necessary to restore the capital ratios at the agreed levels. Any capital injections to be carried out pursuant to this contingent mechanism are limited to an absolute cap. The terms agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, to align incentives as well as monitoring mechanisms, notwithstanding the limitations arising from State Aid rules.

On 18 October 2017, following the resolution of the Council of Ministers no.151-A/2017 of 2 October 2017, Banco de Portugal communicated the conclusion of the sale of Novo Banco to Lone Star, with an injection by the new shareholder of EUR 750 million, followed by a further capital increase of EUR 250 million by the end of 2017. Upon completion of the transaction, the status of Novo Banco as a bridge institution ceased, fully complying with the purposes of the resolution of BES.

On 26 February 2018, the European Commission published the non-confidential version of its decision regarding the approval of State aid underlying Novo Banco's sale process. This statement identifies the three support measures by the Resolution Fund and the Portuguese State that are part of the sale agreement associated with a total gross book value of around EUR [10-20] billion(1) that revealed significant uncertainties regarding adequacy in provisioning(2):

(i) Contingent Capital Agreement (CCA) which allows Lone Star to reclaim, from the Resolution Fund, funding costs, realised losses and provisions related to an ex-ante agreed portfolio of existing loan stock, up to a maximum of EUR 3.89 billion, subject to a capital ratio trigger (CET1 below 8%-13%) as well as to some additional conditions(1)(2)(3);

(ii) Underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount necessary (but no more than EUR 400 million). The amount that can be reclaimed by the Resolution Fund under the CCA is subject to the cap of EUR 3.89 billion(2);

(iii) In case the Supervisory Review and Evaluation Process ("SREP") total capital ratio of Novo Banco falls below the SREP total capital requirement, the Portuguese State will provide additional capital in certain conditions and through different instruments(2). According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, *"the risk of triggering the additional capital mechanism (capital backstop), up to EUR 1.6 billion, provided for in the commitments made by the Portuguese State to ensure the viability of NB, exists"*.

On 9 September 2020, BCP informed that it has decided not to continue with the legal proceeding before the General Court of the European Union with a view to partially annul the European Commission's decision regarding its approval of the CCA of Novo Banco.

According to a statement issued by the Resolution Fund on 13 February 2023, "the Ministry of Finance has disclosed that the European Commission intends to consider the restructuring process of Novo Banco as completed. The information disclosed today confirms the successful restructuring of Novo Banco, resulting from the combined execution of the restructuring plan agreed in 2017, under the sale transaction conducted by Banco de Portugal, and the sale agreements, namely the CCA, under which the Resolution Fund transferred to Novo Banco EUR 485 million, less than the maximum amount set in the contract (EUR 3,890 million). The completion of the restructuring of Novo Banco, is also another indicator that Novo Banco should not need to request any further payment to the Resolution Fund under the CCA, without prejudice to the ongoing litigation or that still may occur regarding the amounts already requested by Novo Banco in relation to past years and that the Resolution Fund considers that are not due.

On the same day, Banco de Portugal issued the following statement "The conclusion of the Novo Banco restructuring process also results in the end of the backstop mechanism, which provided for the possibility, which was always considered remote, of the Portuguese State providing extraordinary support to Novo Banco in extreme scenarios. This mechanism protected Novo Banco and the national financial system from more adverse scenarios, which did not materialise. With the end of the backstop, the financial risk for the Portuguese State is eliminated".

On 9 December 2024, the Resolution Fund announced in a statement that it had signed an agreement ending the Contingent Capitalization Agreement (CCA) signed in 2017 as part of the Novo Banco sale. This agreement brings forward by around a year the end of the CCM, which until now had been scheduled for the end of 2025, definitively extinguishing any possibility of Novo Banco requesting further payments from the Resolution Fund. The main terms and conditions of the agreement to bring forward the end of the MCC include:

- Immediate termination of the CCA, bringing forward the maturity of the contract, scheduled for the end of 2025, which implies, in particular, that no new payment requests can be made by Novo Banco, that operations relating to the assets covered by the Agreement no longer require the Resolution Fund's opinion, and that the Monitoring Committee is also extinguished, and that the impediment to the distribution of dividends by Novo Banco, which was stipulated in the MCC, ceases.

(1) Exact value not disclosed by the European Commission for confidentiality reasons

(2) As referred to in the respective European Commission Decision

(3) According to 2018 Novo Banco's earnings institutional presentation, the "minimum capital condition" is (i) CET1 or Tier 1 < CET1 or Tier 1 SREP requirement plus a buffer for the first three years (2017-2019); (ii) CET1 < 12%

- The existing payment obligations between the parties as a result of the CCA, as well as all litigation and disputes related to the implementation of the agreement, are settled - without any transfer of funds.

- The Resolution Fund's contingent liabilities associated with the alleged breach of the “Business Warranties” assumed in the Novo Banco sale agreement are extinguished, namely with the waiver of the compensation claims preliminarily presented by Nani Holdings, which amounted to around EUR 60 million.

- The mechanism whereby the stake in Novo Banco held by Nani Holdings is not diluted in the event of capital increases because of the application and under the terms of the Special Regime Applicable to Deferred Tax Assets is extinguished.

The agreement allows for a significant reduction in the Resolution Fund's liabilities (in excess of EUR 73 million in net terms, based on the amounts claimed by Novo Banco), as well as allowing for the extinction of potentially significant contingencies. Thus, all the Resolution Fund's obligations relating to the CCA are definitively closed. The amount paid by the Resolution Fund was therefore EUR 485 million below the maximum amount provided for in the contract (EUR 3,890 million) and EUR 936 million below the aggregate amount of losses “covered” by the contingent capitalization mechanism (EUR 4,341 million, as at 30/06/2024).

With the expiry of the Contingent Capitalization Agreement, it is definitively confirmed that the payments made by the Resolution Fund will be limited to the EUR 3,405 million that the Resolution Fund considered to be due, between 2018 and 2021.

According to a statement issued by the Banco de Portugal on 9 December 2024 on the end of the contingent capitalization agreement signed in the context of the sale of Novo Banco, “The CCA and the management of the assets that comprised it were subject to numerous internal and external audits, as provided for in the original Agreement, carried out by independent entities hired for this purpose. To this was added the monitoring carried out by the supervisory authorities and others with powers to do so within the legal framework in force, including the European Central Bank and the Court of Auditors.”

According to Novo Banco’s 1st half 2024 Annual Report (note 28), Novo Banco adhered to the Special Regime applicable to Deferred Tax Assets under Law No. 61/2014, of 26 August (REAID), according to which, the deferred tax assets recorded until 31 December 2015 can be converted into tax credits when the taxable entity reports an annual net loss, in accordance to the proportion of the amount of the said net loss to total equity at the individual company level, A special reserve was established with an amount identical to the tax credit approved, increased by 10%. The conversion rights are securities that entitle the State to require Novo Banco to increase its share capital by incorporating the amount of the special reserve and consequently issuing and delivering free of charge ordinary shares. The shareholders have the right to acquire the conversion rights attributed to the Portuguese State.

According to the Resolution Fund’s 2022 Annual Report, under the terms of the sale of Novo Banco, the 75% of the share capital of Novo Banco held by Nani Holdings would not be affected by the dilution associated with the REAID.

According to the Resolution Fund’s 2023 Annual Report, under REAID, Novo Banco, S. A., carried out three capital increases by incorporation of reserves, through the rights conversion that had been attributed to the State as a result of the conversion, into tax credits, of Novo Banco's deferred tax assets with reference to the 2015 to 2019 tax periods.

According to Novo Banco’s financial report for the 1st half of 2024, Novo Banco carried out another capital increase following the conversion of the conversion rights granted by the State for the 2020 fiscal year, fully subscribed by the Resolution Fund.

According to Novo Banco's financial report for the 1st half of 2024, the Resolution Fund had by 30 June 2024 a stake of 13.54%, the Directorate-General for Treasury and Finance 11.46% and Lone Star 75%.

Resolution measure of Banif – Banco Internacional do Funchal, S.A.

On 19 December 2015, the Board of Directors of Banco de Portugal announced that Banif *"was failing or likely to fail"* and started an urgent resolution process of the institution through the partial or total sale of its activity, which was completed on 20 December 2015 through the sale to Banco Santander Totta S.A. (BST) of the rights and obligations of Banif, formed by the assets, liabilities, off-balance sheet items and assets under management. The largest portion of the assets that were not sold, were transferred to an asset management vehicle denominated Oitante, S.A. (Oitante) specifically created for that purpose, having the Resolution Fund as the sole shareholder. For that matter, Oitante issued bonds representing debt in the amount of EUR 746 million. The Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee. The operation also involved State aid, of which EUR 489 million were provided by the Resolution Fund, which was funded by a loan granted by the State.

On 12 January 2021, Banco de Portugal was informed that the Administrative and Fiscal Court of Funchal dismissed a lawsuit involving several disputes associated to Banif's resolution measures applied by Banco de Portugal. In its decision, the Court determined the legality and maintenance of Banco de Portugal's measures.

On 4 July 2022, Oitante - 100% owned by the Resolution Fund - completed the process of repayment of the bonds issued in connection with the resolution of BANIF. Oitante's debt, which initially amounted to EUR 746 million, was thus fully repaid. With the repayment of the debt, the Resolution Fund's responsibility as guarantor also ceases, as well as the Portuguese State's responsibility as provider of a counter-guarantee.

According to the Resolution Fund (press release dated 27 December 2024), Oitante has already paid a total of EUR 55.4 million after the payment of a dividend of 15.7 million delivered during the year. With this new distribution, the amount delivered by Oitante to the Resolution Fund totals EUR 150 million since the company was set up. The amounts received and to be received by the Resolution Fund, given its 100% participation in Oitante's capital, contribute to reducing the losses of Euro 489 million incurred by this Fund in the resolution of BANIF and will be used to repay the debts of the Resolution Fund.

On 16 January 2023, the Liquidation Committee of Banif announced a list of all the acknowledged and a list of the non-acknowledged creditors. According to the Resolution Fund's 2023 Annual Report, the Resolution Fund holds a claim on Banif of EUR 489 million, which has a higher claim ranking provided for in article 166-A of the RGICSF. Under the judicial liquidation process of Banif, which was initiated following the resolution, the independent evaluator estimates that the level of recovery of the financial support made available by the Resolution Fund, as having a higher ranking at the end of the liquidation, is expected to be 7.6%.

Liabilities and financing of the Resolution Fund

Pursuant to the resolution measures applied to BES and Banif, the Resolution Fund incurred on loans and assumed other responsibilities and contingent liabilities resulting from:

- The State loans, on 31 December 2021, included the amounts made available (i) in 2014 for the financing of the resolution measure applied to BES (EUR 3,900 million); (ii) to finance the absorption of Banif's losses (EUR 353 million); (iii) under the framework agreement concluded with the State in October 2017 for the financing of the measures under the CCA (EUR 430 million plus EUR 850 million of additional funding requested in 2019 and EUR 850 million made available in 2020);

- Other funding received:

- in 2014 by seven domestic institutions in the amount of EUR 700 million, in which the Bank participates, within the scope of BES resolution measure;
- in 2021 by seven domestic credit institutions, including BCP, to finance payments due under the CCA up to a maximum of EUR 429 million;

- The underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount of EUR 400 million did not take place as the instruments were placed with third party investors as disclosed by Novo Banco on 29 July 2018;

- Effects of the application of the principle that no creditor of the credit institution under resolution may assume a loss greater than the one it would take if that institution did not go into liquidation;

- Negative effects resulting from the resolution process that result in additional liabilities or contingencies for Novo Banco, which must be neutralized by the Resolution Fund;

- Legal proceedings filed against the Resolution Fund;

- Guarantee granted to secure the bonds issued by Oitante, S.A.;

- CCA allows Lone Star to claim, from the Resolution Fund, funding costs, realised losses and provisions related to the aforementioned ex-ante portfolio of existing loan stock agreed upon the sale process to Lone Star up to EUR 3.89 billion under the aforementioned conditions, among which a reduction of Novo Banco's CET1 below 8%-13%;

- In case the Supervisory Review and Evaluation Process (SREP) total capital ratio of Novo Banco falls below the SREP total capital requirement, the State will provide additional capital in certain conditions and through different instruments as referred to in the respective European Commission Decision.

To meet a payment from the Resolution Fund to Novo Banco, as per to Resolution no. 63-A/2021 of 27 May 2021 of the Council of Ministers and Order from the Minister of State and Finance, of 31 May 2021 - intended to provide the Resolution Fund with the financial resources necessary to meet any obligations arising from the Contingent Capitalization Agreement in the years 2021 and 2022 – rendering a new loan from the State to the Resolution Fund, a number of national financial institutions offered to finance the Resolution Fund, increasing up to EUR 475 million the direct financing of banks to the Resolution Fund and waiving a Portuguese State loan to the Resolution Fund.

According to the Resolution Fund's 2023 Annual Report from the maximum amount of EUR 475 million. The Resolution Fund used EUR 429 million, which corresponds to the payment made to Novo Banco in 2021. The loan matures in 2046 and bears interest at a rate corresponding to the sovereign cost of funding for the period between the contract date (31 May 2021) and 31 December 2026, plus a margin of 15 b.p. The interest rate will be reviewed on 31 December 2026 and, after that, every five-years. The payment obligations arising from this loan benefit from a pari passu treatment with the payment obligations of the loans entered into with the Portuguese State on 7 August 2014 and 31 December 2015 and with the Portuguese credit institutions on 28 August 2014. The funding costs of the Resolution Fund (from the State and from banks) will continue to be exclusively borne by periodic revenues, corresponding to the contributions paid by the banking sector.

According to note 24 of the Resolution Fund's 2023 Annual Report, the Resolution Fund considers that, to date, there are no elements that allow a reliable estimate of the potential financial effect of these potential liabilities.

By a public statement on 28 September 2016, the Resolution Fund and the Ministry of Finance communicated the agreement based on a review of the terms of the EUR 3,900 million loan originally granted by the State to the Resolution Fund in August 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the ability of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Minister of Finance also announced that increases in the liabilities arising from the materialization of future contingencies will determine the maturity adjustment of State and bank loans to the Resolution Fund, required from to maintain the contributory effort required from the banking sector at prevailing levels at that time.

According to the statement of the Resolution Fund of 21 March 2017:

- *"The conditions of the loans obtained from the Fund to finance the resolution measures applied to Banco Espírito Santo, S.A. and to Banif – Banco Internacional do Funchal, S.A. were changed. These loans amount to EUR 4,953 million, of which EUR 4,253 million were granted by the Portuguese State and EUR 700 million were granted by a group of banks*";

- *"Those loans are now due in December 2046, without prejudice to the possibility of early repayment based on the use of the Resolution Fund's revenues. The revision of the loan's terms aimed to ensure the sustainability and financial balance of the Resolution Fund. The terms allow the Resolution Fund to fully meet its liabilities based on regular revenues and without the need for special contributions or any other type of extraordinary contributions*".

According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, *"the repayment of the EUR 2,130 million loans granted by the Portuguese State to the Resolution Fund will not end in 2046, as expected, rather in 2056 (without payments under the CCA after 2021) or in 2059 (with the use of the CCA cap). (...) In other, more pessimistic scenarios, these loans will still be being repaid in 2062"*.

On 2 October 2017, by Resolution no. 151-A/2017, of the Council of Ministers of the Portuguese State, as the ultimate guarantor of financial stability, was authorised to enter into a framework agreement with the Resolution Fund, to make available the necessary financial resources to the Resolution Fund, if and when the State deemed necessary, to satisfy any contractual obligations that may arise from the sale of the 75% stake in Novo Banco. The above-mentioned resolution further set out that the framework agreement should be subject to a time period that is consistent with the undertakings of the Resolution Fund and should preserve the Resolution Fund's capacity to satisfy said obligations in due time.

As at 31 December 2023, the Resolution Fund's own resources had a negative equity of EUR 6,735.1 million, as opposed to EUR 6,974.7 million at the end of 2022, according to the latest 2023 Annual Report of the Resolution Fund.

To repay the loans obtained and to meet other liabilities that it may take on, the Resolution Fund receives proceeds from the initial and regular contributions from the participating institutions (including the Bank) and from the contribution over the banking sector (created under Law no. 55-A/2010). It is also provided for the possibility of the member of the Government responsible for the area of Finance to determine, by ordinance that the participating institutions make special contributions, in the situations provided for in the applicable legislation, particularly if the Resolution Fund does not have resources to satisfy its obligations.

Pursuant to Decree-Law no. 24/2013 of 19 February, which establishes the method for determining the initial, periodic and special contributions to the Resolution Fund, provided for in the Banking Law, the Bank has been paying, since 2013, its mandatory contributions set out in the aforementioned decree-law.

On 3 November 2015, the Banco de Portugal issued Circular Letter no. 085/2015/DES, under which it is clarified that the periodic contribution to the Resolution Fund should be recognised as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of the referred Decree-Law no. 24/2013, of 19 February, thus the Bank is recognising as an expense the contribution to the Resolution Fund in the year in which it becomes due.

Decree-Law no. 24/2013 of 19 February further sets out that Banco de Portugal has the authority to determine, by way of instruction ("instrução"), the applicable yearly rate based on objective incidence of periodic contributions. The instruction of Banco de Portugal no. 18/2024, published on 16 December 2024, set the base rate for 2025 for the determination of periodic contributions to the Resolution Fund at 0.049% (0.032% in 2024).

According to Article 5 (e) of the Regulation of the Resolution Fund, approved by the Ministerial Order no. 420/2012, of 21 December, the Resolution Fund may submit to the member of the Government responsible for finance a proposal with respect to the determination of amounts, time limits, payment methods, and any other terms related to the special contributions to be made by the institutions participating in the Resolution Fund. According to public communications from both the Resolution Fund and from the Government, there is no indication that any such special contributions are foreseen.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: *"...it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to finance the resolution measure applied to BES. Therefore, the potential collection of a special contribution appears to be unlikely"*.

In 2015, following the establishment of the Single Resolution Fund (SRF), the Group made an initial contribution in the amount of EUR 31,364 thousand. In accordance with the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the SRF, this amount was not transferred to the SRF but was used instead to partially cover for the disbursements made by the RF in respect of resolution measures prior to the date of application of this Agreement. This amount will have to be reinstated over a period of 8 years (started in 2016) through the periodic contributions to the SRF. The Single Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015. In 2024, no contribution was made to the Single Resolution Fund attributable to the Group (BCP and ActivoBank) according to information from the SRB – Single Resolution Board of 15 February 2024, which states that the financial means available in the Single Resolution Fund at 31 December 2023 have already reached the target level of at least 1% of covered deposits held in the Member States participating in the Single Resolution Mechanism, as set in article 69, paragraph 1 of Regulation (EU) No. 806/2014.

In 2024, the Group made regular contributions to the Portuguese Resolution Fund in the amount of EUR 6,490 thousand. The amount related to the contribution on the banking sector in Portugal, recorded in this period was EUR 32,867 thousand. These contributions were recognised as a cost in 2024, in accordance with IFRIC no. 21 – Levies.

It is not possible, on this date, to assess the effects on the Resolution Fund due to: (i) the sale of the shareholding in Novo Banco in accordance with the communication of Banco de Portugal dated 18 October 2017 and the information provided by the European Commission on this subject under the terms described above; (ii) the application of the principle that no creditor of the credit institution under resolution may take on a loss greater than the one it would take if that institution did not go into liquidation; and (iii) legal proceedings against the Resolution Fund.

15. Banco Comercial Português, S.A., Banco ActivoBank S.A. and Banco de Investimento Imobiliário, S.A. (company merged into Banco Comercial Português, S.A.) initiated an administrative proceeding to contest the resolution adopted by Banco de Portugal on 31 March 2017 to sell Novo Banco (NB), and also, as a precaution, the deliberation adopted by the Resolution Fund on the same date, as they foresee the sale of NB by resorting to a contingent capitalization agreement under which the Resolution Fund commits to inject capital in Novo Banco up to EUR 3,9 billion, under determined circumstances. In the proceedings, the claimants request the declaration of nullity or annulment of those acts.

The proceedings were filed based on the information contained in the Communication from Banco de Portugal dated 31 March 2017, of which the claimants were not notified. The proceedings were filed in court on 4 September 2017. Banco de Portugal and the Resolution Fund presented their arguments and, only very recently, Nani Holdings SGPS, S.A. did the same since, by delay of the court, this company was only very recently notified to act as a party in the proceedings.

In addition to opposing to it, the defendants invoke three objections (i) the illegitimacy of the claimants, (ii) the argument that the act performed by Banco de Portugal cannot be challenged and (iii) the material incompetence of the court. The opponent party invoked the issue of passive illegitimacy since Novo Banco was not notified as an opponent party.

The claimants replied to the arguments presented by the defendants and to the arguments presented by the opponent party. After the presentation of the arguments, Banco de Portugal attached to the proceedings what it called an evidence process (allegedly in compliance with the law) but most of the documents delivered were truncated in such a way that neither the court nor the claimants are able to obtain adequate knowledge thereof. That issue was already raised in the proceedings (requesting the court to order Banco de Portugal to deliver a true evidence process) but no decision thereon has been made yet.

Currently, the proceedings are prepared for confirmation of the decision accepting the formalities of the right of action (with the making of a decision on the specific objections invoked). In case the judge considers that Novo Banco is an opponent party, the judge must start by issuing a pre-confirmation in order to request the claimants to identify it. Afterwards, that Bank will be notified to present its opposition arguments.

The proceeding was sent to the judge on 23 September 2019 and the Bank is awaiting a decision. BCP added legal opinions to the records (Professors Mário Aroso de Almeida and Manuel Fontaine de Campos).

16. Following the restructuring process agreed with the Directorate-General for Competition (DGComp) and the Portuguese State, Group Banco Comercial Português implemented in 2014 a salary adjustment process for employees, with a temporary effect. Additionally, it was agreed between the Bank and the Unions that, in the years after the State intervention and if there are distributable profits, the Board of Directors and the Executive Committee would submit for approval of the Shareholders' General Meeting a proposal of distribution of profits to the employees, which allows the distribution of an accumulated total global amount at least equal to the total amount that was not received over the temporary term of the salary adjustment, as described in the clause no. 151-E of BCP's Collective Labour Agreement, effective between 2014 and 2017.

At the General Meeting held on 24 May 2023, the proposal submitted by the Board of Directors, the application of profits relating to the financial year of 2022 was approved, which included an extraordinary distribution to the employees to EUR 9,972,000, with the concrete determination of the amount to be attributed to each employee to be fixed by the Executive Committee to employees who, having not already been fully compensated with the results distributed in 2019, 2020 and 2022, remain in Bank on the date of payment of the remuneration of June 2023. This extraordinary distribution of results, together with those of 2019, 2020 and 2022 allowed the distribution to the employees already in the Bank in June 2023 of an accumulated amount equal to the total amount not received during the period of temporary salary adjustment indicated in the previous paragraph.

17. The Bank was subject to tax inspections for the years up to 2021. As a result of the inspections in question, corrections were made by the tax authorities, arising from the different interpretation of some tax rules. The main impact of these corrections occurred regarding IRC, including in terms of the tax loss carry forwards and, in the case of indirect tax, in the calculation of the Value-Added Tax (VAT) deduction pro rata used for the purpose of determining the amount of deductible VAT and at the Stamp Duty level. Most of additional liquidations/corrections made by the tax administration were the object of contestation by administrative and/or judicial means.

The Bank recorded provisions, current tax liabilities or deferred tax liabilities at the amount considered sufficient to offset the tax or tax loss carry forwards, as well as the contingencies related to the fiscal years not yet reviewed by the tax administration.

57. Provisions for legal risk related to foreign currency-indexed mortgage loans in Bank Millennium (Poland)

1. Court claims and current provisions for legal risk

On 31 December 2024, Bank Millennium had 21,854 loan agreements and additionally 2,223 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by Bank Millennium against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts (52% loans agreements before the courts of first instance and 48% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,576 million (EUR 1,070 million) and CHF 331.1 million (EUR 352.9 million) [(Bank Millennium portfolio: PLN 4,111.2 million (EUR 961.3 million) and CHF 320.1 million (EUR 341.2 million) and former Euro Bank portfolio: PLN 464.7 million (EUR 108.7 million) and CHF 11 million (EUR 11.7 million)]. The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers), taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion (EUR 4.5 billion) for 109 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion (EUR 4.3 billion) for 103.8 and former Euro Bank portfolio: PLN 1.1 billion (EUR 0.3 billion) for 5.2 thousand loan agreements). Out of 21,854 Bank Millennium's loan agreements in ongoing individual cases 431 are also part of class action. From the total number of individual litigations against the Bank approximately 3,600 or 16% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission and had not a settlement agreement. Approximately another 880 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of paid principal and interest instalments as undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, Bank Millennium is a party to the group proceedings (class action) subject matter of which is to determine Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,273. Out of 3,273 loan agreements in class action 431 are also part of ongoing individual cases, 1,563 concluded settlements and 29 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. The date of the hearing will be set by the court ex officio.

The intense advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,984 individual claims were filed against Bank Millennium (in addition, 236 against former Euro Bank), in 2020 the number increased by 3,005 (265), in 2021 the number increased by 6,157 (423), in 2022 the number increased by 5,758 (408), in 2023 the number increased by 6,879 (646), while in 2024 the number increased by 5,902 (672).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (including the former Euro Bank portfolio) is concerned, from 2015 until the end of 2024, 8,557 cases were finally resolved (8,450 in claims submitted by clients against the Bank and 107 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 2,561 were settlements, 88 were remissions, 75 rulings were favourable for the Bank and 5,833 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. Bank Millennium undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against Bank Millennium (including the former Euro Bank portfolio) on 31 December 2024 was CHF 1,197 million (EUR 1,275.8 million) [of which the outstanding amount of the loan agreements under the class action proceeding was CHF 86 million (EUR 91.7 million)].

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 7,087 million (EUR 1,646 million). Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the twelve months of 2024, Bank Millennium created PLN 1,979.2 million (EUR 459.8 million) of provisions for Bank Millennium originated portfolio and PLN 199.9 million (EUR 46.4 million) for former Euro Bank originated portfolio. The balance sheet value of provisions for Bank Millennium's portfolio at the end of December 2024 was PLN 7,724.1 million (EUR 1,806.1 million), and for the former Euro Bank portfolio, PLN 739.6 million (EUR 172.9 million).

The methodology developed by Bank Millennium of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions:

(1) the number of ongoing cases (including class action agreements) and potential future lawsuits;

(2) as regards the number of future court cases, the Bank monitors customer behaviours, analyses their willingness to sue the Bank, including due to economic factors and applies the following assumptions:

a. regarding active loans (i.e., loans with an outstanding balance), the Bank estimates the percentage of customers covered by methodology in this group of clients at 88% of the total number of active loans (including expected number of amicable settlements);

b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case (the Bank assumes that approximately 24% of the repaid loans that had an economic justification for suing the Bank but were not covered by a prior settlement have sued or will decide to sue the Bank in the future).

(3) the amount of Bank's potential loss in the event of a specific court judgment (including statutory interest estimation);

(4) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;

(5) estimates involved with amicable settlements with clients, concluded in court or out of court:

a. the Bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings;

b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank;

c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN, so at the moment the Bank adopts a conservative approach when taking into account the potential impact of this factor.

Bank Millennium is open to negotiate case by case favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 25,883. As of the end of 2024, Bank Millennium had 24,573 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totalled PLN 2,217 million (EUR 515 million). These costs are presented mainly under the headings 'Result on exchange differences' (note 5) and 'Result on modification' (note 10) in the income statement, which amounted, in 2024, to PLN 403.4 million (EUR 93.7 million) and PLN 146.6 million (EUR 34.06 million), respectively.

Taking into consideration the above-mentioned information regarding court cases (active and already closed after verdicts), realized settlements and assumptions regarding future number of court cases and settlements, as well as the historical number and original amount of loans granted, it can be said that the already materialized risk (reflected in the provisions and in the losses already booked through the P&L) accounts for 60% of the historical number of loans granted and for 73% of the original disbursed capital.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

Bank Millennium analysed the sensitivity of the amount of the provision to changes in specific methodology parameters:

Parameter	Scenario	Impact on loss
Change in the number of court cases adopted in the assumptions	In addition 1,000 new customers file a lawsuit against the Bank	PLN 188 million (EUR 43.7 million)
Change in costs incurred in connection with the judgment or settlement	Change in cost levels by 1% compared to the assumed	PLN 77 million (EUR 17.9 million)

On 8 December 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ('PFSA') proposed a 'sector' solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The decision to generally implement this solution could imply the need of creating upfront provisions for the losses resulting from the conversion of CHF Mortgage Loans. Bank Millennium in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the polish courts and the European Court of Justice which could potentially result in the further interpretations, that are relevant for the assessing of the risks associated with proceedings.

The issues related to the statute of limitations for the Bank Millennium's and the customer's restitutionary claims following the invalidation of a loan agreement remain an area that may be subject to further analysis in the jurisprudence of Polish courts. Legal interpretations in this subject may have an impact for the amount of provisions in the future.

There is a need for constant analysis of these matters. Bank Millennium will have to regularly review and may need to continue to create additional provisions for FX mortgage legal risk, taking into consideration not only the above mentioned developments, but also the negative verdicts in the courts regarding FX mortgage loans and important parameters, such as the number of new customer claims, including those relating to repaid loan agreements.

The assumptions for the draft act on special solutions for the examination of cases related to loan agreements denominated in or indexed to the Swiss franc concluded with consumers have been published on the website of the Chancellery of the Prime Minister.

According to the information provided, the second quarter of 2025 was indicated as the planned date of adoption of the draft by the Council of Ministers. Pursuant to the legislative procedure, after its adoption, the draft should be referred to the Polish Parliament, and then, if it is passed, it should be sent to the President for his signature and then published in the Journal of Laws.

The adoption of the act in the form implementing the announced assumptions may significantly accelerate the case adjudication time for cases regarding the validity of housing loan agreements indexed to CHF.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that:

(i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract;

(ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract;

(iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs;

(iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;

(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 18 November 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be 'duly informed and reasonably observant and circumspect average consumer'.

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On 16 March 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed.

(ii) a national court is not allowed:

a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavourable consequences and,

b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavourable financial consequences which it may have for him or her.

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavourable consequences which annulment of the contract might entail for him or her.

On 8 June 2023, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of ‘consumer’, within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract.

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of ‘consumer’, within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On 15 June 2023, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On 15 June 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected.

(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On 21 September 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;

(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;

(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On 7 December 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;

(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of 11 December 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On 14 December 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of 15 January 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of 15 June 2023 issued in case C-520/21.

On 18 January 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

Jurisprudence of the Polish Supreme Court

On 7 May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

1. An abusive contractual clause (art. 385(1) § 1 of the Polish Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively.

2. If without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Polish Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On 28 April 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Polish Civil Code is a special provision to Article 353(1) of the Polish Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

The effect of the Supreme Court's resolution of 7 May 2021 is that the bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, Bank Millennium, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the Bank and in other circumstances where such risk may exist. The Bank's demand consists of a claim for return of the capital made available to the borrower under the contract. By 31 December 2024 Bank Millennium filed 16,040 lawsuits against the borrowers.

On 25 April 2024, a session of the Civil Chamber of the Supreme Court was held to answer questions formulated by the First President of the Supreme Court, published on 29 January 2021, on key issues related to foreign currency mortgage loan agreements. The Supreme Court, composed of the entire Civil Chamber, adopted a resolution having the force of a legal principle, in which it stated that:

a. When finding that a provision of an indexed or denominated credit agreement relating to the manner of determining the foreign currency exchange rate constitutes an unfair contractual provision and is not binding, then in currently existing legal situation it cannot be stated that such a provision could be replaced by another formula of defining the foreign currency exchange rate resulting from law or custom.

b. In case of impossibility to determine the foreign currency exchange rate binding the parties in the indexed or denominated loan agreement, the agreement is not binding also in the remaining scope.

c. If, in the performance of a credit agreement which is not binding due to the unfair nature of its provisions, the bank has disbursed to the borrower all or part of the amount of the credit and the borrower has made repayments of the credit, independent claims for repayment of the undue performance shall arise in favour of each party.

d. If a credit agreement is not binding due to the unfair nature of its provisions, the statute of limitations of the bank's claim for repayment of amounts disbursed under the credit shall, as a rule, start to run from the day following the day on which the borrower challenges being bound by the provisions of agreement.

e. If a credit agreement is not binding due to the unfair nature of its provisions, there shall be no legal basis for any party to claim interest or other remuneration because of using party's pecuniary means during the period from the provision of undue benefit until the delay in the return of this benefit.

On 19 June 2024, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 31/23) stating that:

The right of retention (Article 496 of the Civil Code) does not apply to the party that can set off its claim against the claim of the other party.

Due to the CJEU jurisprudence interpreting the causes and effects of invalidity of foreign currency mortgage loan agreements as well as above indicated resolution of the Civil Chamber of the Supreme Court, the area of interpretation of regulations by Polish courts in this respect appears to be limited. However, further jurisprudential practice of the Polish courts will play certain role in practical realisation of the CJEU's and the Supreme Court’s guidance.

58. Recently issued accounting standards

1 - Recently issued accounting standards and interpretations that came into force in the current financial year

At the date of these financial statements, the following accounting standards, interpretations, amendments and revisions were endorsed by the European Union (EU) with mandatory application for the financial year started on 1 January 2024:

Amendment to IAS 1: Classification of liabilities as current or non-current and Classification of non-current liabilities with covenants

On 23 January 2020, Amendment to IAS 1: Classification of liabilities as current or non-current was issued, which aims to clarify that liabilities are classified as current or non-current balances in accordance with an entity's right to defer their payment for at least 12 months after the financial reporting date.

The published amendments also clarify that the covenants that an entity is required to comply with on or before the reporting date affect the classification of a liability as current or non-current, even if their verification by the creditor only occurs after the reporting date.

When an entity classifies liabilities resulting from financing agreements as non-current and those liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk that these liabilities will become repayable within 12 months.

There were no material impacts on the application of this amendment in the Group's financial statements.

Amendment to IFRS 16: Lease liability in a sale and leaseback

This amendment was issued on 22 September 2022 and it provides changes that specify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in sale and leaseback operations.

There were no material impacts on the application of this amendment in the Group's financial statements.

Amendment to IAS 7: Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

This amendment was issued on 25 May 2023 and it which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company’s liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are often referred to as supply chain finance, trade payables finance or reverse factoring arrangements.

There were no material impacts on the application of this amendment in the Group's financial statements.

2 - Standards, interpretations, amendments and revisions that will take effect in future financial years

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have been endorsed by the European Union until the date of these financial statements:

Amendment to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for years beginning on or after 1 January 2025)

This amendment was issued on 15 August 2023 and it provides the following changes: specify when a currency is exchangeable into another currency and when it is not; specify how an entity determines the exchange rate to apply when a currency is not exchangeable; and require the disclosure of additional information when a currency is not exchangeable.

This amendment, although endorsed by the European Union, was not adopted by the Group in 2024 as its application is not mandatory yet.

The Group is currently assessing the potential impact resulting from the adoption of this amendment.

3 - Standards, interpretations, amendments and revisions not adopted by the European Union yet

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not been endorsed by the European Union until the date of these financial statements, and, therefore, have not been applied by the Group:

Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (applicable for years beginning on or after 1 January 2027)

This amendment was issued on 9 April 2024 and aims to improve the disclosure of the financial performance of entities and promote the provision of more transparent and comparable information. If a substantial part of the application principles of IAS 1 are maintained, and some principles are transferred to IAS 8 and IFRS 7, the main impact of the application of IFRS 18 refers to the presentation of the Income Statement.

The Income Statement is now presented, with the classification of expenses and income for the year, into three categories: operating, investment and financing, and there is also an income tax category.

The Group is currently assessing the potential impact resulting from the adoption of this amendment.

Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures (applicable for years beginning on or after 1 January 2027)

This amendment was issued on 9 May 2024 and it aims simplify financial reporting for eligible subsidiaries, enabling them to apply IFRS Accounting Standards with reduced disclosure requirements. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in preparing their consolidated financial statements. As IFRS Accounting Standards are developed and amended, IFRS 19 will be amended alongside them—always with a view to reducing disclosure requirements for eligible subsidiaries.

The Group is currently assessing the potential impact resulting from the adoption of this amendment.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (applicable for years beginning on or after 1 January 2027)

This amendment was issued on 30 May 2024 and aim to improve clarity and relevance in the classification, measurement, and disclosure of financial instruments. The changes focus on settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. Also, the enhancing disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income and financial instruments with contingent that do not relate directly to basic lending risks and costs.

The Group is currently assessing the potential impact resulting from the adoption of this amendment.

Amendments to IFRS 9 and IFRS 7 - Amendment to Contracts Referencing Nature-dependent Electricity (applicable for years beginning on or after 1 January 2026)

This amendment was issued on 18 December 2024 and aims to help companies better report the financial effects of nature-dependent electricity contracts, often structured as power purchase agreements (PPAs). These contracts help secure electricity from renewable sources like wind and solar, with generation varying due to uncontrollable factors such as weather conditions. Current accounting standards may not fully capture how these contracts impact a company's performance. The amendments to IFRS 9 and IFRS 7 include clarifying the 'own use' requirements, permitting hedge accounting when these contracts are used as hedging instruments, and adding new disclosure requirements to help investors understand the effect of these contracts on financial performance and cash flows.

The Group is currently assessing the potential impact resulting from the adoption of this amendment.

Annual Improvements to IFRS Accounting Standards - Volume 11 (applicable for years beginning on or after 1 January 2026)

This amendment was issued on 18 July 2024 and the IASB has proposed narrow-scope amendments to IFRS Standards as part of its periodic maintenance, focusing on clarifying wording or addressing minor issues. The proposed amendments, detailed in the Exposure Draft Annual Improvements to IFRS Accounting Standards - Volume 11, cover topics such as hedge accounting for first-time adopters (IFRS 1), disclosures on derecognition and credit risk (IFRS 7), lease liability derecognition (IFRS 9), determination of a 'de facto agent' (IFRS 10), and the cost method in cash flow statements (IAS 7).

The Group is currently assessing the potential impact of annual improvements to IFRS.

59. List of subsidiaries and associates of Banco Comercial Português Group

SUBSIDIARIES

As at 31 December 2024, the Group's subsidiaries included in the consolidated accounts using the full consolidation method were as follows:

					Group		Bank
Subsidiaries	Head office	Share capital	Currency	Sector of activity	% economic interests	% effective held	% direct held
Banco ActivoBank, S.A.	Lisbon	127,600,000	EUR	Banking	100 %	100 %	100 %
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1 %	50.1 %	50.1 %
Millennium Bank Hipoteczny S.A.	Warsaw	130,000,000	PLN	Banking	100 %	50.1 %	—
BCP África, S.G.P.S., Lda.	Funchal	214,223,800	EUR	Holding company	100 %	100 %	100 %
BIM - Banco Internacional de Moçambique, S.A.	Maputo	4,500,000,000	MZN	Banking	66.7 %	66.7 %	—
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100 %	100 %	100 %
M Representações Ltda.	São Paulo	85,673,235	BRL	Financial Services	100 %	100 %	100 %
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100 %	100 %	100 %
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	Oeiras	1,500,000	EUR	Real estate investment fund management	100 %	100 %	100 %
Monumental Residence - Sociedade de investimento coletivo imobiliária fechada, S.A.	Oeiras	31,900,000	EUR	Real-estate management	100 %	100 %	100 %
Millennium bcp - Prestação de Serviços, A.C.E.	Lisbon	331,750	EUR	Services	98.6 %	97.7 %	93.2 %
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	E-commerce	100 %	100 %	100 %
Imoserit, S.A.	Oeiras	50,000	EUR	Real-estate company	100 %	100 %	100 %
Bichorro - Empreendimentos Turísticos e Imobiliários S.A.	Oeiras	2,150,000	EUR	Real-estate management	100 %	100 %	—
Finalgarve - Sociedade de Promoção Imobiliária Turística, S.A.	Oeiras	250,000	EUR	Real-estate management	100 %	100 %	—
Fiparso - Sociedade Imobiliária S.A	Oeiras	50,000	EUR	Real-estate company	100 %	100 %	—
Millennium Consulting S.A.	Warsaw	4,339,500	PLN	Consulting services	100 %	50.1 %	—
Millennium Goodie Sp.z.o.o.	Warsaw	500,000	PLN	Web portals	100 %	50.1 %	—
Millennium Leasing, Sp.z o.o.	Warsaw	48,195,000	PLN	Leasing	100 %	50.1 %	—
Millennium Service, Sp.z o.o.	Warsaw	1,000,000	PLN	Services	100 %	50.1 %	—
Piast Expert Sp. z o.o (in liquidation)	Warsaw	100,000	PLN	Marketing services	100 %	50.1 %	—
Millennium Telecommunication Services Sp. z o.o.	Warsaw	100,000	PLN	Brokerage services	100 %	50.1 %	—
Millennium TFI - Towarzystwo Funduszy Inwestycyjnych, S.A.	Warsaw	10,300,000	PLN	Investment fund management	100 %	50.1 %	—

In the last quarter of 2024, the Group liquidated the subsidiary BCP Finance Bank, Ltd.

As at 31 December 2024, the investment funds included in the consolidated accounts using the full consolidation method, were as follows:

					Group		Bank
Investment funds	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Imosotto acumulação - Fundo de Investimento Imobiliário Fechado	Oeiras	102,385,157	EUR	Real-estate investment fund	100 %	100 %	100 %
Imorenda - Fundo de Investimento Imobiliário Fechado	Oeiras	85,156,715	EUR	Real-estate investment fund	100 %	100 %	100 %
Sand Capital - Fundo de Investimento Imobiliário Fechado	Oeiras	88,082,695	EUR	Real-estate investment fund	100 %	100 %	100 %
Fundial - Fundo de Investimento Imobiliário Fechado	Oeiras	17,340,985	EUR	Real-estate investment fund	100 %	100 %	100 %
Fundipar - Fundo de Investimento Imobiliário Fechado	Oeiras	1,546,726	EUR	Real-estate investment fund	100 %	100 %	100 %
Domus Capital- Fundo de Investimento Imobiliário Fechado	Oeiras	3,799,969	EUR	Real-estate investment fund	95.8 %	95.8 %	95.8 %
Predicapital - Fundo de Investimento Imobiliário Fechado (*)	Oeiras	88,951,500	EUR	Real-estate investment fund	60 %	60 %	60 %

(*) - Company classified as non-current assets held for sale.

The Group holds a securitization transaction regarding mortgage loans which was set through specifically created SPE. As referred in accounting policy 1 B, when the substance of the relationships with the SPEs indicates that the Group holds control of its activities, the SPE is fully consolidated, following the application of IFRS 10.

As at 31 December 2024, the Special Purpose Entity included in the consolidated accounts under the full consolidation method is as follows:

					Group		Bank
Special Purpose Entities	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Magellan Mortgages No.3 Limited	Dublin	40,000	EUR	Special Purpose Entities	82.4 %	82.4 %	82.4 %

ASSOCIATES

As at 31 December 2024, the Group's associates included in the consolidated accounts under the equity method are as follows:

					Group		Bank
Associates	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Banco Millennium Atlântico, S.A.	Luanda	53,821,603,000	AOA	Banking	22.7 %	22.5 %	—
Banque BCP, S.A.S.	Paris	215,559,319	EUR	Banking	18.9 %	18.9 %	18.9 %
Lubuskie Fabryki Mebli, S.A. (in liquidation)	Swiebodzin	13,400,050	PLN	Furniture manufacturer	50 %	25.1 %	—
Europa Millennium Financial Services sp. z o.o.	Warsaw	100,000	PLN	Services	20 %	10 %	—
SIBS, S.G.P.S., S.A.	Lisbon	24,642,300	EUR	Banking services	23.3 %	21.9 %	—
UNICRE - Instituição Financeira de Crédito, S.A.	Lisbon	10,000,000	EUR	Credit cards	32 %	32 %	0.5 %
Webspectator Corporation	Delaware	950	USD	Digital advertising services	25.1 %	25.1 %	25.1 %
TIICC S.A.R.L.	Luxembourg	12,500	EUR	Services	38.5 %	38.5 %	38.5 %
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	Lisbon	65,621,200	EUR	Real-estate management	20.7 %	20.7 %	20.7 %

As at 31 December 2024, the investment and venture capital funds included in the consolidated accounts under the equity method are as follows:

					Group		Bank
Investment and venture capital funds	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Fundo Turismo Algarve, FCR (*)	Lisbon	123,810,000	EUR	Venture capital fund	73.6 %	73.6 %	73.6 %
Fundo de Investimento imobiliário fechado Eurofundo (in liquidation)	Lisbon	14,412,550	EUR	Real-estate investment fund	35.1 %	35.1 %	35.1 %
Lusofundo - Fundo de Investimento imobiliário fechado (in liquidation)	Lisbon	44,336,865	EUR	Real-estate investment fund	42.5 %	42.5 %	42.5 %

(*) Since Banco Comercial Português, SA does not have control over the management of this fund, the equity method was applied in the Group 's consolidated accounts.

As at 31 December 2024, the Group's associates in the insurance sector included in the consolidated accounts under the equity method were as follows:

					Group		Bank
Associates	Head office	Share capital	Currency	Activity	% economic interests	% effective held	% direct held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Lisbon	50,002,375	EUR	Holding company	49 %	49 %	49 %
Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.	Lisbon	22,375,000	EUR	Life insurance	49 %	49 %	—
Ageas - Sociedade Gestora de Fundos de Pensões, S.A.	Lisbon	1,200,000	EUR	Pension fund management	49 %	49 %	—
Fidelidade Moçambique - Companhia de Seguros S.A.	Maputo	295,000,000	MZN	Insurance	22 %	14.7 %	—

Some indicators of the main subsidiaries and associates are analysed as follows:

(Thousands of euros)

	2024			2023		
Subsidiaries and associates	Total Assets	Total Equity	Net income for the year	Total Assets	Total Equity	Net income for the year
Banco Comercial Português, S.A.	63,960,815	6,736,196	802,567	61,519,392	6,127,916	680,276
Banco ActivoBank, S.A.	4,483,473	288,116	34,021	3,501,901	254,201	39,400
Bank Millennium, S.A. (1)	32,574,358	1,817,203	167,071	28,897,024	1,587,332	126,821
BIM - Banco Internacional de Moçambique, S.A. (1)	3,077,065	537,544	48,469	2,711,174	534,619	105,099
BCP International B.V.	195	177	(733)	523,962	523,935	(691)
BCP Finance Bank, Ltd.	—	—	(536)	519,337	519,331	(647)
BCP África, S.G.P.S., Lda.	286,839	285,710	8,251	280,742	279,680	2,338
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	188,122	188,110	46,219	175,824	174,679	7,788
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	8,041	6,597	760	9,301	7,625	1,724
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (1) (3)	8,291,822	480,621	61,462	8,295,959	497,686	82,494
Banco Millennium Atlântico, S.A. (2)	2,048,179	199,546	18,041	2,224,997	196,853	13,097
Banque BCP, S.A.S.	5,913,938	284,890	15,815	5,732,286	279,722	14,477

1) Consolidated accounts.

2) These indicators correspond to the statutory financial statements that do not include the effects of applying IAS 29.
3) The 2023 amounts refer to the estimated financial statements.

60. Subsequent events

In addition to the aspects disclosed in the other notes and according to the accounting policy 1 Z, the events that occurred after the date of the financial statements and until the date of its approval, were as follows:

Banco Comercial Português, S.A. informed about the decision to launch a tender offer on a T2 Notes issue due December 2027

On 13 March 2025, Banco Comercial Português, S.A. ("BCP") informed it has decided to launch a tender offer (the "Offer") in respect to its outstanding EUR300,000,000 4.50% T2 Subordinated Fixed Rate Reset Notes due December 2027 (ISIN: PTBCPWOM0034) (the "Notes").

The Offer is conditional on the successful completion of the issuance of a new series of Subordinated Fixed Rate Reset Notes to be issued off the Banks' Euro Note Programme, subject to market conditions in amount of at least EUR 450,000,000 (the "New Notes").

When considering allocation of the New Notes, BCP may give preference to those noteholders that, prior to such allocation, have validly tendered (or have given a firm intention to tender) their Notes for purchase pursuant to the Offer.

The purpose of the Offer is to proactively manage BCP's capital structure and debt profile. The Offer also provides liquidity for investors in the Notes simultaneously with the opportunity to apply for priority allocation in the new Tier 2 issuance.

Banco Comercial Português, S.A. informed about issue of Tier 2 Notes

On 13 March 2025, Banco Comercial Português, S.A. hereby informed, that on the same day, Bank has fixed the terms for a new issue of subordinated Tier 2 Notes under its Euro Note Programme.

The issue, in the amount of EUR 500 million, will have a tenor of 12 years, with the option of early redemption by the Bank in the last three months of year 7, an annual interest rate of 4.75% during the first 7 years (corresponding to a spread of 2.150% (the "Spread") over the 7-year mid-swap rate). The interest rate for the last 5 years will be determined on the basis of the then applicable 5-year mid-swap rate plus the Spread.

Banco Comercial Português, S.A. informed about decision to early redeem in full the EUR 450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 bond issue

On 10 March 2025, Banco Comercial Português, S.A. informed that it has decided to exercise its option to early redeem all of its EUR450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 (ISIN: PTBIT3OM0098), issued on 27 September 2019 under the EUR 25,000,000,000 Euro Note Programme (the "Notes"), in accordance with condition 6(d) of the terms and conditions of the Notes and the final terms of the Notes. The early redemption of the Notes shall take place on the optional redemption date set out in the final terms of the Notes, 27 March 2025, at their outstanding principal amount together with accrued interest.

Downgrade of the rating attributed by S&P – Standard & Poor's to Mozambique's external debt

On 19 February 2025, Standard & Poor's (S&P) announced a downgrade of Mozambique's external debt rating (local currency, long-term) to CCC-. Based on S&P's 2025 rating analysis and the Bank's methodology, the probability of default (PD) associated with this rating would be 23.29%. According to S&P, the main factors taken into account for this downgrade are the difficulties in foreign currency payments related to delays in natural gas projects and uncertainty in foreign aid flows, recently exacerbated by the US government's announcement of the suspension of USAID support to several countries, the impact of political and social unrest on the state's financial position, and the risk of possible measures to renegotiate local currency liabilities.

The estimated impact in February 2025 of this new downgrade to CCC - through the deterioration of the associated PD to 23.29% - corresponds to an increase in impairment of approximately MZN 1,188 million (EUR 17,902,000), taking into account the portfolio of securities held as at 28 February 2025.

Banco Comercial Português, S.A. informed on the co-optation of non-executive independent Director

On 22 January 2025, Banco Comercial Português, S.A. informed that its Board of Directors, in accordance with the law and the Bank's regulations on Succession Planning, today approved the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025.

The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

Accounts and Notes to the Individual Accounts

SEPARATE INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Notes	2024	2023
Interest and similar income	2	2,300,866	2,171,317
Interest and similar expense	2	(1,025,838)	(760,141)
NET INTEREST INCOME		1,275,028	1,411,176
Dividends from equity instruments	3	96,589	76,122
Net fees and commissions income	4	561,076	537,334
Gains/(losses) on financial operations at fair value through profit or loss	5	(54,240)	(32,378)
Foreign exchange gains/(losses)	5	47,553	21,245
Gains/(losses) on hedge accounting	5	6,738	19,716
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	5	23,669	(7,165)
Other operating income / (expenses)	6	(13,735)	(44,451)
TOTAL OPERATING INCOME		1,942,678	1,981,599
Staff costs	7	377,195	341,963
Other administrative costs	8	210,003	192,661
Amortisations and depreciations	9	74,611	74,177
TOTAL OPERATING EXPENSES		661,809	608,801
OPERATING NET INCOME BEFORE PROVISIONS AND IMPAIRMENTS		1,280,869	1,372,798
Impairment of financial assets at amortised cost	10	(115,541)	(204,714)
Impairment of financial assets at fair value through other comprehensive income	11	(2,980)	(1,098)
Impairment of other assets	12	(9,675)	(61,448)
Other provisions	13	(60,546)	(111,410)
NET OPERATING INCOME		1,092,127	994,128
Gains/(losses) on disposal of subsidiaries and other assets	14	(25,193)	2,872
NET INCOME BEFORE INCOME TAXES		1,066,934	997,000
Income taxes			
Current	27	7,282	6,818
Deferred	27	(271,649)	(323,542)
NET INCOME FOR THE YEAR		802,567	680,276
Earnings per share (in Euros)			
Basic	15	0.051	0.043
Diluted	15	0.051	0.043

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the separate financial statements.

SEPARATE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Notes	2024	2023
NET INCOME FOR THE YEAR		802,567	680,276
ITEMS THAT MAY BE RECLASSIFIED TO THE INCOME STATEMENT			
Debt instruments at fair value through other comprehensive income	39		
Gains / (losses) for the year		30,061	56,032
Reclassification of gains / (losses) to profit or loss (note 5)		2,043	9,928
Cash flows hedging			
Gains / (losses) for the year		394,627	432,839
Fiscal impact		(141,912)	(156,123)
		284,819	342,676
ITEMS THAT WILL NOT BE RECLASSIFIED TO THE INCOME STATEMENT			
Equity instruments at fair value through other comprehensive income	39		
Gains / (losses) for the year		(273)	4,164
Changes in credit risk of financial liabilities at fair value through profit or loss	39	1,957	(2,801)
Actuarial gains / (losses) for the year	45	(245,542)	(220,483)
Fiscal impact		56,988	95,002
		(186,870)	(124,118)
Other comprehensive income / (loss) for the year		97,949	218,558
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		900,516	898,834

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the separate financial statements.

SEPARATE BALANCE SHEET AS AT 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Notes	2024	2023
ASSETS			
Cash and deposits at Central Banks	16	993,334	1,709,232
Loans and advances to credit institutions repayable on demand	17	118,508	155,794
Financial assets at amortised cost			
Loans and advances to credit institutions	18	334,841	370,409
Loans and advances to customers	19	35,241,820	35,310,145
Debt securities	20	14,039,029	11,584,291
Financial assets at fair value through profit or loss			
Financial assets held for trading	21	1,544,139	685,971
Financial assets not held for trading mandatorily at fair value through profit or loss	21	604,387	647,871
Financial assets designated at fair value through profit or loss	21	33,894	32,004
Financial assets at fair value through other comprehensive income	21	5,787,522	4,714,386
Hedging derivatives	22	38,619	22,335
Investments in subsidiaries and associates	23	1,700,409	2,207,974
Non-current assets held for sale	24	61,665	97,213
Other tangible assets	25	320,115	323,354
Intangible assets	26	128,526	99,696
Current tax assets	27	14,338	14,044
Deferred tax assets	27	2,083,235	2,439,081
Other assets	28	916,434	1,105,592
TOTAL ASSETS		63,960,815	61,519,392
LIABILITIES			
Financial liabilities at amortised cost			
Deposits from credit institutions and other funds	29	1,188,023	1,522,945
Deposits from customers and other funds	30	48,236,055	45,786,768
Non-subordinated debt securities issued	31	1,997,583	1,835,210
Subordinated debt	32	1,062,003	1,037,079
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	33	58,903	107,415
Financial liabilities designated at fair value through profit or loss	34	3,247,746	3,602,285
Hedging derivatives	22	9,370	22,536
Provisions	35	449,073	465,961
Current tax liabilities	27	65,074	65,291
Other liabilities	36	910,789	945,986
TOTAL LIABILITIES		57,224,619	55,391,476
EQUITY			
Share capital	37	3,000,000	3,000,000
Share premium	37	16,471	16,471
Other equity instruments	37	400,000	400,000
Legal and statutory reserves	38	384,402	316,375
Reserves and retained earnings	39	2,132,756	1,714,794
Net income for the year		802,567	680,276
TOTAL EQUITY		6,736,196	6,127,916
TOTAL LIABILITIES AND EQUITY		63,960,815	61,519,392

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the separate financial statements.

SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	2024	2023
CASH FLOWS ARISING FROM OPERATING ACTIVITIES		
Interests received	1,956,289	1,858,296
Commissions received	722,344	702,118
Fees received from services rendered	63,737	56,060
Interests paid	(994,705)	(661,012)
Commissions paid	(102,162)	(109,756)
Recoveries on loans previously written off	53,358	10,532
Payments (cash) to suppliers and employees (*)	(663,970)	(612,933)
Income taxes (paid) / received	7,010	(2,346)
	1,041,901	1,240,959
Decrease / (increase) in operating assets:		
Receivables from / (Loans and advances to) credit institutions	35,534	17,383
Loans and advances to customers receivable / (granted)	(12,285)	1,859,280
Short term trading securities	(880,973)	11,916
Increase / (decrease) in operating liabilities:		
Loans and advances to credit institutions repayable on demand	(565,541)	28,271
Deposits from credit institutions with agreed maturity date	227,550	(756,766)
Loans and advances to customers repayable on demand	90,598	(5,306,932)
Deposits from customers with agreed maturity date	1,952,080	3,240,324
	1,888,864	334,435
CASH FLOWS ARISING FROM INVESTING ACTIVITIES		
Sale of investments held in associates	505,800	225,000
Acquisition of shares in subsidiaries and associates	(1,310)	(1,429)
Dividends received	96,589	72,351
Interest income from financial assets at fair value through other comprehensive income and at amortised cost	344,188	211,696
Sale of financial assets at fair value through other comprehensive income and at amortised cost	2,977,338	2,045,634
Acquisition of financial assets at fair value through other comprehensive income and at amortised cost	(21,012,885)	(16,963,014)
Maturity of financial assets at fair value through other comprehensive income and at amortised cost	14,648,404	11,703,534
Acquisition of tangible and intangible assets	(80,567)	(61,614)
Sale of tangible and intangible assets	1,085	746
Decrease / (increase) in other sundry assets	222,752	575,176
	(2,298,606)	(2,191,920)
CASH FLOWS ARISING FROM FINANCING ACTIVITIES		
Issuance of debt securities	499,087	499,998
Repayment of debt securities	(657,040)	(208,181)
Issuance of commercial paper and other securities	71,326	32,137
Repayment of commercial paper and other securities	(5,004)	(33,623)
Issuance of Perpetual Subordinated Bonds in January 2024, net of expenses (Additional Tier 1)	397,600	–
Repayment of Perpetual Subordinated Bonds issued in January 2019, net of expenses (Additional Tier 1)	(400,000)	–
Dividends paid to Bank's shareholders	(256,938)	–
Dividends paid of perpetual subordinated bonds (Additional Tier 1)	(33,625)	(37,000)
Increase / (decrease) in other sundry liabilities (**)	41,152	381,288
	(343,442)	634,619
Net changes in cash and equivalents	(753,184)	(1,222,866)
Cash (note 16)	415,873	326,291
Deposits at Central Banks (note 16)	1,293,359	2,630,201
Loans and advances to credit institutions repayable on demand (note 17)	155,794	131,400
CASH AND EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,865,026	3,087,892
Cash (note 16)	349,514	415,873
Deposits at Central Banks (note 16)	643,820	1,293,359
Loans and advances to credit institutions repayable on demand (note 17)	118,508	155,794
CASH AND EQUIVALENTS AT THE END OF THE YEAR	1,111,842	1,865,026

(*) In 2024, this balance includes the amount of EUR 11,000 (31 December 2023: EUR 34,000) related to short-term lease contracts and the amount of EUR 1,636,000 (31 December 2023: EUR 1,808,000) related to lease contracts of low value assets.
(**) In 2024, this balance includes the amount of EUR 34,916,000 (31 December 2023: EUR 33,202,000) corresponding to payments of lease liabilities' shares of capital.

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the separate financial statements.

SEPARATE STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023

(Thousands of euros)

	Share capital	Share premium	Other equity instruments	Legal and statutory reserves	Reserves and retained earnings	Net income for the year	Total equity
BALANCE AS AT 31 DECEMBER 2022	3,000,000	16,471	400,000	268,534	1,102,655	478,408	5,266,068
Net income for the year	–	–	–	–	–	680,276	680,276
Other comprehensive income	–	–	–	–	218,558	–	218,558
TOTAL COMPREHENSIVE INCOME	–	–	–	–	218,558	680,276	898,834
Results applications:							
Legal reserve (note 38)	–	–	–	47,841	(47,841)	–	–
Transfers for Reserves and retained earnings	–	–	–	–	478,408	(478,408)	–
Interests on perpetual subordinated bonds (Additional Tier 1)	–	–	–	–	(37,000)	–	(37,000)
Other reserves (note 39)	–	–	–	–	14	–	14
BALANCE AS AT 31 DECEMBER 2023	3,000,000	16,471	400,000	316,375	1,714,794	680,276	6,127,916
Net income for the year	–	–	–	–	–	802,567	802,567
Other comprehensive income	–	–	–	–	97,949	–	97,949
TOTAL COMPREHENSIVE INCOME	–	–	–	–	97,949	802,567	900,516
Results applications:							
Legal reserve (note 38)	–	–	–	68,027	(68,027)	–	–
Transfers for Reserves and retained earnings	–	–	–	–	680,276	(680,276)	–
Dividends paid (note 43)	–	–	–	–	(256,938)	–	(256,938)
Interests on perpetual subordinated bonds (Additional Tier 1)	–	–	–	–	(33,625)	–	(33,625)
Early repayment of the perpetual subordinated bonds AT1 issued in January 2019 (note 37)	–	–	(400,000)	–	–	–	(400,000)
Perpetual subordinated bonds AT1 issued in January 2024 (note 37)	–	–	400,000	–	–	–	400,000
Expenses on the issuance of perpetual subordinated bonds AT1 (January 2024)	–	–	–	–	(2,400)	–	(2,400)
Taxes on expenses with the new AT1 issue (January 2024)	–	–	–	–	751	–	751
Other reserves	–	–	–	–	(24)	–	(24)
BALANCE AS AT 31 DECEMBER 2024	3,000,000	16,471	400,000	384,402	2,132,756	802,567	6,736,196

CHIEF ACCOUNTANT

THE EXECUTIVE COMMITTEE

See accompanying notes to the separate financial statements.

1. Accounting policies

A. Basis of presentation

Banco Comercial Português, S.A. (the 'Bank') is a private capital bank, established in Portugal in 1985. It started operating on 5 May 1986, and these separate financial statements reflect the results of the operations of the Bank for the years ended on 31 December 2024 and 2023.

In accordance with Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, and Banco de Portugal Notice no. 5/2015 (which revoked Banco de Portugal Notice no. 1/2005), the Bank's separate financial statements are required to be prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), since 2016. 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 its predecessor bodies. The separate financial statements and the accompanying notes were approved on 25 March 2025 by the Bank's Board of Directors and are presented in thousands of euros, rounded to the nearest thousand.

All the references in this document related to any normative always report to the respective current version.

The separate financial statements for the year ended on 31 December 2024 were prepared for the purpose of recognition and measurement, in accordance with the IFRS approved by the EU that are effective on that date.

These separate financial statements are a translation of the financial statements originally issued in Portuguese. In the event of discrepancies, the Portuguese version prevails.

A1. Comparative information

The Bank has adopted IFRS and interpretations mandatory for accounting periods beginning on or after 1 January 2024. The accounting policies are consistent with those used in the preparation of the financial statements of the previous period.

The Bank's financial statements were prepared under the going concern assumption, the accrual-based accounting regime and under the historical cost convention, 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 covered under hedge accounting are stated at fair value in respect of the risk that is being hedged, if applicable. Other financial assets and liabilities and non-financial assets and liabilities are stated at amortised cost or historical cost. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount or fair value less costs to sell. Investment properties recognised on the Bank's balance sheet are recognised at their fair value, where applicable. The liability for defined benefit obligations is recognised as the present value of the past liabilities with pensions net of the value of the fund's assets.

The preparation of the financial statements in accordance with IFRS requires the Board of Directors, under advice of the Executive Committee, to make judgments, estimations and assumptions that affect the application of the accounting policies and reported amounts of assets, liabilities, income and expenses. The estimations and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimations. The issues involving a higher degree of judgment or complexity or for which assumptions and estimations are significant are presented in note 1.X.

B. Financial instruments (IFRS 9)

B1. Financial assets

B1.1. Classification, initial recognition and subsequent measurement

At the initial recognition, financial assets are classified into one of the following categories:

- "Financial assets at amortised cost";
- "Financial assets at fair value through other comprehensive income"; or,
- "Financial assets at fair value through profit or loss".

The classification is made taking into consideration the following aspects:

- the Bank's business model for the management of the financial asset; and,
- the characteristics of the contractual cash flows of the financial asset.

Business Model Evaluation

With reference to 1 January 2018, the Bank carried out an evaluation of the business model in which the financial instruments are held at portfolio level, since this approach reflects how assets are managed and how that information is made available to management bodies. The information considered in this evaluation included:

- the policies and purposes established for the portfolio and the practical operability of these policies, including how the management strategy focuses on receiving contractual interest, maintaining a certain interest rate profile, adjusting the duration of financial assets to the duration of liabilities that finance these assets or on the realization of cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management bodies;
- the evaluation of the risks that affect the performance of the business model (and of the financial assets held under this business model) and the way these risks are managed;
- the remuneration of business managers, i.e., in what way the compensation depends on the fair value of the assets under management or on contractual cash flows received; and,
- the frequency, volume and sales periodicity in previous periods, the reasons for these sales and the expectations about future sales. However, sales information should not be considered individually, but as part of an overall assessment of how the Bank establishes financial asset management objectives and how cash flows are obtained.

Financial assets held for trading and financial assets managed and evaluated at fair value by option are measured at fair value through profit or loss because they are not held either for the collection of contractual cash flows (HTC), nor for the collection of cash flows and sale of these financial assets (HTC and Sell).

Evaluation if the contractual cash flows correspond to Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset at initial recognition. "Interest" is defined as the counterparty for the time value of money, for the credit risk associated with the amount owed over a given period and for other risks and costs associated with the activity (e.g., liquidity risk and administrative costs), as well as for a profit margin.

In the evaluation of the financial instruments in which contractual cash flows refer exclusively to the receipt of principal and interest, the Bank considered the original contractual terms of the instrument. This evaluation included the analysis of the existence of situations in which the contractual terms can modify the periodicity and the amount of the cash flows so that they do not fulfil the SPPI condition. In the evaluation process, the Bank considered:

- contingent events that may change the periodicity and the amount of the cash flows;
- characteristics that result in leverage;
- terms of prepayment and extension of maturity;
- terms that may limit the right of the Bank to claim cash flows in relation to specific assets (e.g., contracts with terms that prevent access to assets in case of default – non-recourse asset); and,
- characteristics that may change the time value of money.

In addition, an advance payment is consistent with the SPPI criterion if:

- the financial asset is acquired or originated with a premium or discount in relation to the contractual nominal value;
- the prepayment represents substantially the nominal amount of the contract plus accrued contractual interest, but not paid (may include reasonable compensation for prepayment); and,
- the prepaid fair value is insignificant at initial recognition.

B1.1.1. Financial assets at amortised cost

Classification

A financial asset is classified under the category "Financial assets at amortised cost" if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect their contractual cash flows; and,
- its contractual cash flows occur on specific dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

The "Financial assets at amortised cost" category includes loans and advances to credit institutions, loans and advances to customers and debt instruments managed based on a business model whose purpose is to receive their contractual cash flows (government bonds, bonds issued by companies and commercial paper).

Initial recognition and subsequent measurement

Loans and advances to credit institutions and loans and advances to customers are recognised at the date the funds are made available to the counterparty (settlement date). Debt instruments are recognised on the trade date, that is, on the date the Bank accepts to acquire them.

Financial assets at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. In addition, they are subject, at their initial recognition, to the measurement of impairment losses for expected credit losses (note B1.5), which are recognised in "'Impairment of financial assets measured at amortised cost".

Interest of financial assets at amortised cost is recognised under "Interest and similar income", based on the effective interest rate method and in accordance with the criteria described in note B3.

Gains or losses generated at the time of derecognition are recorded in "Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss".

B1.1.2. Financial assets at fair value through other comprehensive income

Classification

A financial asset is classified under the category of "Financial assets at fair value through other comprehensive income" if both of the following conditions are met:

- the financial asset is held within a business model whose objective is both to collect its contractual cash flows and to sell this financial asset; and,
- its contractual cash flows occur on specific dates and are solely payments of principal and interest on the principal amount outstanding (SPPI).

In addition, at the initial recognition of an equity instrument that is not held for trading, nor a contingent retribution recognised by an acquirer in a business combination to which IFRS 3 applies, the Bank may irrevocably choose to classify it in the category of "Financial assets at fair value through other comprehensive income" (FVOCI). This option is exercised on a case-by-case basis and is only available for financial instruments that comply with the definition of equity instruments provided in IAS 32 and cannot be used for financial instruments whose classification as an equity instrument under the scope of the issuer is made under the exceptions provided in paragraphs 16A to 16D of IAS 32.

Initial recognition and subsequent measurement

Debt instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. Changes in the fair value of these financial assets are recognised against other comprehensive income and, at the time of their disposal, the respective gains or losses accumulated in other comprehensive income are reclassified to a specific income statement item designated "Gains or losses on derecognition of financial assets at fair value through other comprehensive income”.

Debt instruments at fair value through other comprehensive income are also subject, from their initial recognition, to the measurement of impairment losses for expected credit losses (note B1.5). Impairment losses are recognised in the income statement under "Impairment of financial assets at fair value through other comprehensive income", against “Other comprehensive income”, and do not reduce the carrying amount of the financial asset in the balance sheet.

Interest, premiums or discounts on financial assets at fair value through other comprehensive income are recognised in "Interest and similar income", based on the effective interest rate method and in accordance with the criteria described in note B3.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. The changes in the fair value of these financial assets are recognised against “Other comprehensive income”. Dividends are recognised in the income statement when the right to receive them is attributed.

Impairment is not recognised for equity instruments at fair value through other comprehensive income, and the respective accumulated gains or losses recognised in “Fair value changes” are transferred to “Retained earnings” at the time of their derecognition.

B1.1.3. Financial assets at fair value through profit or loss

Classification

A financial asset is classified in the category "Financial assets at fair value through profit and loss" if the business model defined by the Bank for its management or the characteristics of its contractual cash flows do not meet the conditions described above to be measured at amortised cost or at fair value through other comprehensive income (FVOCI).

In addition, the Bank may irrevocably designate a financial asset at fair value through profit or loss that meets the criteria to be measured at amortised cost or at FVOCI at the time of its initial recognition if this eliminates or significantly reduces an inconsistency in measurement or recognition (accounting mismatch), that will otherwise arise from measuring assets or liabilities or recognising their gains and losses in different bases.

The Bank classified "Financial assets at fair value through profit and loss" in the following items:

a) “Financial assets held for trading”

These financial assets are acquired with the purpose of short-term selling; at the initial recognition, they are part of a portfolio of identified financial instruments and for which there is evidence of profit-taking in the short-term; or they can be defined as derivatives (except for hedging derivatives).

b) “Financial assets not held for trading mandatorily at fair value through profit or loss”

This item classifies debt instruments whose contractual cash flows do not correspond only to repayments of principal and interest on the principal amount outstanding (SPPI).

c) “Financial assets designated at fair value through profit or loss” (Fair Value Option)

This item includes the financial assets that the Bank has chosen to designate at fair value through profit or loss to eliminate accounting mismatch.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Bank in the normal course of its business are in market conditions, financial assets at fair value through profit or loss are initially recognised at their fair value, with the costs or income associated with the transactions recognised in profit and loss at the initial moment. Subsequent changes in the fair value of these assets are recognised in profit and loss.

The accrual of interest and of the premium/discount (when applicable) is recognised in "Net interest income", based on the effective interest rate of each transaction, except the accrual of interest from trading derivatives that are recognised in “Gains/(losses) on financial operations at fair value through profit or loss”. Dividends are recognised in profit and loss when the right to receive them is attributed.

Trading derivatives with a positive fair value are included in the item "Financial assets held for trading", while trading derivatives with negative fair value are included in "Financial liabilities held for trading".

B1.2. Reclassification between categories of financial assets

Financial assets should be reclassified into other categories only if the business model used in their management has changed. In this case, all financial assets affected must be reclassified.

The reclassification must be applied prospectively from the date of reclassification and any gains, losses (including the ones related to impairment) or interest previously recognised should not be restated.

The reclassification of investments in equity instruments measured at fair value through other comprehensive income is not allowed, nor of financial instruments designated at fair value through profit or loss.

B1.3. Modification and derecognition of financial assets

General principles

i) The Bank shall derecognise a financial asset when, and only when:

- the contractual rights to the cash flows from the financial asset expire; or,
- it transfers the financial asset as set out in notes ii) and iii) below and the transfer qualifies for derecognition in accordance with note iv).

ii) The Bank transfers a financial asset if, and only if, it either:

- transfers the contractual rights to receive the cash flows of the financial asset; or,
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions presented in note iii).

iii) When the Bank retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay these cash flows to one or more entities (the 'eventual recipients'), the Bank shall treat the transaction as a transfer of a financial asset if all the following three conditions are met:

- the Bank does not have any obligation to pay amounts to the eventual recipients, unless it collects equivalent amounts from the original asset. Short-term advances with the right of full recovery of the amount lent, plus accrued interest at market rates, do not violate this condition;
- the Bank is contractually prohibited from selling or pledging the original asset other than as a security to the eventual recipients due its obligation to pay them cash flows; and,
- the Bank has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, it is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents (as defined in IAS 7 – Statement of Cash Flows) during the short settlement period from the collection date until the date of required remittance to the eventual recipients, and interest earned on such investments is passed to the eventual recipients.

iv) When the Bank transfers a financial asset (see note ii) above), it shall evaluate the extent to which it retains the risks and benefits arising from owning the financial asset. In this case:

- if the Bank transfers substantially all the risks and benefits arising from owning the financial asset, it shall derecognise the financial asset and recognise separately any rights and obligations created or retained in the transfer, as assets or liabilities;
- if the Bank retains substantially all the risks and benefits arising from owning the financial asset, it shall continue to recognise the financial asset;
- if the Bank neither transfers nor retains substantially all the risks and benefits arising from owning the financial asset, it shall determine whether it retained control of the financial asset. In this case:
  a) if the Bank did not retain control, it shall derecognise the financial asset and recognise separately, as assets or liabilities, any rights and obligations created or retained in the transfer;
  b) if the Bank retained control, it shall continue to recognise the financial asset to the extent of its continued involvement in the financial asset.

v) The transfer of risks and benefits (see prior note) is evaluated by comparing the Bank's exposure, before and after the transfer, with the variability in the amounts and timing of the net cash flows of the transferred asset.

vi) The question of whether the Bank retained or not control (see note iv) above) over the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and can exercise that ability unilaterally without needing to impose additional restrictions on the transfer, the entity did not retain control. In all other cases, the entity retained control.

Derecognition criteria

In the context of the general principles listed in the previous section, and considering that contract modification processes may lead, in some circumstances, to the derecognition of the original financial assets and recognition of new ones (subject to POCI identification), the purpose of this section is to set the criteria and circumstances that may lead to the derecognition of a financial asset.

The Bank considers that a modification of the terms and conditions of a credit exposure will result in derecognition of the transaction and in recognition of a new transaction when the modification translates into at least one of the following conditions:

- Creation of a new exposure that results from a debt consolidation, without any of the derecognised instruments having a nominal value higher than 90% of the nominal amount of the new instrument;
- Double extension of the residual maturity, provided that the extension is not shorter than 3 years compared to the residual maturity in the moment of the modification;
- Increase of on balance exposure by more than 10% compared to the nominal amount (refers to the last approved amount on the operation subject to modification);
- Change in qualitative features, namely:

  i) Change of currency, unless the exchange rate between the old and the new currency is pegged or managed within limits restricted by law or the relevant monetary authorities;

  ii) Exclusion or addition of a substantial equity conversion feature to a debt instrument, unless it is not reasonably possible that it will be exercised over its term;

  iii) Transfer of the instrument's credit risk to another borrower, or a significant change in the structure of borrowers within the instrument.

  iv) Deletion or addition to the debt instrument of features of the "Pay If You Can" type or dependent on the financial performance of the debt instrument.

In the case of a restructuring due to financial difficulties of the debtor, only the criteria set out in items ii, iii and iv of the above paragraphs should be checked (the other criteria listed in this paragraph are not relevant in such situations).

Loans written-off

The Bank writes off a loan when it does not have reasonable expectations of recovering a financial asset in its entirety or partially. Loans written-off are recognised in off-balance sheet accounts.

B1.4. Purchased or originated credit-impaired assets

Purchased or originated credit-impaired (POCI) assets are assets that present objective evidence of credit impairment in the moment of their initial recognition. An asset is credit-impaired if one or more events have occurred with a negative impact on the estimated future cash flows of the asset.

The two events that lead to the origin of a POCI exposure are presented as follows:

- financial assets arising from a recovery process, where there have been changes to the terms and conditions of the original agreement, which presented objective evidence of impairment that resulted in its derecognition (note B1.3) and recognition of a new contract that reflects the credit losses incurred;
- financial assets acquired with a significant discount, where the existence of a significant discount reflects credit losses incurred at the time of their initial recognition.

At initial recognition, POCI assets do not carry an impairment allowance. Instead, lifetime expected credit losses (ECL) are incorporated into the calculation of the effective interest rate (EIR). Consequently, at initial recognition, the gross book value of POCI (initial balance) is accounted for at fair value and it's equal to the net book value before being recognised as POCI (difference between the initial balance and the total discounted cash flows).

B1.5. Impairment losses

B1.5.1. Financial instruments subject to impairment losses recognition

The Bank recognises impairment losses for expected credit losses on financial instruments recognised in the following accounting items:

B1.5.1.1. Financial assets at amortised cost

Impairment losses on financial assets at amortised cost reduce the balance sheet value of these financial assets against the item "Impairment of financial assets at amortised cost" (in the income statement).

B1.5.1.2. Debt instruments at fair value through other comprehensive income

Impairment losses for debt instruments at fair value through other comprehensive income are recognised in the income statement under "Impairment of financial assets at fair value through other comprehensive income", against other comprehensive income (they do not reduce the balance sheet amount of these financial assets).

B1.5.1.3. Credit commitments, documentary credits and financial guarantees

Impairment losses associated with credit commitments, documentary credits and financial guarantees are recognised in liabilities, under the balance "Provisions for guarantees and other commitments", against "Other provisions" (in the income statement).

B1.5.2. Classification of financial instruments by stages

Changes in credit risk since the initial recognition

	Stage 1	Stage 2	Stage 3
Classification criterion	Initial recognition	Significant increase in credit risk since initial recognition	Impaired
Impairment losses	12-month expected credit losses	Lifetime expected credit losses	

The Bank determines the expected credit losses of each operation as a result of the deterioration of credit risk since its initial recognition. For this purpose, operations are classified into one of the following three stages:

- Stage 1: the operations in which there is no significant increase in credit risk since its initial recognition are classified in this stage. Impairment losses associated with operations classified in this stage correspond to expected credit losses resulting from a default event that may occur within 12 months after the reporting date (12-month expected credit losses);
- Stage 2: the operations in which there is a significant increase in credit risk since its initial recognition (note B1.5.3) but are not impaired (note B1.5.4) are classified in this stage. Impairment losses associated with operations classified in this stage correspond to the expected credit losses resulting from default events that may occur over the expected residual life of the operations (lifetime expected credit losses);
- Stage 3: impaired operations are classified in this stage. Impairment losses associated with operations classified at this stage correspond to lifetime expected credit losses.

B1.5.3. Significant increase in credit risk (SICR)

The Bank uses a set of criteria to determine whether there is a significant increase in the Probability of Default (PD) ("Significant increase in Credit Risk") associated with credit exposures, which leads to a stage 2 classification. Among the criteria considered by the Bank, the following are noteworthy: (i) customers classified with an internal procedural risk grade of 123 or 124, for material arrears exceeding 30 days or in the context of credit recovery procedures, or classified as unrated; (ii) customers with a downgrade in their internal risk grade, above pre-defined thresholds, between the initial recognition date of the contract and the impairment calculation date; (iii) customers with restructured exposures due to financial difficulties, (iv) customers with incidents reported through the Banco de Portugal's CRC, and (v) customers subject to individual analysis for whom a stage 2 classification has been concluded due to the occurrence of a significant increase in credit risk, taking into account a set of predetermined indicators.

Exposures that no longer meet the criteria to be classified as stage 2 are classified as stage 1.

B1.5.4. Definition of financial assets in default and impaired

All customers who meet at least one of the following conditions are marked as default and, consequently, in NPE:

a) Delay over 90 days of material payment:

- Amounts of principal, interest or fees not paid on the due date that, cumulatively, represent:

i) more than EUR 100 (retail) or more than EUR 500 (non-retail); and,

ii) more than 1% of the total debt (direct liabilities).

After these two conditions are met, the counting of days of delay begins: if more than 90 consecutive days in which the customer is in this situation have been counted, it is classified as default (or GR125).

The existence of a material payment delay gives rise to the default setting (GR125) of all holders of the operation (or operations).

b) Signs of low probability of payment:

i. Credit restructuring due to financial difficulties with loss of value;
ii. Delay after restructuring due to financial difficulties;
iii. Recurrence of restructuring due to financial difficulties;
iv. Credit with signs of impairment (or stage 3 of IFRS 9);
v. Insolvency or equivalent proceedings;
vi. Litigation;
vii. Guarantees of operations in default;
viii. Credit sales with losses;
ix. Credit fraud;
x. Unpaid credit status;
xi. Breach of covenants in a credit agreement;
xii. Spread of default in an economic group;
xiii. Cross *default* in BCP Group.

B1.5.5. Estimates of expected credit losses - Individual analysis

1. Customers who are in one of the following conditions are subject to individual analysis:

Customers in default	Customers in litigation or insolvency, if the total exposure of the group members in these situations exceeds EUR 1 million
	Customers integrated into groups with an exposure over EUR 5 million, if they have a risk grade 125
Groups or customers who are not in default	Other customers belonging to groups in the above conditions
	Groups or customers with an exposure over EUR 5 million, if a group member has a risk grade 124 or has a restructured loan and a risk grade 123
	Groups or customers with an exposure over EUR 10 million, if at least one member of the group is in stage 2
	Groups or customers not included in the preceding paragraphs, whose exposure exceeds EUR 25 million

2. Regardless of the criteria described in the previous point, the individual analysis is only performed for customers with a credit exposure over EUR 500,000, while customers with exposure below this limit are not considered for the purpose of determining the exposure referred to in the previous point.
3. Other customers that do not meet the criteria defined in 1 will also be subject to individual analysis, if under the following conditions:

- they have impairment as a result of the latest individual analysis;
- are classified in stage 2 as a result of the latest revision of the questionnaire analysing the signs of financial difficulties;
- according to recent information, they show a significant deterioration in risk levels.

4. The individual analysis includes the following procedures:

- for customers that are not in default, the analysis of financial difficulties indicators to determine whether the customer has objective signs of impairment, or whether it should be classified in stage 2 given the occurrence of a significant increase in credit risk, considering for this purpose a set of predetermined signs;
- for customers in default or for which the previous analysis has allowed to conclude that the customer has objective signs of impairment, determination of the loss.

5. For the situations identified in the first paragraph of point 4 above, involving corporate customers, the analysis is the responsibility of the Rating Division, and the responsibility of the Credit Division for the remaining customers.
6. For the situations identified in the second paragraph of point 4 above, the individual analysis to determine the loss is the responsibility of the customer's management divisions and of the Credit Division, the latter with regard to the customers managed by the Commercial Networks.

The assessment of existence of impairment losses in individual terms is determined through an analysis of the total credit exposure on a case-by-case basis. For each loan considered individually significant, the Bank assessed, at each balance sheet date, the existence of objective evidence of impairment. In the assessment of impairment losses in individual terms, the following factors were considered:

- total exposure of each customer towards the Bank and the existence of overdue loans;
- viability of the customer’s business and its capacity to generate enough cash flows to service debt obligations in the future;
- the existence, nature and estimated value of the collaterals associated to each loan;
- the customer’s available assets in liquidation or insolvency situations;
- the existence of preferential creditors;
- the amount and expected recovery term.

7. Each of the units referred to in the previous point is responsible for assigning an expectation and a recovery period to exposures relating to customers subject to individual analysis, which must be transmitted to the Risk Office as part of the regular process of collecting information, accompanied by detailed justification of the proposed impairment.
8. The expected recovery shall be represented by a recovery rate of the total outstanding exposure, which may be a weighted rate considering the different recovery prospects for each part of the customer's liabilities.

9. The recovery estimation referred to in the previous point should be influenced by future prospects (forward-looking), contemplating not only a more expected scenario but also alternative scenarios (an unbiased and probability-weighted amount). The application and weighting of the scenarios should be carried out both in a global perspective and in an individualized perspective, the latter when cases that, due to their specificity, have a high degree of uncertainty regarding the expected recovery estimation are identified.

10. The macroeconomic adjustment set out in the previous point should be analysed annually and weighted according to the type of recovery strategy associated with the exposure under analysis:

- for Going Concern strategies (i.e., the estimation is based on the cash flows of the business), the possibility of applying the 2 additional macroeconomic scenarios (optimistic and pessimistic) should be analysed in a global way, to ascertain if there is the risk of a skewed view of the expected losses from the consideration of only one scenario;
- for Gone Concern strategies (i.e., the recovery estimation is based on the realization of the collateral), the impact of the macroeconomic scenario on collaterals should be analysed, for example, to what extent the projected real estate index indicates significant changes ahead for the current valuation values.

11. It is the responsibility of the units referred to in points 5 and 6 to consider in their forecast macroeconomic expectations that may influence the recoverability of the debt.

12. For the purposes of the preceding paragraphs, the Bank's Economic Studies Area, shall disclose the macroeconomic data that allow the estimations to be made.

13. The decision to consider global impacts related to the going and gone concern scenarios should be made by the Risk Committee, as proposed by the Risk Office.

14. For specific cases with a high degree of uncertainty, the allocation of alternative scenarios should be considered casuistically. Examples of recovery situations with a degree of uncertainty include:

- recovery of collateral in geographies in which the Bank has no relevant recovery experience;
- recovery of debt related to geographies in which there is strong political instability;
- recovery of non-real estate collateral for which there is no evidence of market liquidity;
- recovery of related collateral or government guarantees in a currency other than the country's own;
- recovery of debt related to debtors for whom there is a strong negative public exposure.

15. The Risk Office is responsible for reviewing the information collected and for clarifying all identified inconsistencies, as well as for the final decision on the customer's impairment.

16. Customers that have objective signs of impairment, but an individual impairment amount is equal to zero, are included in the collective analysis, assuming a PD 12-month equivalent to the risk grade 115 of the Master Scale.

17. The individual impairment analysis must be carried out annually and may be carried out more frequently for customers who fall into certain situations of possible increased risk. In case significant signs of deterioration or improvement in the customer's economic and financial situation are detected, as well as the macroeconomic conditions affecting the customer's ability to accomplish debt, it is the responsibility of the Risk Office to promote the review of the expected impairment of this customer.

B1.5.6. Estimates of expected credit losses - Collective analysis

Transactions that are not subject to an individual impairment analysis are grouped considering their risk characteristics and subject to a collective impairment analysis. The Bank's credit portfolio is divided by internal risk grades and according to the following segments:

a) Segments with a reduced history of defaults, designated 'low default': Large corporate exposures, Project finance, Institutions (banks/financial institutions) and Sovereigns;
b) Segments not 'low default': - Retail: Mortgages; Overdrafts; Credit cards; Small and medium enterprises - Retail ('SME Retail'); and Others - Corporate: Small and medium enterprises - Corporate ('Large SME'); and Real Estate.

The Bank performs statistical tests in order to prove the homogeneity of the segments mentioned above, with a minimum period of one year.

Expected credit losses are estimates of credit losses that are determined as follows:

- financial assets with no signs of impairment at the reporting date: the present value of the difference between the contractual cash flows and the cash flows that the Bank expects to receive;
- financial assets with impairment at the reporting date: the 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 resulting contractual cash flows if the commitment is made and the cash flows that the Bank expects to receive;
- financial guarantees: the current value of the expected repayments less the amounts that the Bank expects to recover.

The main inputs used to measure ECLs on a collective basis should include the following variables:

- Probability of Default – PD;
- Loss Given Default – LGD; and,
- Exposure at Default – EAD.

These parameters are obtained through internal statistical models and other relevant historical data, considering the already existing regulatory models adapted to the requirements of IFRS 9.

PDs are estimated based on a certain historical period and will be calculated based on statistical models. These models are based on internal data including both quantitative and qualitative factors. If there is a change in the risk of the counterparty or exposure, the estimate of the associated PD will also vary. The PDs will be calculated considering the contractual maturities of exposures.

The risk grades are a highly relevant input for determining the PD associated with each exposure.

The Bank collects performance and default indicators about their credit risk exposures with analysis by types of customers and products.

LGD is the magnitude of the loss that is expected to occur if an exposure goes into default. The Bank estimates the LGD parameters based on the historical recovery rates after entry into counterparty defaults. The LGD models consider the associated collaterals, the counterparty activity sector, the default time, as well as the recovery costs. In the case of contracts secured by real estate, it is expected that the LTV (loan-to-value) ratios are a parameter of high relevance in the determination of LGD.

The EAD represents the expected exposure if the exposure and/or customer defaults. The Bank obtains the EAD values from the counterparty's current exposure and potential changes to its current value as a result of the contractual conditions, including amortisations and prepayments. For commitments and financial guarantees, the value of the EAD will consider both the amount of credit used and the expectation of future potential value that may be used in accordance with the agreement.

As described above, except for financial assets that consider a 12-month PD as they do not present a significant increase in credit risk, the Bank will calculate the ECL value considering the risk of default during the maximum contractual maturity period of the contract, even if, for the purpose of risk management, it is considered to be a longer period. The maximum contractual period shall be considered as the period up to the date on which the Bank has the right to require payment or end the commitment or guarantee.

The Bank conservatively considers a residual term of 5 years in the case of renewable operations, when in stage 2. This term was determined based on the behavioural models of this type of product applied by the Bank in the liquidity risk and interest rate analysis.

The Bank uses models to forecast the evolution of the most relevant parameters for the expected credit losses, namely probability of default, which incorporate forward-looking information. This incorporation of forward-looking information is carried out in the relevant elements considered for the calculation of expected credit losses (ECL).

In particular, the PD point-in-time (PDpit) considered for the determination of the probability of performing exposures at the reference date becoming defaulted exposures considers the expected values for a set of macroeconomic variables, based on three scenarios (Central, Upside and Downside Scenario) prepared by the Bank's Economic Studies area. These scenarios, which are used across the Bank for various purposes besides calculating impairment, consider existing forecasts by reference entities.

In December 2024 the Bank carried out an update of the macroeconomic scenarios and of the corresponded adjustment of the parameters considered in the collective impairment model.

B2. Financial liabilities

B2.1. Classification, initial recognition and subsequent measurement

At initial recognition, financial liabilities are classified in one of the following categories:

- "Financial liabilities at amortised cost";
- "Financial liabilities at fair value through profit or loss".

B2.1.1. Financial liabilities at fair value through profit or loss

Classification

Financial liabilities classified under "Financial liabilities at fair value through profit or loss" include:

a) "Financial liabilities held for trading"

In this balance the issued liabilities are classified with the purpose of repurchasing in the near term, those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or is a derivative (except for a derivative classified as hedging instrument).

b) "Financial liabilities designated at fair value through profit or loss"

The Bank may irrevocably assign a financial liability at fair value through profit or loss at the time of its initial recognition if at least one of the following conditions is met:

- the financial liability is managed, evaluated and reported internally at its fair value; or,
- the designation eliminates or significantly reduces the accounting mismatch of transactions.

Initial recognition and subsequent measurement

Considering that the transactions carried out by the Bank in the normal course of its business are made in market conditions, financial liabilities at fair value through profit or loss are initially recognised at fair value with the costs or income associated with the transactions recognised in profit or loss at the initial moment.

Subsequent changes in the fair value of these financial liabilities are recognised as follows:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability shall be presented in other comprehensive income;
- the remaining amount of change in the fair value of the liability shall be presented in profit or loss.

The accrual of interest and the premium/discount (when applicable) is recognised in "Interest and similar expense" based on the effective interest rate of each transaction.

B2.1.2. Financial guarantees

If they are not designated at fair value through profit or loss at the time of initial recognition, the financial guarantee contracts are subsequently measured at the highest of the following amounts:

- the provision for losses determined according to the criteria described in note B1.5;
- the amount initially recognised deducted, when appropriate, from the accumulated amount of income recognised according to IFRS 15 - Revenue from contracts with customers.

Financial guarantee contracts that are not designated at fair value through profit or loss are presented under "Provisions".

B2.1.3. Financial liabilities at amortised cost

Classification

Financial liabilities that were not classified at fair value through profit or loss, or correspond to financial guarantee contracts, are measured at amortised cost.

The category "Financial liabilities at amortised cost" includes deposits from credit institutions and other funds, deposits from customers and other funds, as well as subordinated and non-subordinated debt securities.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs and are subsequently measured at amortised cost. Interest on financial liabilities at amortised cost are recognised in "Interest and similar expense", based on the effective interest rate method.

B2.2. Reclassification between categories of financial liabilities

Reclassifications of financial liabilities are not allowed.

B2.3. Derecognition of financial liabilities

The Bank derecognises financial liabilities when these are cancelled or extinct.

B3. Interest recognition

Income and expense related to interest from financial instruments measured at amortised cost are recognised in "Interest and similar income" and "Interest and similar expense" (net interest income) through the effective interest rate method. Interest related to financial assets at fair value through other comprehensive income is also recognised in net interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument (or, when appropriate, for a shorter period), to the net carrying amount of the financial asset or financial liability.

For calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (e.g., early payment options) but without considering future impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all other premiums or discounts directly related to the transaction, except for assets and liabilities at fair value through profit and loss.

Interest income recognised in income associated with contracts classified in stage 1 or 2 are determined by applying the effective interest rate for each contract on its gross book value. The gross balance of a contract is its amortised cost, before deducting the respective impairment. For financial assets included in stage 3, interest is recognised in the income statement based on its net book value (less impairment). The interest recognition is always made in a prospective way, i.e., for financial assets entering stage 3, interest is recognised at the amortised cost (net of impairment) in subsequent periods.

For purchased or originated credit-impaired assets (POCI), the effective interest rate reflects the expected credit losses in determining the expected future cash flows receivable from the financial asset.

B4. Hedge accounting

As allowed by IFRS 9, the Bank opted to continue to apply the hedge accounting requirements in accordance with IAS 39.

The Bank designates derivatives and other financial instruments to hedge its exposure to interest rate and foreign exchange risk, resulting from financing and investment activities. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative hedging instruments are stated at fair value and gains and losses on revaluation are recognised in accordance with the hedge accounting model adopted by the Bank. A hedge relationship exists when:

- at the inception of the hedge there is formal documentation of the hedge;
- the hedge is expected to be highly effective;
- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed in a continuous basis and highly effective throughout the reporting period; and,
- for hedges of a forecasted transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

When a derivative financial instrument is used to hedge foreign exchange variations arising from monetary assets or liabilities, no hedge accounting model is applied. Any gain or loss associated to the derivative is recognised through profit and loss, as well as changes in currency risk of the monetary items.

B4.1. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedge instruments are recognised in profit and loss, together with changes in the fair value attributable to the hedged risk of the asset or liability or group of assets and liabilities. If the hedge relationship no longer meets the criteria for hedge accounting, the cumulative gains and losses due to variations of hedged risk linked to the hedge item recognised until the discontinuance of the hedge accounting are amortised through profit and loss over the residual term of the hedged item.

B4.2. Cash flow hedge

In a hedge relationship, the effective portion of changes in fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity - cash flow hedge reserves in the effective part of the hedge relations. Any gain or loss relating to the ineffective portion of the hedge is immediately recognised in profit and loss when occurred.

Amounts accumulated in equity are reclassified to profit and loss in the periods in which the hedged item will affect profit or loss.

In case of hedging variability of cash flows, when the hedge instrument expires or is disposed or when the hedging relationship no longer meets the criteria for hedge accounting, or when the hedge relation is revoked, the hedge relationship is discontinued on a prospective basis. Therefore, the fair value changes of the derivative accumulated in equity until the date of the discontinued hedge accounting can be:

- deferred over the residual period of the hedged instrument; or,
- recognised immediately in results, if the hedged instrument is extinguished.

In the case of a discontinued hedge of a forecast transaction, the change in fair value of the derivative recognised in equity at that time remains in equity until the forecasted transaction is ultimately recognised in the income statement. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit and loss.

B4.3. Hedge effectiveness

For a hedge relationship to be classified as such according to IAS 39, effectiveness must be demonstrated. As such, the Bank performs prospective tests at the beginning date of the initial hedge, if applicable, and retrospective tests in order to demonstrate at each reporting period the effectiveness of the hedging relationships, demonstrating that the variations in fair value of the hedging instrument are hedged by the fair value variations of the hedged item in the portion assigned to the risk covered. Any ineffectiveness is recognised immediately in profit and loss when incurred.

B4.4. Hedge of a net investment in a foreign operation

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any exchange gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity. The gain or loss relating to the ineffective portion is immediately recognised in profit and loss. Gains and losses accumulated in equity related to the investment in a foreign operation and to the associated hedge operation are recognised in equity and transferred to profit and loss, on the disposal of the foreign operation as part of the gain or loss from the disposal.

B5. Embedded Derivatives

An embedded derivative is a component of a hybrid agreement, which also includes a non-derived host instrument.

If the main instrument included in the hybrid contract is considered a financial asset, the classification and measurement of the entire hybrid contract is carried out in accordance with the criteria described in note B1.1.3.

Derivatives embedded in contracts that are not considered financial assets are treated separately whenever the economic risks and benefits of the derivative are not related to those of the main instrument, since the hybrid instrument is not initially recognised at fair value through profit or loss. Embedded derivatives are recorded at fair value with subsequent fair value changes recorded in profit or loss for the period and presented in the trading derivatives portfolio.

C. Securitization operations

C1. Traditional securitizations

As at 31 December 2024, Banco Comercial Português has in Portugal two residential mortgage credit securitization operations, Magellan Mortgages no.3 and no.4, in which the respective portfolios were derecognised from the Bank's individual balance sheet, as the risks and rewards related to the residual portions of the referred transactions, were transferred to institutional investors.

By purchasing a part or all of the most subordinated residual portion, the Bank maintained control of the assets and liabilities of Magellan Mortgages no.3, this Special Purpose Entity (SPE) being consolidated in the Group's financial statements.

The two operations are traditional securitizations, where each mortgage loan portfolio was sold to a Portuguese Loan Securitisation Fund, which has financed this purchase through the sale of securitisation units to an Irish-SPE. At the same time, this Special Purpose Entity (SPE) issued and sold in capital markets the different tranches of bonds.

C2. Synthetic securitizations

As at 31 December 2024, Banco Comercial Português has in Portugal four synthetic securitization operations, with similar characteristics, with reference to credit portfolios granted by the Bank mainly to Small and Medium Enterprises (SMEs).

Caravela SME no.3, which started on 28 June 2013, has a medium and long-term loan portfolio of current accounts and authorized overdrafts.

Caravela SME no.4, initiated on 5 June 2014, has a reference portfolio of vehicle, real estate and equipment leasing.

Caravela SME no.5, initiated on 20 December 2022, is supported on a credit portfolio of medium-and-long-term loans, leasing contracts and commercial paper programmes.

Caravela SME no.6, initiated on 28 February 2024, is supported on a credit portfolio of short-term exposures to Corporate customers, in the form of current accounts overdrafts, authorised overdrafts and confirming agreements.

In any of these operations, the Bank contracted a Credit Default Swap (CDS) from a Special Purpose Entity (SPE), buying, this way, protection over the total referenced portfolio. As in all synthetic securitizations, under CDS, the risk of the respective portfolios was divided in 3 tranches: senior, mezzanine and equity.

In the case of both Caravela no. 3 and no. 4, the mezzanine and part of the equity (20%) were placed in the market through the issuance of Credit Linked Notes (CLNs) by the above mentioned SPE which were subscribed by investors, while the Group retained the senior risk and the remaining part of the equity (80%). In the case of Caravela SME no. 5 and no.6, only the full amount of the mezzanine was placed in the market, while the Group retained the risk of the full amount of the senior and equity tranches.

Note that in all of the above mentioned synthetic transactions, the product of the CLNs issue was invested by the SPE in a deposit, which fully collateralizes the responsibilities in the presence of its creditors including BCP in accordance with the CDS.

D. Equity instruments

A financial instrument is an equity instrument only if: i) the instrument includes no contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; and, ii) the instrument will or may be settled in the issuer's own equity instruments, it is either a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled only by the issuer exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

An equity instrument, independently from its legal form, evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Transaction costs directly attributable to an equity instrument issuance are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Preference shares issued by the Bank are considered as an equity instrument when redemption of the shares is solely at the discretion of the Bank and dividends are paid at the discretion of the Bank.

Income from equity instruments (dividends) are recognised when the obligation to pay is established and are deducted to equity.

E. Securities borrowing and repurchase agreement transactions

E1. Securities borrowing

Securities lent under securities lending arrangements continue to be recognised in the balance sheet and are measured in accordance with the applicable accounting policy. Cash collateral received in respect of securities lent is recognised as a financial liability. Securities borrowed under securities borrowing agreements are not recognised. Cash collateral placements in respect of securities borrowed are recognised under loans and advances to either banks or customers. Income and expenses arising from the securities borrowing and lending business are recognised on an accrual basis over the period of the transactions and are included in interest income or expense (net interest income).

E2. Repurchase agreements

The Bank performs acquisition/sale of securities under reselling/repurchase agreements of securities substantially equivalent in a future date at a predetermined price ('repos'/'reverse repos'). The securities related to reselling agreements in a future date are not recognised in the balance sheet. The amounts paid are recognised in loans and advances to customers or loans and advances to credit institutions. The receivables are collateralised by the related securities. Securities sold through repurchase agreements continue to be recognised in the balance sheet and are revaluated in accordance with the applicable accounting policy. The amounts received from the proceeds of these securities are considered as Deposits from customers and other funds or Deposits from credit institutions and other funds. The difference between the acquisition/sale and reselling/repurchase conditions is recognised on an accrual basis over the period of the transaction and is included in interest income or expenses.

F. Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for in the Bank's financial statements at their historical cost less any impairment losses.

Subsidiaries are entities controlled by the Bank (including investment funds and securitization vehicles). The Bank controls an entity when it holds the power to designate the relevant activities of the entity, and when it is exposed or has rights to variable returns from its involvement with the entity and is able to take possession of those results through the power it holds over the relevant activities of that entity (*de facto* control).

Investments in associates

Associates are those entities in which the Bank has significant influence but not control over the financial and operating policy decisions of the investee. It is assumed that the Bank has significant influence when it holds, directly or indirectly, 20% or more of the voting rights of the investee. If the Bank holds, directly or indirectly less than 20% of the voting rights of the investee, it is presumed that the Bank does not have significant influence, unless such influence can be clearly demonstrated.

The existence of significant influence by the Bank is usually evidenced in one or more of the following ways:

- representation on the Board of Directors or equivalent governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the Bank and the investee;
- interchange of the management team; or
- provision of essential technical information.

Impairment

The recoverable amount of the investments in subsidiaries and associates is assessed annually, with reference to the end of the year or whenever exists any impairment triggers. Impairment losses are calculated based on the difference between the recoverable amount of the investments in subsidiaries and associates and their book value. Impairment losses identified are charged against results and subsequently, if there is a reduction of the estimated impairment loss, the charge is reversed, in a subsequent period. The recoverable amount is determined based on the higher between the assets value in use and the fair value deducted of selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Merger of companies

The process of merging companies by incorporation corresponds to the incorporation of the assets and liabilities of a company (merged) into another company (acquirer). In the event that the Bank is the acquirer company and the merged company is controlled by the Bank, the merger is classified as a transaction between companies under common control, and the Bank uses the denominated ‘predecessor approach’ as a criterion for recording in its individual accounts, which consists of recording the assets and liabilities of the merged company at their book value as presented in the Bank's consolidated accounts. This criterion provides for intra-group balances and historical transactions between the two companies to be eliminated and the amounts regarding assets and liabilities to be adjusted accordingly. The net difference between the amount recorded by the Bank and the amounts of the assets and liabilities incorporated is recorded as a “Merger reserve”.

G. Non-current assets held for sale and Discontinued or discontinuing operations

Non-current assets, groups of non-current assets held for sale (groups of assets together with related liabilities that include at least a non-current asset) and discontinued operations are classified as held for sale when the intention is to sell the referred assets and liabilities and when the referred assets or group of assets are available for immediate sale, subject to the terms of sale usually applicable to these types of assets, and its sale is highly probable, in accordance with IFRS 5. For the sale to be considered highly probable, the Bank must be committed to a plan to sell the asset (or disposal group) and must have initiated an active program to locate a buyer and complete the plan. In addition, the asset (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value. Furthermore, it should be expected that the sale qualifies for recognition as a completed sale within one year from the date of classification, except as permitted by paragraph 9 of IFRS 5, and that the Bank remains committed to the asset sales plan and the delay is caused by events or circumstances beyond its control.

If the requirements set out in IFRS 5 for these assets are not met, the balance sheet value and respective impairment are reflected in the balance "Other assets". In 2023, a group of properties was reclassified, as described in notes 24 and 28.

The Bank also classifies as non-current assets held for sale those non-current assets or groups of assets acquired exclusively with a view to its subsequent disposal, which are available for immediate sale and its sale is highly probable. Immediately before classification as held for sale, the measurement of the non-current assets or 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 fair value less costs to sell.

G1. Non-operating real estate (INAE)

The Bank also classifies as non-current assets held for sale the non-operating real estate (INAE), which include properties acquired by the Bank as a result of the resolution of customer credit processes, as well as own properties that are no longer used by the Bank's services.

At the time of acquisition, real estate classified as INAE is recognised at the lower of the value of the loans existing on the date on which the recovery occurs, or the judicial decision is formalised, and the fair value of the property, net of estimated costs for sale. Subsequent measurement of INAE is made at the lower of their book value and the corresponding fair value, net of the estimated costs for their sale and are not subject to amortisation. Impairment losses are recorded in the results of the period in which they arise.

The fair value is determined based on the market value, which is determined based on the expected sales price obtained through periodic evaluations made by expert external evaluators accredited to the Comissão do Mercado de Valores Mobiliários (CMVM).

Whenever the net fair value of the selling costs calculated for an INAE is less than the amount by which the same is recognised in the Bank's balance sheet, an impairment loss is recorded in the amount of the decrease in value ascertained. Impairment losses are recorded against income for the year.

If the net fair value of the selling costs of an INAE, after recognition of impairment, indicates a gain, the Bank may reflect that gain up to the maximum of the impairment that has been recorded on that property.

H. Lease transactions (IFRS 16)

This standard establishes the requirements regarding the scope, classification/recognition and measurement of leases:

- from the lessor's perspective, leases will continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single model of accounting for lease contracts, which results in the recognition of a right-of-use asset and a lease liability for all leases, except for those which the lease term ends within 12 months or for those which the underlying asset is of low-value and, in these cases, the lessee may opt for the exemption from recognition under IFRS 16, and shall recognise the lease payments associated with these leases as an expense.

The Bank chose not to apply this standard to short-term lease contracts, i.e. contracts with a term shorter than or equal to one year, and to lease contracts in which the underlying asset's value is below EUR 5,000. Additionally, this standard was not applied to leases of intangible assets.

Lease definition

The lease definition focuses on the control of the identified asset, establishing that a contract constitutes or contains a lease if it carries the right to control the use of an identified asset, i.e., the right to obtain substantially all the economic benefits of using it, and the right to choose how to use the identified asset over a period in exchange of a payment.

Impacts from the lessee's perspective

The Bank recognises for all leases, except for those with a term under 12 months or for leases of low-value assets:

- a right-of-use asset initially measured at cost must consider the Net Present Value (NPV) of the lease liability plus the value of payments made (fixed and/or variable), deducted from any lease incentives received, penalties for terminating the lease (if reasonably certain), as well as any cost estimates to be supported by the lessee with the dismantling and removal of the underlying asset and/or with the recovery of its location. Subsequently, it will be measured according to the cost model (subject to depreciations/amortisations and impairment tests);
- a lease liability initially recorded at the present value of the remaining lease payments (NPV), which includes:
  - fixed payments deducted from any lease incentives receivable;
  - variable lease payments that depend on a rate or an index, initially measured considering the rate or index as at the commencement date;
  - amounts expected to be paid by the lessee under residual values guarantees;
  - the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option;
  - payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to end the lease.

Since it is not possible to easily determine the implicit interest rate in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental borrowing rate, which embodies the risk-free rate curve (swap curve) plus the Bank's spread of risk, applied over the weighted average term of each lease contract. For term contracts, that date is considered as the end of lease date, while for contracts without term, or with renewable terms, it is assessed using the date in which the contract is enforceable, as well as eventual economic penalties associated with the lease contract. In the evaluation of enforceability, the particular clauses of the contracts are considered, as well as the current law on Urban Leases.

Subsequently, lease payments are measured as follows:

- by increasing their carrying amount to reflect interest;
- by reducing their carrying amount to reflect lease payments;
- carrying amount shall be remeasured to reflect any leases' revaluations or changes, as well as to reflect the review of in-substance fixed payments and the review of the lease term.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- a lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.

The Bank did not make any adjustment during the periods presented.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If the lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The implementation of this standard implies changes in the Bank's financial statements, namely:

- in the income statement:
  (i) recording in "Interest Income" the interest expenses related to lease liabilities;
  (ii) recording in "Other administrative costs" the amounts related to short-term lease contracts and to lease contracts of low-value assets; and,
  (iii) recording in "Amortisations and depreciations" the depreciation expenses related to right-to-use assets.
- in the balance sheet:
  (i) recording in "Financial assets at amortised cost – Loans and advances to customers" the recognition of financial assets related to sublease operations measured accordingly to IFRS 9;
  (ii) recording in "Other tangible assets" the recognition of right-to-use assets; and,
  (iii) recording in "Other liabilities" the amount of recognised lease liabilities.
- in the statement of cash flows, the balance "Cash flows arising from operating activities – Payments (cash) to suppliers and employees" includes amounts related to short-term lease contracts and to lease contracts of low-value assets, and the balance "Cash flows arising from financing activities - Decrease in other sundry liabilities and non-controlling interests" includes amounts related to payments of lease liabilities' capital portions, as detailed in the separate statement of cash flows.

Impact from the lessor's perspective

In accordance with IFRS 16, paragraph 62, lessors shall classify leases as finance or operational leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards inherent to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards inherent to ownership of an underlying asset.

Subleases

A sublease implies that the lessee establishes a lease contract with a third party, which acts as an intermediary, and the lease contract with the original lessor is kept in force.

IFRS 16 – Leases requires that the lessor evaluates subleases regarding right-to-use and not regarding the underlying asset.

The sublease's lessor, simultaneously lessee regarding the original lease, shall recognise an asset in the financial statement – a right-to-use related to the initial lease (if the lease is classified as operating) or a financial asset, measured according to IFRS 9, related to the sublease (if the lease is classified as financing).

In case the primary lease is short-term, then the sublease should be classified as an operating lease.

I. Recognition of income from services and commissions

In accordance with IFRS 15, the Bank recognises revenue associated with services and commissions when (or as) a performance obligation is satisfied when transferring a service, based on the transaction price associated with this performance obligation. In this context, the Bank takes the following steps to recognise revenue associated with services and commissions:

- Recognition (satisfaction of the performance obligation): (i) identification of the contract associated with the service provided and whether it should be covered by IFRS 15; (ii) identification of performance obligations associated with each contract; (iii) definition of the criteria for the fulfilment of performance obligations, also considering the contractual terms established with the counterparty. According to this definition, a service is transferred when the customer obtains the benefits and control associated with the service provided. In this context, the Bank also identifies whether performance obligations are met over time ("over time") or at an exact moment ("point in time"), with revenue being recognised accordingly.

- Measurement (price to be recognised associated with each performance obligation): (i) determine the transaction price associated with the service provided, considering the contractual terms established with the counterparty and its usual commercial practices. The transaction price is the amount of consideration to which the Bank expects to be entitled in exchange for transferring promised services to the customer, excluding amounts collected on behalf of third parties. The Bank includes in the transaction price part or all of the estimated amount of the variable consideration associated with a performance obligation, only to the extent that it is highly probable that a significant reversal in the amount of the accrued revenue recognised will not occur when the uncertainty associated with that variable consideration is subsequently resolved; and (ii) allocate the transaction price to each of the performance obligations identified under the contract established with the customer.

It should be noted that when services or commissions are an integral part of the effective interest rate of a financial instrument, income resulting from services and commissions is recorded in net interest income (Note B.3).

J. Gains/(losses) on financial operations at fair value through profit or loss, Foreign exchange gains/(losses), Gains/(losses) on hedge accounting and Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss

These balances include gains and losses on financial assets and liabilities at fair value through profit and loss, i.e., fair value changes and interest on trading derivatives and embedded derivatives, as well as the corresponding dividends received. This balance also includes the gains and losses on sale of financial assets at fair value through other comprehensive income and financial assets and financial liabilities at amortised cost. The changes in fair value of hedging derivatives and hedged items, when fair value hedge is applicable, are also recognised in this balance, as well as the foreign exchange gains or losses.

K. Fiduciary activities

Assets held in the scope of fiduciary activities are not recognised in the Bank's financial statements. Fees and commissions arising from this activity are recognised in the income statement in the period in which they occur.

L. Other tangible assets

Other tangible assets are stated at acquisition cost less accumulated depreciation and impairment losses. Subsequent costs are recognised as a separate asset only when it is probable that future economic benefits will result for the Bank. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred, under the principle of accrual-based accounting.

Depreciation is calculated on a straight-line basis, over the following periods which correspond to their estimated useful life:

	Number of years
Buildings	50
Expenditure on freehold and leasehold buildings	10
Equipment	4 to 12
Other tangible assets	3

Whenever there is an indication that a fixed tangible asset might be impaired, its recoverable amount is estimated and an impairment loss shall be recognised if the net value of the asset exceeds its recoverable amount. The recoverable amount is determined as the highest between the fair value less costs to sell and its value in use calculated based on the present value of 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 the fixed tangible assets are recognised in the income statement of the period.

M. Investment properties

Real estate properties owned by the Bank are recognised as 'Investment properties', considering that the main objective of these buildings is their capital appreciation on a long-term basis and not their sale in a short-term period, nor their maintenance for own use.

These investments are initially recognised at their acquisition cost, including transaction costs, and subsequently revaluated at their fair value. The fair value of investment properties should reflect the market conditions at the balance sheet date. Changes in fair value are recognised in the income statement, as "Other operating income/(expenses)" (note 6).

The experts responsible for the valuation of the assets are properly certified for that purpose, being registered in CMVM.

N. Intangible assets

N1. Research and development expenditure

The Bank does not capitalise any research and development costs. All expenses are recognised as costs in the period in which they occur.

N2. Software

The Bank recognises as intangible assets the costs associated to software acquired from external entities, and depreciates them on a straight-line basis by an estimated lifetime of 6 years. The Bank does not capitalise internal costs arising from software development.

O. Cash and cash equivalents

For the purposes of the cash flow statement, the balance “Cash and cash equivalents” comprises balances with a maturity of less than three months from the date of acquisition, where "Cash", "Cash and deposits at Central Banks" and "Loans and advances to credit institutions" are included.

P. Offsetting

Financial assets and liabilities are offset and recognised at their net book value when: i) the Bank has a legal right to offset the amounts recognised and transactions can be settled at their net value; and, ii) the Bank intends to settle on a net basis or realize the asset and settle the liability simultaneously. Considering the current operations of the Bank, no compensation of material amount is made. In case of reclassification of comparative amounts, the provisions of IAS 1.41 are disclosed: i) the nature of the reclassification; ii) the amount of each item (or class of items) reclassified; and, iii) the reason for the reclassification.

Q. Foreign currency transactions

Transactions in foreign currencies are converted 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 converted into the respective functional currency of the operation at the foreign exchange rate on the reporting date. Foreign exchange differences arising from conversion are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are converted into the respective functional currency of the operation 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 converted into the respective functional currency of the operation at the foreign exchange rate on the date that the fair value was determined against profit and loss, except for financial assets at fair value through other comprehensive income, for which the difference is recognised against equity.

R. Employee benefits

R1. Defined benefit plans

The Bank has the responsibility to pay its employees' retirement pensions, invalidity pensions and survivor's pensions for their death, in accordance with the terms of the two collective labour agreements approved. These benefits are provided for in the pension plans ‘Plano ACT’ and ‘Plano ACTQ’ of the Banco Comercial Português Group Pension Fund.

Following the publication of Decree-Law no. 54/2009, of 2 March, banking entities are obligatorily enrolling new employees in the General Social Security System (RGSS). These employees have the RGSS as their basic retirement scheme, and do not have any benefits under the ACT (base plan). Under the scope of its management and human resources, the Bank had already adopted as a rule the inclusion of new employees in the RGSS since July 2005. However, until the transposition into the ACT of the alterations resulting from the referred Decree-Law no. 54/2009, all employees were covered by the provisions of the social security chapter of the ACT, and for employees who were already registered with the RGSS, the ACT benefit worked as a complement to the RGSS. As of 1 July 2009, in accordance with the ACT, all new employees only have the RGSS as their basic social security scheme.

Until 2011, in addition to the benefits provided for in the two plans above-mentioned, the Bank had assumed the responsibility, if certain conditions of profitability were verified in each year, of assigning retirement supplements to the Bank's employees hired up to 21 September 2006 (Complementary Plan). The Bank, at the end of 2012, determined the extinction (cut) of the old-age benefit of the Complementary Plan. On 14 December 2012, Instituto de Seguros de Portugal (ISP) formally approved this change to the Bank's benefit plan, effective from 1 January 2012. The plan was cut, and employees were given individual acquired rights. On that date, the Bank also proceeded to the settlement of the respective liability.

From 1 January 2011, Bank employees were integrated in the General Social Security Scheme which now covers their maternity, paternity, adoption and pension benefits. However, the banks remain liable for benefits that concern illness, disability and life insurance (Decree-Law no. 1-A/2011, of 3 January).

The contributory rate is 26.6% divided between 23.6% supported by the employer and 3% supported by the employee, replacing the Banking Social Healthcare System which was extinguished by the decree law referred above. As a consequence of this amendment the capability to receive pensions by the actual employees are covered by the General Social Security Scheme regime, considering the service period between 1 January 2011 and the retirement age. The banks support the remaining difference for the total pension assured in the Collective Labour Agreement (ACT).

This integration has led to a decrease in the present value of the total benefits reported to the retirement age to be borne by the Pension Fund, and this effect is to be recorded in accordance with the Projected Unit Credit during the average lifetime of the pension until the normal retirement age is reached. The calculation of the liability for pensions carried out periodically by the actuary considers this effect and is calculated considering the actuarial assumptions in force, ensuring that the liabilities calculated as at 31 December 2010, not considering the effect of the integration of bank employees into the General Social Security Scheme are fully covered and deducted from the amount of the effect recognised until the date. The component of this effect for the year is recognised under the heading "Current service costs".

Following the approval by the Government of the Decree-Law no. 127/2011, which was published on 31 December, an agreement was established between the Government, the Portuguese Banking Association and the Banking Labour Unions in order to transfer, to the Social Security, the liabilities related to pensions currently being paid to pensioners and retirees, as at 31 December 2011.

This agreement established that the responsibilities to be transferred related to the pensions in payment as at 31 December 2011 at fixed amounts (discount rate 0%) in the component established in the IRCT - Instrument of Collective Regulation of Work of the retirees and pensioners. The responsibilities related to the increase in pensions as well as any other complements namely, contributions to the Health System (SAMS), death benefit and death before retirement benefit continued to be under the responsibility of the Financial Institutions.

At the end of December 2016, a revision of the ACT was reached between the BCP Group and four unions from the two union federations of the unions that represent the Group's employees, which introduced changes in the Social Security clause and consequently in the pension plan financed by the BCP Group Pension Fund. The new ACT was published by the Ministry of Labour in the Bulletin of Labour and Employment on 15 February 2017 and the effects were recorded in the financial statements of 31 December 2016, for employees associated with these four unions.

The negotiation with Sindicato dos Bancários do Norte (SBN), which was also involved in the negotiations of the new ACT, was concluded in April 2017 with the publication of the Bulletin of Labour and Employment, with the effects of this new ACT recorded in the financial statements as at 31 December 2017, for SBN associate employees.

The most relevant changes in the ACT were the change in the retirement age (presumed disability) from 65 years to 66 years and two months in 2016 and the subsequent update of an additional month in each year, which cannot, in any case, be higher than the one in force at any moment in the General Regime of Social Security, the change in the formula for determining the employer's contribution to SAMS and, lastly, the introduction of a new benefit called the End of Career Premium, which replaces the Seniority Premium.

These changes were framed by the Bank as a change to the pension plan under the terms of IAS 19, as such had an impact on the present value of the liabilities with services rendered and were recognised in the income statement for the year under "Staff costs".

In 2017, after the authorization of the Autoridade de Supervisão de Seguros e Fundos de Pensões (ASF - Portuguese Insurance and Pension Funds Supervision Authority), the BCP Group's pension fund agreement was amended. The main purpose of the process was to incorporate into the pension fund the changes introduced in the Group's ACT in terms of retirement benefits, as well as to transfer to the pension fund the responsibilities that were directly chargeable to the company (extra-fund liabilities). The pension fund has a part exclusively for the financing of these liabilities which, in the scope of the fund, is called Additional Complement. The End of Career Premium also became the responsibility of the pension fund under the basic pension plan.

The Bank’s net obligation in respect of pension plans (defined benefit pensions plan) is calculated on a half year basis at 31 December and 30 June of each year, and whenever there are significant market fluctuations or significant specific events, such as changes in the plan, curtailments or settlements since the last estimation. The responsibilities with past service are calculated using the Projected Unit Credit method and actuarial assumptions considered adequate.

Pension liabilities are calculated by the responsible actuary, who is certified by the ASF.

The Bank’s net obligation in respect of defined benefit pension plans and other benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted in order to determine its present value, using a discount rate determined by reference to interest rates of high quality corporate bonds that have maturity dates approximating the terms of the Bank’s obligations. The net obligations are determined after the deduction of the fair value of the Pension Plan's assets.

The income/cost of interest with the pension plan is calculated by the Bank, multiplying the net asset/liability with retirement pension (liabilities less the fair value of the plan's assets) by the discount rate used in the determination of the retirement pension liabilities. On this basis, the income/cost net of interest includes the interest costs associated with retirement pension liabilities and the expected return of the plan's assets, both measured based on the discount rate used to calculate the liabilities.

Gains and losses from the re-measurement, namely (i) actuarial gains and losses resulting from differences between actuarial assumptions used and the amounts actually observed (experienced gains and losses) and changes in actuarial assumptions and (ii) gains and losses arising from the difference between the expected return of the plan's assets and the amounts obtained, are recognised against equity under "Other comprehensive income".

The Bank recognises in its income statement a net total amount that comprises (i) the current service cost, (ii) the income/cost net of interest with the pension plan, (iii) the effect of early retirement, (iv) past service costs and, (v) the effects of any settlement or curtailment occurred during the period. The net income/cost with the pension plan is recognised as interest and similar income or interest and similar expense depending on their nature. The costs of early retirements correspond to the increase in liabilities due to the employee's retirement before reaching the age of retirement.

Employee benefits, other than pension plans, namely post-retirement health care benefits and benefits for the spouse and descendants for death before retirement are also included in the benefit plan calculation.

The contributions to the funds are made annually by each company of the Group, according to a specific contribution plan that ensures the solvency of the fund. In the end of each year, according to Banco de Portugal Notice no. 12/2001, the minimum level required for the responsibilities funding must be 100% regarding pension payments and 95% regarding past services of active employees.

R2. Revision of the salary tables for employees in service and pensions in payment

In 2024, negotiations continued with all the unions subscribing to the Bank's Collective Labour Agreements, for the conclusion of the full review of the respective clauses, negotiations which are still ongoing.

At the same time, it was agreed with all unions that subscribed the Bank's Collective Labor Agreements, with the exception of “SIB – Sindicato Independente da Banca” the review of the salary tables and remaining pecuniary clauses relating to the year 2024, having been agreed an increase of 3.00% for salary tables and other pecuniary clauses relating to the year 2024, and an increase of 5.88% for the daily lunch allowance, which increase from EUR 12.75 to EUR 13.50 per day. This review was agreed with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” on September 18, 2024, with the agreement with the unions: “SBN – Sindicato dos Trabalhadores do Setor Financeiro de Portugal”, “SBC - Sindicato Nacional dos Trabalhadores da Banca, Seguros e Tecnologias” and “Sindicato da Banca, Seguros e Tecnologias - MAIS SINDICATO”, obtained on January 2, 2025, within the scope of the mediation process taking place at Government Labour Minister Department “DGERT – Direção-Geral do Emprego e das Relações de Trabalho”, and according with the proposal presented by this entity on December 23, 2024 to the parties under mediation. Within the scope of this process, an increase of 2.50% for salary tables and other pecuniary clauses relating to the year 2025 was also agreed with these three Unions.

Negotiations are also taking place with the “SIB – Sindicato Independente da Banca” for the review of salary tables and other pecuniary expression clauses relating to the years 2024 and 2025, as well as negotiations with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” for the 2025 review.

R3. Defined contribution plan

For the defined contribution plans, the responsibilities related to the benefits attributed to the Bank's employees are recognised as expenses when incurred.

As at 31 December 2024, the Bank has two defined contribution plans. One plan covers employees who were hired before 1 July 2009. For this plan, called non-contributory, Bank's contributions will be made annually and equal to 1% of the annual remuneration paid to covered employees in the previous year. Contributions shall only be made if the following requirements are met: (i) the Bank's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português. As in the year 2024 the indicated requirements were fulfilled a provision for the annual contribution, which was carried out in May 2025, was recorded in the 2024 costs.

The other plan covers employees who have been hired after 1 July 2009. For this plan, designated contributory, monthly contributions will be made equal to 1.5% of the monthly remuneration received by employees in the current month, by the Bank and by the employees. This contribution has a mandatory character and is defined in the Collective Labour Agreement of the BCP Group and does not have a performance criterion.

R4. Variable remuneration paid to employees

In the remuneration policy for employees in force, it is foreseen an annual variable remuneration system for employees not covered by commercial incentive systems, based on the performance assessment of each employee, in accordance with quantitative and qualitative criteria, that is carried out annually. As a result of this assessment and of the annual fixed remuneration of reference for the role performed, and provided that the Bank's minimum level of performance, as measured by a set of quantitative indicators, is met, the amount of the variable remuneration to be attributed to each employee is determined.

The Executive Committee is responsible, under the terms defined in the remuneration policy, for setting the respective allocation criteria for each employee, whenever it is attributed. The variable remuneration attributed to employees is recorded against the income statement in the period to which it relates.

R5. Share-based compensation plan

As at 31 December 2024, a variable compensation plan with BCP shares is in force for the members of the Executive Committee and for the employees considered Key Function Holders (includes Key Management Members), resulting from the Remuneration Policies for the members of the management and supervisory bodies and for the Employees, both approved for the financial year of 2023 and following years, with the changes that may be approved in each financial year, namely by the General Shareholders' Meeting regarding the Remuneration Policy for the members of the management and supervisory bodies, and by the Board of Directors regarding the Remuneration Policy for Employees.

Key Function Holders include Key Management Members, which are the first line directors who report directly to the Board of Directors and the remaining employees whose professional activities have a significant impact on the Bank's risk profile.

As defined in the Remuneration Policy for the members of the management and supervisory bodies, an annual variable remuneration system is foreseen, for which an assessment of the performance of each member of the Executive Committee is carried out on an annual basis based on quantitative and qualitative criteria. According to this assessment and the annual fixed remuneration, and provided that the Bank's minimum level of performance as measured by a set of quantitative indicators is met, the amount of the variable remuneration to be attributed to each member of the Executive Committee is decided by the Remuneration and Welfare Board. The payment of the amount of the variable remuneration attributed is subject to a deferral period of 5 years for 50% of its value, being 50% of its value paid in the year following the financial year in question. For the members with variable remuneration awarded greater than two thirds of the fixed annual remuneration earned in the financial year in question, 60% of the amount must be deferred. The amounts related to the non-deferred and deferred portion are paid 50% in cash and 50% in BCP shares. The number of BCP shares attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy.

The Remuneration Policy for Employees foresees an annual variable remuneration system for Employees not covered by Commercial Incentives Systems, based on the performance assessment of each employee, in accordance with quantitative and qualitative criteria, that is carried out annually. As a result of this assessment and the fixed reference remuneration for the function performed, and provided that the Bank's minimum level of performance in a set of quantitative indicators is met, the value of the variable remuneration to be attributed to each Employee is decided by the Executive Committee. For Employees considered as Key Function Holders (KFH), the payment of the amount of the variable remuneration to be attributed to each Employee is decided by the Nominations and Remunerations Committee, and its payment subject to a deferral period of 5 years for 40% of its value, with 60% of its value paid in the year following the financial year in question. For the KFH with variable remuneration awarded greater than two thirds of the fixed annual remuneration earned in the financial year in question, 60% of the amount must be deferred. The amounts related to the non-deferred and deferred portion are paid 50% in cash and 50% in BCP shares. The number of BCP shares attributed and to be attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy. As provided for in the Remuneration Policy for Employees, if the amount of the annual variable remuneration awarded to a Key Function Holder is less than EUR 50,000 and does not represent more than one third of the total annual remuneration of the Key Function Holder the payment of the annual variable remuneration will be 100% in cash and there will be no deferral.

Employees considered as Key Function Holders are not covered by Commercial Incentives Systems.

For the remaining Employees not covered by Commercial Incentive Systems, the payment of the variable remuneration amount awarded is fully paid in cash in the following year to which it relates.

As foreseen in the approved Remuneration Policy and in the applicable legislation, the amounts of variable remuneration attributed to the members of the Executive Committee and to the Employees Key Function Holders are subject to reduction and reversal mechanisms, to be applied in case of verification of extremely significant events, duly identified, in which the people covered have had a direct participation.

For the members of the Executive Committee and to the Employees considered as Key Function Holders (KFH), a long-term variable remuneration (LTVR) system is also foreseen, through which these members may receive variable remuneration fully paid in BCP shares after the end of the assessment period, from 1 January 2022 until 31 December 2025 (from 1 January 2023 until 31 December 2025 to the Employees Key Function Holders), provided that a certain level of performance is achieved in a set of long-term objectives. The amount of the long-term variable remuneration attributed is subject to a deferral period of 5 years for 50% of its value, being 50% of its value paid in the year following the assessment period to which it relates. If the LTVR of each member of the Executive Committee or KFH, equal to or greater than two thirds of the annual fixed remunerations due in the LTVR valuation period, the deferred amount will correspond to 60%. The number of BCP shares attributed results from their valuation at a price defined in accordance with the approved Remuneration Policy.

All the shares attributed to the members of the Executive Committee and to the Key Function Holders, within the scope of the payment of variable remuneration, including long-term, are subject to a retention period of 1 year after their payment.

The total variable remuneration to be attributed, each year, to each member of the Executive Committee and to the Key Function Holders, regarding the proportion between its amount and the annual fixed remuneration, is limited to the limits provided in the respective Remuneration Policy.

As foreseen in the approved Remuneration Policy and in the applicable legislation, the amounts of variable remuneration attributed to the members of the Executive Committee and to the Employees Key Function Holders are subject to reduction and reversal mechanisms, to be applied in case of verification of extremely significant events, duly identified, in which the people covered have had a direct participation.

S. Income taxes

The Bank is subject, in individual terms, to the regime established by the Corporate Income Tax Code (CIRC), the Special Regime applicable to Deferred Tax Assets approved by Law no. 61/2014 of 26 August, to which it adhered, and individual legislation. Additionally, deferred taxes relating to tax losses and to temporary differences between the accounting net income and the net income accepted by the Tax Authorities for Income Taxes calculation are accounted for, whenever there is a reasonable probability that these taxes will be paid or recovered in the future.

Income tax recorded in net income for the year comprises current and deferred tax effects. Income tax is recognised in the income statement, except when related to items recognised directly in equity, which implies its recognition in equity. Deferred taxes arising from the revaluation of financial assets at fair value through other comprehensive income and cash flow hedging derivatives are recognised in shareholders' equity and are recognised after in the income statement at the moment the profit and loss that originated the deferred taxes are recognised.

Current tax is the value that determines the taxable income for the year, using tax rates enacted or substantively enacted by authorities at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the liability method based on the balance sheet, considering temporary differences, between the carrying amounts of assets and liabilities and the amounts used for taxation purposes using the tax rates approved or substantially approved at balance sheet date and that is expected to be applied when the temporary difference is reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for non-deductible goodwill for tax purposes, differences arising from initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that probably they will not reverse in the foreseeable future.

The item "Deferred tax assets" includes amounts associated with credit impairments not accepted for tax purposes whose credits have been written-off, according to the expectation that the use of such impairments will be deductible for the purposes of determining taxable income for the tax periods in which the legal conditions required for their tax deductibility are met.

Deferred tax assets are recognised when it is probable that there will be future taxable profits that absorb the deductible temporary differences for tax purposes (including reportable tax losses).

The Bank, as established in IAS 12, paragraph 74, compensates the deferred tax assets and liabilities if, and only if: (i) it has a legally enforceable right to offset current tax assets and current tax liabilities; and, (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes released by the same Tax Authority on the same taxable entity.

The Bank complies with the guidelines of IFRIC 23 – Uncertainty over Income Tax Treatments on the determination of taxable profit, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the income tax treatment, not having occurred any material impact on the Bank's financial statements resulting from its application.

In 2016, the Bank adhered to the Special Tax Regime for Groups of Companies (RETGS) for the purposes of corporate income (IRC) taxation, with BCP being the dominant entity. In the financial years of 2024 and 2023, RETGS application was maintained. The bank's taxable profit is calculated by the algebraic sum of taxable profits and individual tax losses of the companies that integrate it. Income tax is calculated and recorded, at an individual level, in each of the companies that make up the RETGS as if the regime were not applicable. The effect of the offset between taxable profits and tax losses is, as a general rule, reflected in the companies that generated such losses, except when there is no recent history of calculating taxable profits, in which case this effect is reflected at the level of the parent company.

T. Segmental reporting

The Bank adopted IFRS 8 – Operating Segments for the purpose of disclosing financial information by operating and geographic segments. A business segment is a Bank's component: (i) which develops business activities that can obtain revenues or expenses; (ii) whose operating results are regularly reviewed by the management with the aim of taking decisions about allocating resources to the segment and assess its performance; and, (iii) for which separate financial information is available.

Since the separate financial statements are presented with the Group's report, in accordance with paragraph 4 of IFRS 8, the Bank is exempt of presenting information on an individual basis regarding segmental reporting.

U. Provisions, Contingent liabilities and Contingent assets

U1. Provisions

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain responsibilities); (ii) it is probable that a payment will be required to settle; and, (iii) a reliable estimation can be made of the amount of the obligation.

Additionally, when fundamental reorganizations occur that have a material effect on the nature and focus of the company's operations, and the criteria for recognition of provisions referred to above are met, provisions are recognised for restructuring costs.

The measurement of provisions considers the principles set in IAS 37 regarding the best estimate of the expected cost, the most likely result of current actions and considering the risks and uncertainties inherent to the process result. On the cases that the discount effect is material, provision corresponds to the actual value of the expected future payments, discounted at a rate that considers the associated risk of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the best estimate, being reverted through profit and loss in the proportion of the payments that are not probable.

Provisions are derecognised through their use in the obligations for which they were initially created, or in the case that these obligations cease to exist.

U2. Contingent assets

Contingent assets are not recognised in the financial statements and are disclosed when a future economic inflow of resources is probable.

U3. Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being framed under IAS 37 whenever the possibility of an outflow of resources regarding economic benefits are not remote. The Bank records a contingent liability when:

i) it is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the Bank; or,
ii) it is a present obligation that arises from past events but is not recognised because:
   a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
   b) the amount of the obligation cannot be measured with sufficient reliability.

The contingent liabilities identified are subject to disclosure, unless the possibility of an outflow of resources incorporating economic benefits is remote.

V. Earnings per share

Basic earnings per share are calculated by dividing net income attributable to shareholders of the Bank by the weighted average number of ordinary shares outstanding, excluding the average number of ordinary shares purchased by the Bank and held as treasury shares.

For the diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares. Potential or contingent share issues are treated as dilutive when their conversion to shares would decrease net earnings per share. If the earnings per share are changed because of an issue with premium or discount or other event that changed the potential number of ordinary shares or because of changes in the accounting policies, the earnings per share for all presented periods should be adjusted retrospectively.

W. Insurance or reinsurance intermediation services

Banco Comercial Português is an entity authorized by the Insurance and Pension Funds Supervisory Authority (ASF - Autoridade de Supervisão de Seguros e Fundos de Pensões) for the practice of the activity of insurance mediation, in the category of tied Insurance Intermediary, in accordance with article 8(a)(i) of Decree-Law no. 144/2006, of 31 July, developing the activity of insurance intermediation in the life and non-life branches.

Within the scope of insurance mediation services, the Bank sell insurance contracts. As remuneration for the services provided of insurance mediation, they receive commissions for the mediation of insurance contracts and investment contracts, which are defined in agreements/protocols established with the Insurers.

Commissions received by insurance mediation services are recognised in accordance with the accrual principle, so that commissions received at a time other than the period to which it relates are recorded as receivables under "Other assets". Commissions received for insurance mediation services are recognised in accordance with the policy described in note I.

X. Accounting estimates and judgments in applying accounting policies

IFRS set forth a range of accounting treatments that require the Board of Directors, under advice of the Executive Committee, to apply judgments and to make estimations when deciding which treatment is the most appropriate. These estimates were made considering the best information available at the date of preparation of the consolidated financial statements, considering the context of uncertainty that results from the current economic scope and the geopolitical conflict in Eastern Europe. The most significant of these accounting estimates and judgments used when applying accounting principles are discussed in this section to improve understanding of how they affect the Bank’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, under advice of the Executive Committee, the Bank’s reported results would differ if a different treatment was chosen. The Executive Committee believes that the choices made are appropriate and that the financial statements present the Bank’s financial position and results fairly in all material relevant 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 estimations would be more appropriate.

X1. Income taxes

Interpretations and estimations were required to determine the total amount of income taxes on profits. There are many transactions and calculations for which the tax determination is uncertain during the ordinary course of business. Different interpretations and estimations could result in a different level of income taxes, current and deferred, recognised in the year.

This aspect assumes greater relevance for the purposes of the analysis of the recoverability of deferred taxes, in which the Bank considers forecasts of future taxable income based on a set of assumptions, including the estimate of income before tax, adjustments to taxable income, evolution of tax legislation and its interpretation. Thus, the recoverability of deferred tax assets depends on the implementation of the Bank's Board of Directors strategy, namely the ability to generate the estimated taxable income, the evolution of tax law and its interpretation.

The Law No. 98/2019, of 4 September established the tax regime for credit impairments and provisions for guarantees for tax periods beginning on or after 1 January 2019, providing for approximation between the accounting and tax rules for the purposes of deductibility of expenses with the reinforcement of credit impairments. The rules in force until 2018 could continue to be applied until the end of the 2023 financial year, unless the option to apply the new regime was exercised in advance.

In 2022, the Bank exercised the option to apply the new regime, under the terms of which the impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis recognised in accordance with the applicable accounting standards and regulations are fully deductible for the purposes of determining taxable profit, with the exceptions provided for in the Corporate Income Tax Code. The exceptions apply to impairment losses relating to credits and other rights over natural or legal persons who hold, directly or indirectly, more than 10 % of the Bank's capital, over members of its corporate bodies, over companies in which the Bank holds, directly or indirectly, more than 10 % of the capital or over entities with which it is in a situation of special relations.

The Impairment losses and other value corrections for specific credit risk recorded until 31 December 2021 and still not accepted for tax purposes are only deductible up to the amount that, in each tax period, corresponds to the application of the mandatory minimum limits set out in Notice of Banco de Portugal No. 3/95, as amended before its repeal by Notice of Banco de Portugal No. 5/2015, and, between other conditions, provided that they are not credits covered by real estate rights.

Following the amendments provided for in Law No. 24-D/2022, of 30 December, within the scope of the State Budget for 2023, the time limit applicable to the carrying forward of tax losses in Portugal was eliminated. This amendment applies to tax losses calculated in tax periods beginning on or after 1 January 2023, as well as to tax losses calculated in tax periods prior to 1 January 2023 and whose deduction period is still in progress on that date. Thus, tax losses calculated in 2014 and subsequent years may be deducted from future taxable income. The deduction limit for tax losses went from 70% to 65%, being increased by ten percentage points when the difference results from the deduction of tax losses calculated in the 2020 and 2021 tax periods, under the terms of the special regime provided for in Law n. 27-A/2020, of 24 July.

In the forecasts of future taxable income, namely for purposes of the analysis of the recoverability of deferred taxes assets carried out with reference to 31 December 2023, the approximation between the accounting and tax rules provided for in the aforementioned Law n.º 98/2019, of 4 September, taking into account the option for applying the new regime exercised in 2022, as well as the changes in terms of the elimination of the time limit on the use of tax losses provided for in said Law no. 24-D/2022, of 30 December.

The taxable profit or tax loss calculated by the Bank can be corrected by the Portuguese tax administration within a period of four years, except in the case of any tax losses deduction has been made or tax credit has been used, in which the expiry period is the exercise of that right. The Bank recorded provisions, current tax liabilities or deferred taxes liabilities in the amount it considers appropriate to cover tax corrections or tax losses incurred, as well as contingencies relating to years not yet reviewed by the tax authorities.

X2. Valuation of real estate recorded in Non-current assets held for sale and in Others assets

The valuation of these assets, and consequently the impairment losses, is supported by evaluations carried out by external experts, which incorporate several assumptions, namely the selling price per square meter, discount rate, better use of the real estate and expectations regarding the development of real estate projects, as applicable, and also considers the Bank's historical experience in the commercialization of real estate, its perspectives on the evolution of the real estate market and the intentions of the management body regarding the commercialization of these assets. The assumptions used in the valuations of these assets have an impact on their valuation and consequently on the determination of impairment.

X3. Pension and other employees' benefits

Determining pension liabilities requires the use of assumptions and estimations, including the use of actuarial forecasts, estimated returns on investment, and other factors, such as discount rate, pensions and salary growth rates, mortality tables, that could impact the cost and liability of the pension plan.

The discount rate used to update the Bank's pension fund liabilities, regarding the defined benefit pension plans of its employees and managers, was determined based on an analysis carried out on a set of available information, which includes, among other elements, the market references for this indicator published by internationally recognised specialized entities and which are based, as defined by IAS 19, on market yields of a universe of high quality bond issues (low risk), different maturities, called in euro and relating to a diverse and representative range of issuers (non-sovereign).

X4. Financial instruments – IFRS 9

X4.1. Classification and measurement

The classification and measurement of financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows to determine if they correspond only to payments of principal and interest on the outstanding capital) and the testing of the business model.

The Bank determines the business model at a level that reflects how financial asset groups are managed together to achieve a specific business objective. This evaluation requires judgment, since the following aspects, among others, must be considered: the way in which the performance of assets is evaluated; the risks that affect the performance of the assets and the way these risks are managed; and how asset managers are rewarded.

The Bank monitors the financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised prior to their maturity to understand the underlying reasons for their disposal and to determine whether they are consistent with the purpose of the business model defined for these assets. This monitoring is part of a process of continuous evaluation by the Bank of the business model of the financial assets that remain in the portfolio, to determine if it is adequate and, if it is not, if there was a change in the business model and, consequently, a prospective classification change of these financial assets.

X4.2. Impairment losses on financial assets at amortised cost and debt instruments at fair value through other comprehensive income

The determination of impairment losses on financial instruments involves judgments and estimations regarding, among others, the following:

Significant increase in credit risk:

Impairment losses correspond to the expected losses on a 12-month for the assets in Stage 1 and the expected losses considering the probability of a default event occurring at some point up to the maturity date of the instrument financial assets for assets in Stages 2 and 3. An asset is classified in 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 qualitative and quantitative information, reasonable and sustainable.

In order to comply with the supervisors' guidelines, namely regarding to the identification and measuring credit risk in the current context of uncertainty, largely associated with the worsening of the international geopolitical context, the constraints in several relevant European economies (political instability, public budgetary pressures and lower growth) and the existence of higher interest rate levels (albeit in an process of adjustment), the Bank proceeded to record additional impairments in relation to the current models of collective impairment calculation (overlays).

The exercise carried out was based on an analysis of migrations from customers identified as having the highest risk for Stage 2 and Stage 3, with the greatest impact on the corporate segment.

Definition of groups of assets with common credit risk characteristics:

When expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of credit risk characteristics on a regular basis to assess whether it maintains its similarity. This procedure is necessary to ensure that, in the event of a change in the credit risk characteristics, the asset segmentation is reviewed. This review may result in the creation of new portfolios or in transferring assets to existing portfolios that better reflect their credit risk characteristics.

Definition of the number and relative weight of prospective information for each type of product/market and determination of relevant prospective information:

In estimating expected credit losses, the Bank uses reasonable and sustainable forecasting information that is based on assumptions about the future evolution of different economic drivers and how each of the drivers impacts the remaining drivers.

Probability of default:

The probability of default represents a determining factor in the measurement of expected credit losses and corresponds to an estimation of the probability of default in each period, which is calculated based on historical data, assumptions and expectations about future conditions.

Loss given default:

It corresponds to a loss estimation in a default scenario. It is based on the difference between the contractual cash flows and those that the Bank expects to receive, through the cash flows generated by the customers' business or credit collaterals. The estimation of loss given default is based on, among other aspects, the different recovery scenarios, historical information, the costs involved in the recovery process and the estimation of the valuation of collaterals associated with credit operations.

X4.3. Fair value of financial instruments

Fair value is determined based on market quotations when available. In their absence, it is determined using prices of recent transactions for similar instruments carried out under market conditions or through valuation methodologies supported by discounted cash flow techniques, taking into consideration factors such as market conditions, the time value, the yield curve, and volatility. When these methodologies involve the use of significant unobservable inputs or assumptions, the instruments are classified as Level 3 in the fair value hierarchy, in accordance with applicable accounting standards (IFRS 13). The use of different methodologies, assumptions, or judgments may result in outcomes that differ from those reported.

In market environments characterized by higher macroeconomic uncertainty, the Bank may, among other measures, reallocate risk limits and review both stress scenarios and the calculation of fair value adjustments.

X5. Impairment of investments in subsidiaries and associates

The Bank assesses annually the recoverable amount of investments in subsidiaries and associates, regardless of the existence of any impairment triggers. Impairment losses are calculated based on the difference between the recoverable amount of the investments in subsidiaries and associates and their book value. Impairment losses identified are recognised against profit and loss, being subsequently reversed by profit and loss if there is a reduction in the estimated impairment loss in a subsequent period.

The recoverable amount is determined based on the highest between the value in use of the assets and the fair value deducted of selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks, which require the use of assumptions or judgments in establishing fair value estimates.

The use of alternative methodologies and different assumptions and estimates could result in a different level of impairment losses recognised, with the consequent impact on the Bank's consolidated income statement.

Y. Subsequent events

The Bank analyses events occurred after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date the financial statements were authorized for issue. In this context, two types of events can be identified:

i) those that provide evidence of conditions that existed at the balance sheet date (events after the balance sheet date that give rise to adjustments); and,
ii) those that are indicative of the conditions that arose after the balance sheet date (events after the balance sheet date that do not give rise to adjustments).

Events occurred after the date of the financial statements that are not considered as adjustable events, if significant, are disclosed in the notes to the financial statements.

2. Net interest income

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Interest and similar income		
Interest on deposits at Central Banks and on loans and advances to credit institutions repayable on demand	46,896	51,563
Interest on financial assets at amortised cost		
Loans and advances to credit institutions	28,468	20,295
Loans and advances to customers	1,516,906	1,651,364
Debt instruments	280,763	229,246
Interest on financial assets at fair value through profit or loss		
Financial assets held for trading	56,980	30,884
Financial assets not held for trading mandatorily at fair value through profit or loss	1,491	2,462
Financial assets designated at fair value through profit or loss	947	452
Interest on financial assets at fair value through other comprehensive income	162,808	63,784
Interest on hedging derivatives	184,350	104,523
Interest on other assets	21,257	16,744
	2,300,866	2,171,317
Interest and similar expense		
Interest on financial liabilities at amortised cost		
Deposits from credit institutions and other funds	(68,040)	(55,524)
Deposits from customers and other funds	(431,273)	(159,872)
Non-subordinated debt securities issued	(72,336)	(52,643)
Subordinated debt	(53,473)	(52,796)
Interest on financial liabilities at fair value through profit or loss		
Financial liabilities held for trading		
Derivatives	(45,775)	(32,522)
Financial liabilities designated at fair value through profit or loss		
Deposits from customers and other funds	(19,201)	(8,582)
Non-subordinated debt securities issued	(374)	(631)
Interest on hedging derivatives	(325,848)	(388,260)
Interest on leasing	(9,240)	(8,520)
Interest on other liabilities	(278)	(791)
	(1,025,838)	(760,141)
	1,275,028	1,411,176

The balance Interest and similar income - Interest on financial assets at amortised cost - Loans and advances to customers includes the amount of EUR 58,198,000 (2023: EUR 50,653,000) related to commissions and other gains accounted for under the effective interest method, as referred in the accounting policy described in note 1.B3. This balance also includes the amount of EUR 24,614,000 (2023: EUR 41,263,000) related to interest income arising from customers classified in stage 3.

The balances Interest and similar income and Interest and similar expense include the following amounts related to hedge breakages: Interest on financial assets at amortised cost - Loans and advances to customers: negative interest of EUR 331,032,000 (2023: negative interest EUR 32,558,000), Interest on financial assets at amortised cost - Debt securities: positive interest of EUR 63,121,000 (2023: positive interest EUR 63,964,000), Interest on financial assets at fair value through other comprehensive income: positive interest of EUR 5,934,000 (2023: positive interest EUR 10,837,000), Interest on financial liabilities at amortised cost - Deposits from customers and other funds, positive interests of EUR 1,628,000 (2023: EUR 0).

The increase recorded in Interest on financial assets at fair value through other comprehensive income reflects, on the one hand, the increase in the balance of the securities portfolio, namely the public debt portfolio and, on the other, the effect of the rise in interest rates.

The evolution of Interest on Deposits from customers and other funds, compared to the 2023 financial year, was mainly influenced by the increases in interest rates in the last year, but also, although less significantly, by the increase in the balance of interest-bearing deposits in that period.

The balance Interest and similar expense - Interest on non-subordinated debt securities issued and Interest on subordinated debt include the amount of EUR 1,702,000 and EUR 815,000, respectively (2023: EUR 979,000 and EUR 712,000, respectively) related to commissions and other costs accounted for under the effective interest method, as referred in the accounting policy described in note 1.B3.

The balance Interest and similar expense - Interest on leasing refers to the interest cost related to the leasing liabilities recognised under IFRS 16, as referred in accounting policy described 1.H.

3. Dividends from equity instruments

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Dividends from financial assets through other comprehensive income	550	1,136
Dividends from subsidiaries and associates	96,039	74,986
	96,589	76,122

The balance Dividends from financial assets through other comprehensive income includes dividends from shares of Tiicc, Sarl and Octal Group, Ltd. in the amount of EUR 269,000 and EUR 174,000, respectively (2023: EUR 615,000 and EUR 412,000 of Tiicc, Sarl, and Octal Group, Ltd., respectively). This balance also includes income from investment fund units received during the year.

The balance Dividends from subsidiaries and associates includes the following amounts relating to the distribution of dividends:

(Thousands of euros)

	2024	2023
Banque BCP, S.A.S.	1,878	3,771
BCP África, S.G.P.S., Lda.	2,221	57,926
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	1,552	1,876
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	40,369	—
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	7,788	11,406
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	5	7
BCP International, BV	42,226	—
	96,039	74,986

4. Net fees and commissions income

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Fees and commissions received		
From guarantees granted	41,339	43,693
From commitments to third parties	5,231	5,245
Banking services provided	292,544	304,143
Bancassurance	108,502	83,174
Management and intervention commissions	24,448	23,381
Securities operations	46,683	40,047
Management and maintenance of accounts	142,477	141,974
Other commissions	3,586	3,829
	664,810	645,486
Fees and commissions paid		
From guarantees received	(6,204)	(8,919)
Banking services provided by third parties	(77,974)	(82,355)
Securities operations	(8,021)	(7,015)
Other commissions	(11,535)	(9,863)
	(103,734)	(108,152)
	561,076	537,334

5. Gains / (losses) on financial operations

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Gains/(losses) on financial operations at fair value through profit or loss		
Gains/(losses) on financial assets held for trading	161,887	161,945
Gains/(losses) on financial assets not held for trading mandatorily at fair value through profit or loss	1,756	(18,246)
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss	(217,883)	(176,077)
	(54,240)	(32,378)
Foreign exchange gains/(losses)	47,553	21,245
Gains/(losses) on hedge accounting	6,738	19,716
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss	23,669	(7,165)
	23,720	1,418

The balance Gains/(losses) on financial operations at fair value through profit or loss is comprised of:

(Thousands of euros)

	2024	2023
Gains /(losses) on financial assets held for trading		
Gains		
Debt securities portfolio	12,245	7,772
Equity instruments	6,252	4,166
Derivative financial instruments	634,201	297,410
Other operations	1,201	1,375
	653,899	310,723
Losses		
Debt securities portfolio	(5,459)	(4,694)
Equity instruments	(1,586)	(371)
Derivative financial instruments	(484,869)	(143,305)
Other operations	(98)	(408)
	(492,012)	(148,778)
	161,887	161,945
Gains /(losses) on financial assets not held for trading mandatorily at fair value through profit or loss		
Gains		
Debt securities portfolio	29,035	47,352
Equity instruments	15,205	9,346
	44,240	56,698
Losses		
Debt securities portfolio	(27,198)	(56,237)
Equity instruments	(15,286)	(18,707)
	(42,484)	(74,944)
	1,756	(18,246)
Gains/(losses) on financial assets and liabilities designated at fair value through profit or loss		
Gains		
Debt securities portfolio	359	207
Deposits from customers and other funds	42,684	6,193
Debt securities issued		
Certificates and structured securities issued	66,533	66,658
Other debt securities issued	39	188
	109,615	73,246
Losses		
Debt securities portfolio	(477)	—
Deposits from customers and other funds	(42,999)	(11,464)
Debt securities issued		
Certificates and structured securities issued	(275,037)	(224,547)
Other debt securities issued	(8,985)	(13,312)
	(327,498)	(249,323)
	(217,883)	(176,077)
	(54,240)	(32,378)

In the balances Gains /(losses) on financial assets and liabilities designated at fair value through profit or loss - Gains/ (Losses) - Certificates and structured securities issued are recorded the valuations and devaluations of certificates issued by the Bank. These liabilities are covered by futures, which valuation and devaluation are recorded in Gains / (losses) on financial assets held for trading - Profit/(Losses) - Derivative financial instruments and foreign exchange transactions recorded under the balances “Foreign exchange gains/(losses)” shown in the table below.

The balances Foreign exchange gains/(losses), Gains/(losses) on hedge accounting and Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss, are presented as follows:

(Thousands of euros)

	2024	2023
Foreign exchange gains/(losses)		
Gains	59,683	65,857
Losses	(12,130)	(44,612)
	47,553	21,245
Gains/(losses) on hedge accounting		
Gains		
Hedging derivatives	485,093	191,470
Hedged items	372,370	196,888
	857,463	388,358
Losses		
Hedging derivatives	(427,323)	(215,194)
Hedged items	(423,402)	(153,448)
	(850,725)	(368,642)
	6,738	19,716
Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss		
Gains		
Credit sales	38,290	9,827
Debt securities portfolio at amortised cost	—	1,070
Debt securities portfolio at fair value through other comprehensive income	6,188	1,795
Others	1,616	6,495
	46,094	19,187
Losses		
Credit sales	(5,234)	(14,608)
Debt securities portfolio at amortised cost	(7,073)	—
Debt securities portfolio at fair value through other comprehensive income	(8,231)	(11,723)
Others	(1,887)	(21)
	(22,425)	(26,352)
	23,669	(7,165)

The main contributions to the balance Gains/(losses) on hedge accounting were a loss of EUR 6,056,000 (2023: gain of EUR 10,889,000), a gain of EUR 5,137,000 (2023: gain of EUR 477,000) and a gain of EUR 3,673,000 (2023: gain of EUR 8,713,000) relating to the deposits portfolio hedge and the non-subordinated and subordinated issues portfolio hedge, respectively.

Regarding the sale of financial assets at fair value through other comprehensive income subject to hedge accounting, the balance Gains/(losses) arising from derecognition of financial assets and liabilities not measured at fair value through profit or loss - Debt securities portfolio at fair value through other comprehensive income, includes a net gain of EUR 1,615,000 (2023: net gain of EUR 853,000), which is offset in the balance Gains/(losses) on hedge accounting.

6. Other operating income / (expenses)

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Operating income		
Income from services	25,273	24,377
Cheques and others	5,651	6,590
Gains on leasing operations	8,022	3,783
Rents	970	1,312
Other operating income	21,016	19,278
	60,932	55,340
Operating expenses		
Taxes	(7,190)	(7,579)
Donations and contributions	(3,649)	(3,405)
Contribution on the Banking Sector	(32,571)	(44,387)
Contribution to the Resolution Fund	(6,406)	(9,402)
Contribution to the Single Resolution Fund	—	(17,679)
Contributions to the Deposit Guarantee Fund	(229)	(513)
Losses on financial leasing operations	(50)	(25)
Other operating costs	(24,572)	(16,801)
	(74,667)	(99,791)
	(13,735)	(44,451)

The contribution on the Banking Sector is estimated according to the terms of the Decree-Law no. 55-A/2010. The determination of the amount payable is based on: (i) the annual average liabilities deducted by core capital (Tier 1) and supplementary capital (Tier 2) and deposits covered by the Deposit Guarantee Fund, and (ii) notional amount of derivatives.

The balance Contribution to the Resolution Fund corresponds to the periodic contributions that must be paid to the Portuguese Fund, as stipulated in Decree-Law N.º 24/2013. The periodic contributions are determined by a base rate, established by the Banco de Portugal through regulatory instruments, to be applied in each year and which may be adjusted to the credit institution's risk profile on the basis of the objective incidence of those contributions. The period contributions affect the liabilities of the credit institutions members of the Fund, as per the article 10 of the referred Decree-Law, deducted from the liability elements that are part of the core capital and supplementary and from the deposits covered by the Deposit Guarantee Fund.

The balance Contribution to the Single Resolution Fund ('SRF') corresponds to the Bank's annual ex-ante contribution to support the application of resolution measures at EU level. The SRF has been established by Regulation (EU) Nº 806/2014 (the "SRM Regulation"). The SRF is financed from ex-ante contributions paid annually at individual level by all credit institutions within the Banking Union. Contributions to the SRF take into account the annual target level as well as the size and the risk profile of institutions.

In calculating the ex-ante contributions, the SRF applies the methodology as set out in the Commission Delegated Regulation (EU) 2015/63 and European Parliament and of the Council Regulation (EU) 806/2014. The annual contribution to the Fund is based on the institution's liabilities excluding own funds and covered deposits considering adjustments due to derivatives and intra group liabilities and on a risk factor adjustment that depends on the risk profile of the institution.

In accordance with Article 67 (4) of SRM Regulation and in accordance with the Intergovernmental Agreement on the transfer and mutualisation of contributions to the SRF, the ex-ante contributions are collected by national resolution authorities and transferred to the SRF by 30 June of each year.

In 2024, no contribution was made to the Single Resolution Fund attributable to the Bank according to information from the SRB – Single Resolution Board of 15 February 2024, which states that the financial means available in the Single Resolution Fund as at 31 December 2023 have already reached the target level of at least 1% of covered deposits held by the Member States participating in the Single Resolution Mechanism, as established in Article 69 (1) of Regulation (EU) No. 806/2014.

In 2023, the total value of the contribution to the Single Resolution Fund attributable to the Bank amounted to EUR 22,811,000. The Bank delivered the amount of EUR 17,679,000 and chose to constitute an irrevocable commitment in the amount of EUR 5,132,000,under the terms set out in Decree-Law no. 24/2013, of 19 February. As a guarantee of the assumption of the irrevocable payment commitment made in the year with the Single Resolution Fund, a deposit was set up for this purpose, in the amount of EUR 5,132,000, which is fully secured and accounted for in Other assets - Deposit account applications (note 28).

In 2024 and 2023, the accumulated irrevocable payment commitments constituted in the amount of EUR 30,638,000, are accounted for in off-balance sheet items (note 40), and are fully collateralized by assets recorded in Other assets - Deposit account applications (note 28).

The total value of the contribution to the Deposit Guarantee Fund attributable to the Bank amounted to EUR 210,000 (2023: EUR 494,000), with the Bank delivering the entire annual contribution to the Deposit Guarantee Fund.

Up to and including 2011, inclusive, under the terms set out in Banco de Portugal Notice No. 11/94, the Bank could choose to deliver part of the contribution to the Deposit Guarantee Fund and the other part to constitute an irrevocable payment commitment. As a guarantee of the assumption of irrevocable payment commitments assumed until 2012 with the Deposit Guarantee Fund, a security pledge has been created for this purpose, in the amount of EUR 49,398,000 (2023: EUR 98,875,000). Additionally, in 2024 the Bank made a payment of EUR 47,195,000 to the Deposit Guarantee Fund, with accumulated irrevocable payment commitments amounting to EUR 47,195,000 (2023: EUR 94,390,000) being recorded in the off-balance sheet items (note 40).

7. Staff costs

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Remunerations	293,088	277,783
Mandatory social security charges		
Post-employment benefits (note 45)		
Service cost	(9,501)	(9,376)
Net interest cost / (income) in the liability coverage balance	(5,982)	(16,628)
Cost with early retirement programs	10,478	7,043
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	–	(9)
	(5,005)	(18,970)
Other mandatory social security charges	75,607	72,380
	70,602	53,410
Voluntary social security charges	10,179	11,174
Other staff costs	3,326	(404)
	377,195	341,963

In 2024, the Bank paid severance payments in the amount of 4,379,000 (2023: EUR 3,683,000), of which the highest amounted to EUR 381,000 (2023: EUR 565,000).

In 2023, the balance Remunerations included the amount of EUR 9,450,000 related to the extraordinary distribution of profits to Bank's employees, as described in note 49. In 2024 there was no extraordinary distribution of profits to employees.

The average number of employees by professional category, at service in the Bank, is analysed as follows by category:

	2024	2023
Top Management	852	852
Intermediary Management	1,418	1,396
Specific/Technical functions	2,791	2,803
Other functions	948	975
	6,009	6,026

Remunerations

In compliance with the provisions of Article 47 of Banco de Portugal Notice no. 3/2020, quantitative information is disclosed regarding the remuneration paid to different categories of members of governing bodies and categories of employees provided for in Article 115 C no. 2 of the RGICS, as well as the information provided for in Article 450 g) to i) of Regulation (EU) 2019/876 of the European Parliament and of the Council.

A. BCP Board of Directors

The fixed remuneration and social charges paid to members of the Board of Directors are analysed as follows:

(Thousands of euros)

	Board of Directors			
	Executive Committee		Non-executive directors	
	2024	2023	2024	2023
Fixed remuneration	3,214	3,064	2,023	2,057
Variable remuneration				
Pecuniary	692	461	—	—
Shares	856	460	—	—
Deferred	1,037	534	—	—
Supplementary retirement pension	668	635	222	144
Post-employment benefits	(16)	(14)	—	—
Other mandatory social security charges	802	763	455	491
	7,253	5,903	2,700	2,692
Number of beneficiaries	6	6	10	11

Considering that the remuneration of members of the Executive Committee and Directors, with an exclusivity contract, intends to compensate the functions that are performed in the Bank and in all other functions performed in subsidiaries or governing bodies for which they have been designated by indication or in representation of the Bank, in the latter case, the net amount of the remuneration annually received will be deducted from the fixed annual remuneration attributed by the Bank, ensuring that the amount actually paid corresponds to the amount approved by the Remuneration and Welfare Board.

In 2024, it was assigned variable remuneration in accordance with the Remuneration Policies for the members of the management and supervisory bodies and for employees, approved for 2023, as described in accounting policies 1 R4 and 1 R5.

In 2024, the variable remuneration attributed was EUR 1,384,000 in cash, of which EUR 692,000 are deferred for 5 years, and 4,684,579 shares corresponding to EUR 2,769,000, of which 2,342,290 shares are deferred for 5 years.

In 2024, the deferred variable remuneration paid refers to the years 2022, 2021, 2020, 2019 and 2018, of which EUR 224,000 in cash and 2,225,180 BCP shares in the amount of EUR 813,000.

In 2023, it was assigned variable remuneration in accordance with the remuneration policies for the members of the management and supervisory bodies and for employees, approved for 2022, as described in accounting policies 1 R4 and 1 R5.

In 2023, the variable remuneration attributed was EUR 923,000 in cash, of which EUR 463,000 are deferred for 5 years, and 4,136,539 shares corresponding to EUR 1,846,000, of which 2,068,268 shares are deferred for 5 years.

In 2023, the deferred variable remuneration paid refers to the years 2021, 2020, 2019 and 2018, of which EUR 131,000 in cash and 1,811,526 BCP shares in the amount of EUR 403,000.

In 2024 and 2023, no severance payments were paid to members of the Board of Directors.

B. *Key Function Holders (KFH)*

In 2024, the remunerations and social security charges supported with the Bank's Key Function Holders are, by segment, as follows:

(Thousands of euros)

	2024				
	Key Function Holder (KFH)				
	Retail	Corporate	Control Functions	Others	Total
Fixed remuneration	1,253	2,456	2,982	5,350	12,041
Variable remuneration					
Pecuniary	173	195	528	916	1,812
Shares	134	153	70	506	863
Deferred	62	72	37	251	422
Post-employment benefits	(82)	(55)	(140)	(221)	(498)
Other mandatory social security charges	313	534	756	1,345	2,948
	1,853	3,355	4,233	8,147	17,588
Number of beneficiaries	8	13	33	39	93

Arising from the application of the Remuneration Policies for Employees, approved for the financial year 2023, as described in accounting policies 1 R4 and 1 R5, in 2024, the 93 Key Function Holders (KFH) were awarded with variable remuneration, in the amount of EUR 487,000 in cash and 1,798,447 shares deferred for 5 years.

In 2024, deferred variable remunerations were paid to KFH deferred from 2022, 2021, 2020 and 2019, corresponding in cash to EUR 164,000 and shares in the amount of EUR 258,000.

In 2024, severance payments were paid to 5 KFH in the amount of EUR 915,000, of which the highest payment was EUR: 381,000 and end-of-career bonuses in the amount of EUR: 83,000.

In 2023, the remunerations and social security charges supported with the Bank's Key Function Holders are, by segment, as follows:

(Thousands of euros)

	2023				
	Key Function Holder (KFH)				
	Retail	Corporate	Control Functions	Others	Total
Fixed remuneration	1,391	2,387	2,838	5,098	11,714
Variable remuneration					
Pecuniary	287	335	475	1,028	2,125
Shares	98	119	166	369	752
Deferred	42	36	19	125	222
Post-employment benefits	(72)	(39)	(146)	(234)	(491)
Other mandatory social security charges	368	504	708	1,283	2,863
	2,114	3,342	4,060	7,669	17,185
Number of beneficiaries	10	13	31	38	92

Arising from the application of the Remuneration Policies for Employees, approved for the financial year 2022, as described in accounting policies 1 R4 and 1 R5, in 2023, the 92 Key Function Holders were awarded with variable remuneration, in the amount of EUR 337,000 in cash and 1,494,050 shares deferred for 5 years, as well as 229 participation units from AF Portfólio Imobiliário Fund deferred for 3 years.

In 2023, deferred variable remunerations were paid to KFH deferred from 2021, 2020 and 2019, corresponding in cash to EUR 102,000 and shares in the amount of EUR 120,000.

In 2023, severance payments were paid to 5 KFH in the amount of EUR 267,000, of which the highest payment was EUR 110.000 and end-of-career bonuses in the amount of EUR 35,000.

Remunerations paid and social charges supported with the Bank's KFH, broken down by key management elements and staff members whose professional activities have a significant impact on the Bank's risk profile, are the following:

(Thousands of euros)

	Key Function Holder (KFH)					
	Key management personnel		Other KFH		Total	
	2024	2023	2024	2023	2024	2023
Fixed remuneration	7,887	7,785	4,155	3,929	12,042	11,714
Variable remuneration						
Pecuniary	1,128	1,497	682	628	1,810	2,125
Shares	863	538	—	214	863	752
Deferred	415	217	7	5	422	222
Post-employment benefits	(296)	(265)	(200)	(226)	(496)	(491)
Other mandatory social security charges	1,979	1,944	968	919	2,947	2,863
	11,976	11,716	5,612	5,469	17,588	17,185
Number of beneficiaries	53	54	40	38	93	92

In 2024, the Key management personnel were awarded with deferred variable remuneration in the amount of EUR 487,000 and 1,798,447 shares deferred for 5 years.

In 2024 deferred variable remunerations from 2022, 2021, 2020 and 2019 years were paid in cash to Key management members, in the amount of EUR 161,000, as well as BCP shares and participation units from AF Portfólio Imobiliário Fund corresponding to EUR 254,000. Regarding the other KFH, were paid EUR 3,000 in cash deferred from 2019, BCP shares and participation units from AF Portfólio Imobiliário Fund, from the years 2019, corresponding to EUR 4,000.

In 2023, the Key management personnel were awarded with deferred variable remuneration in the amount of EUR 337,000 and 1,494,050 shares deferred for 5 years, as well as 229 participation units from AF Portfólio Imobiliário Fund deferred for 3 years.

In 2023 deferred variable remunerations from 2021, 2020 and 2019 years were paid in cash to Key management personnels, in the amount of EUR 99,000, as well as BCP shares and participation units from AF Portfólio Imobiliário Fund corresponding to EUR 118,000. Regarding the other KFH, were paid EUR 2,000 in cash deferred from 2019, BCP shares and participation units from AF Portfólio Imobiliário Fund, from the years 2019, corresponding to EUR 3,000.

In accordance with regulation (EU) 11º 575/2013, Article 450 (1)(i), in 2024 the Bank has 3 employees on the Board of Directors with remuneration between EUR 1 million and EUR 1.5 million (2023: 1 employee).

8. Other administrative costs

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Outsourcing and independent labour	81,336	79,536
Rents and leases	10,823	9,054
Other specialised services	24,310	18,289
Communications	9,229	7,598
Information technology services	20,702	19,055
Maintenance and related services	10,574	9,360
Water, electricity and fuel	4,439	5,748
Advertising	7,007	6,774
Advisory services	10,692	9,576
Transportation	8,150	7,809
Legal expenses	4,454	3,736
Travel, hotel and representation costs	3,035	2,673
Insurance	2,310	2,428
Consumables	2,144	1,881
Credit cards and mortgage	1,132	1,093
Training costs	1,720	1,294
Other supplies and services	7,946	6,757
	210,003	192,661

The balance Rents and leases includes the amount of EUR 11,000 (2023: EUR 34,000) related to short-term lease contracts and the amount of EUR 1,636,000 (2023: EUR 1,808,000) related to lease contracts of low value assets, as described in the accounting policy 1.H.

The balance Other specialised services includes fees for services rendered by the Statutory Auditor of the Bank currently in functions and by companies in its network as part of its statutory audit functions, as well as other services, is analysed as follows:

(Thousands of euros)

	2024	2023
Auditing services		
Statutory audit services	1,655	2,398
Other assurance services	1,028	832
Other services	728	698
	3,411	3,928

KPMG was appointed as the Bank's auditor at the General Meeting of 22 May 2024.

In addition to the above amounts, between January and May 2024, fees were recorded for Deloitte for services provided in the amount of EUR 882,000, including EUR 256,000 of audit services.

9. Amortisations and depreciations

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Intangible assets amortisations (note 26):		
Software	22,356	22,970
Other tangible assets depreciations (note 25):		
Real estate	6,880	7,091
Equipment		
Computers	7,442	6,911
Security equipment	673	651
Indoor facilities	2,234	2,140
Machinery	387	429
Furniture	1,032	1,286
Vehicles	1,782	1,660
Other equipment	8	8
Right-of-use		
Real estate	31,817	31,031
	52,255	51,207
	74,611	74,177

10. Impairment of financial assets at amortised cost

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Loans and advances to credit institutions (note 18):		
Charge for the year	10	11
Reversals for the year	(89)	(653)
	(79)	(642)
Loans and advances to customers (note 19):		
Charge for the year	167,542	210,668
Reversals for the year	(3,351)	(2,742)
Recoveries of loans and interest charged-off	(53,358)	(10,532)
	110,833	197,394
Debt securities (note 20)		
Associated to credit operations		
Charge for the year	1,691	3,991
Reversals for the year	(3,099)	–
	(1,408)	3,991
Not associated to credit operations		
Charge for the year	6,379	3,971
Reversals for the year	(184)	–
	6,195	3,971
	4,787	7,962
	115,541	204,714

11. Impairment of financial assets at fair value through other comprehensive income

The detail of these balances is comprised of:

(Thousands of euros)

	2024	2023
Impairment of financial assets at fair value through other comprehensive income (note 21)		
Charge for the year	2,980	2,417
Reversals for the year	—	(1,319)
	2,980	1,098

12. Impairment of other assets

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Impairment of investments in associates (note 23)		
Charge for the year	5,434	58,933
Reversals for the year	(34,778)	(25,993)
	(29,344)	32,940
Impairment of non-current assets held for sale (note 24)		
Charge for the year	15,638	8,227
Reversals for the year	—	(69)
	15,638	8,158
Impairment of other assets (note 28)		
Charge for the year	13,208	12,002
Reversals for the year	(333)	(677)
	12,875	11,325
Impairment of real estate and other assets arising from recovered loans (note 28)		
Charge for the year	10,522	9,025
Reversals for the year	(16)	—
	10,506	9,025
	9,675	61,448

13. Other provisions

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Provision for guarantees and other commitments (note 35)		
Charge for the year	141	12,364
Reversals for the year	(4,798)	(1,236)
	(4,657)	11,128
Other provisions for liabilities and charges (note 35)		
Charge for the year	65,211	100,289
Reversals for the year	(8)	(7)
	65,203	100,282
	60,546	111,410

14. Gains / (losses) on disposal of subsidiaries and other assets

The amount of this account is comprised of:

(Thousands of euros)

	2024	2023
Gains / (losses) on disposal of subsidiaries	(42,505)	(2,852)
Gains / (losses) on disposal of other assets	17,312	5,724
	(25,193)	2,872

The balance Gains /(Losses) on disposal of other assets essentially includes the result deducted from intermediation costs from the sale of assets held by the Bank and classified as non-current assets held for sale and as other assets, which corresponds to a gain EUR 17,552,000 (2023: gain of EUR 7,232,000).

15. Earnings per share

The earnings per share are calculated as follows:

(Thousands of euros)

	2024	2023
Net income / (loss) for the year	802,567	680,276
Interests of the perpetual subordinated bonds (Additional Tier 1)	(33,625)	(37,000)
Adjusted net income	768,942	643,276
Average number of shares	15,113,989,952	15,113,989,952
Basic earnings per share (Euros)	0.051	0.043
Diluted earnings per share (Euros)	0.051	0.043

The Bank's share capital, as at 31 December 2024, amounts to EUR 3,000,000,000 (2023: EUR 3,000,000,000) and is represented by 15,113,989,952 nominative book-entry shares without nominal value, fully subscribed and paid up.

There were not identified another dilution effects of the earnings per share as at 31 December 2024 e 2023.

16. Cash and deposits at Central banks

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Cash	349,514	415,873
Central Banks	643,820	1,293,359
	993,334	1,709,232

The balance Central Banks includes deposits at Central Banks of the countries where the Bank operates to satisfy the legal requirements to maintain a cash reserve calculated based on the value of deposits and other effective liabilities. According to the European Central Bank System for Euro Zone, the cash reserve requirements establishes the maintenance of a deposit with the Central Bank equivalent to 1% of the average value of deposits and other liabilities, during each reserve requirement period. The rate is different for countries outside the Euro Zone.

According to the instruction 14/2021, the Circular Letter of the Banco de Portugal and the Legal Framework of the Financial System, approved by Decree-Law No. 32/93/M, of 5 July, of the Monetary Authority of Macao (AMCM), as at 31 December 2024, the minimum cash reserves amounts to EUR 536,011,000 (31 December 2023: EUR 507,448,000).

17. Loans and advances to credit institutions repayable on demand

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Credit institutions in Portugal	3,301	642
Credit institutions abroad	38,824	82,537
Amounts due for collection	76,383	72,615
	118,508	155,794

The balance Amounts due for collection represents essentially cheques due for collection on other financial institutions. These balances are settled in the first days of the following month.

18. Loans and advances to credit institutions

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Loans and advances to credit institutions in Portugal		
Term applications to collateralise CIRS and IRS operations (*)	8,640	33,330
Other	3,930	13,694
	12,570	47,024
Loans and advances to credit institutions abroad		
Very short-term deposits	99,486	—
Term deposits	203,620	278,044
Term deposits to collateralise CIRS and IRS operations (*)	4,990	21,580
Other	14,256	23,921
	322,352	323,545
	334,922	370,569
Impairment for loans and advances to credit institutions	(81)	(160)
	334,841	370,409

(*) Under the scope of derivative financial instruments operations (IRS and CIRS) with institutional counterparties, and as defined in the respective contracts ("Cash collateral"). These deposits are held by the counterparties and are given as collateral of the referred operations (IRS and CIRS), whose revaluation is negative for the Bank.

This balance analysed by the period to maturity, before impairment, is as follows:

(Thousands of euros)

	2024	2023
Up to 3 months	240,338	164,988
3 to 6 months	60,602	—
6 to 12 months	30,588	200,501
1 to 5 years	—	5,080
Over 5 years	3,394	—
	334,922	370,569

The changes occurred in impairment for other loans and advances to credit institutions are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	160	802
Charge for the year (note 10)	10	11
Reversals for the year (note 10)	(89)	(653)
Balance at the end of the year	81	160

19. Loans and advances to customers

The analysis of loans and advances to customers, by type of credit, is as follows:

(Thousands of euros)

	2024	2023
Discounted bills	135,264	144,894
Current account credits	800,299	818,909
Overdrafts	248,093	205,389
Loans	9,857,880	10,612,383
Mortgage loans	20,476,192	19,474,531
Factoring operations	1,880,686	2,334,416
Finance leases	2,500,375	2,466,302
	35,898,789	36,056,824
Overdue loans - less than 90 days	19,549	20,194
Overdue loans - Over 90 days	181,824	205,264
	36,100,162	36,282,282
Loans impairment	(858,342)	(972,137)
	35,241,820	35,310,145

The balance Loans and advances to customers, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	509,002	—	509,002	(259)	508,743
Asset-backed loans	22,087,612	39,762	22,127,374	(309,003)	21,818,371
Other guaranteed loans	3,800,635	64,492	3,865,127	(168,880)	3,696,247
Unsecured loans	2,867,344	47,868	2,915,212	(258,984)	2,656,228
Foreign loans	2,253,135	2,222	2,255,357	(16,220)	2,239,137
Factoring operations	1,880,686	28,450	1,909,136	(57,318)	1,851,818
Finance leases	2,500,375	18,579	2,518,954	(47,678)	2,471,276
	35,898,789	201,373	36,100,162	(858,342)	35,241,820

The balances Asset-backed loans and Other guaranteed loans follow the subsequent types of guarantees considered:

- Asset-backed loans: Financial collaterals, physical collaterals (movable or immovable) and amounts receivable (income consignment);
- Other guaranteed loans: First-demand guarantees issued by banks or other entities and personal guarantees.

The balance Loans and advances to customers, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023				
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount
Public sector	524,585	—	524,585	(1,118)	523,467
Asset-backed loans	21,679,146	51,331	21,730,477	(381,275)	21,349,202
Other guaranteed loans	4,357,649	54,325	4,411,974	(162,103)	4,249,871
Unsecured loans	2,623,402	74,746	2,698,148	(248,536)	2,449,612
Foreign loans	2,071,324	13,767	2,085,091	(51,812)	2,033,279
Factoring operations	2,334,416	13,281	2,347,697	(52,187)	2,295,510
Finance leases	2,466,302	18,008	2,484,310	(75,106)	2,409,204
	36,056,824	225,458	36,282,282	(972,137)	35,310,145

The balances Asset-backed loans and Other guaranteed loans follow the subsequent types of guarantees considered:

- Asset-backed loans: Financial collaterals, physical collaterals (movable or immovable) and amounts receivable (income consignment);
- Other guaranteed loans: First-demand guarantees issued by banks or other entities and personal guarantees.

The balance Loans and advances to customers includes the amount of EUR 10,932,203,000 (31 December 2023: EUR 10,875,965,000) regarding mortgage loans assigned to the cover pool backing the Bank's covered bond programme issuances.

The Bank, as part of the liquidity risk management, holds a pool of eligible assets that can serve as collateral in funding operations with the European Central Bank , which include loans and advances to customers.

As referred in note 46, the Bank provides loans to qualifying shareholders holding individually or together with their affiliates, 5% or more of the share capital identified in note 37.

The Bank granted credit to qualifying shareholders and entities controlled by them, in the amount of EUR 113,026,000 (31 December 2023: EUR 112,006,000), as referred in note 46 A). The amount of impairment recognised for these contracts amounts to EUR 2,834,000 (31 December 2023: EUR 1,481,000).

The conclusion of business between the Company and holders of qualifying holdings or individuals or legal entities related to them in accordance with the provisions of article 33.º, n.º 3 of Notice 3/2020 of Banco de Portugal, regardless of the amount, is always subject of consideration and deliberation by the Board of Directors, after obtaining a prior opinion from the Audit Committee, and by proposal of the Executive Committee, which in turn deliberates under proposal from the Credit Committee, after obtaining an analysis and opinion from the Compliance Office, which pronounces regarding the compliance of the proposed operations with internal regulations, legal and regulatory provisions and other conditions that may apply to them, and the Risk Office, which evaluates and issues an opinion on the risks inherent to the operation.

The analysis of the maturing component of financial lease contracts, by type of customer, is presented as follows:

(Thousands of euros)

	2024	2023
Individuals		
Home	31,334	36,528
Consumption	23,337	24,344
Others	69,574	71,583
	124,245	132,455
Companies		
Equipment	524,389	497,728
Real estate	1,851,741	1,836,119
	2,376,130	2,333,847
	2,500,375	2,466,302

The analysis of loans and advances to customers, as at 31 December 2024, by sector of activity, is as follows:

(Thousands of euros)

	2024					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	366,542	7,628	374,170	(13,524)	360,646	1.04%
Fisheries	13,034	58	13,092	(922)	12,170	0.04%
Mining	28,217	2,589	30,806	(3,195)	27,611	0.09%
Food, beverage and tobacco	573,145	7,774	580,919	(30,257)	550,662	1.61%
Textiles	330,226	12,759	342,985	(32,432)	310,553	0.95%
Wood and cork	140,290	4,579	144,869	(6,531)	138,338	0.40%
Paper, printing and publishing	97,869	2,095	99,964	(2,857)	97,107	0.28%
Chemicals	447,158	6,595	453,753	(26,452)	427,301	1.26%
Machinery, equipment and basic metallurgical	803,022	16,429	819,451	(34,622)	784,829	2.27%
Electricity and gas	224,331	170	224,501	(2,002)	222,499	0.62%
Water	135,548	356	135,904	(5,902)	130,002	0.38%
Construction	1,178,899	19,974	1,198,873	(90,022)	1,108,851	3.32%
Retail business	1,136,135	9,319	1,145,454	(26,849)	1,118,605	3.17%
Wholesale business	1,185,815	27,059	1,212,874	(41,476)	1,171,398	3.36%
Restaurants and hotels	1,226,834	5,918	1,232,752	(36,306)	1,196,446	3.41%
Transports	580,777	5,029	585,806	(15,378)	570,428	1.62%
Post offices	8,160	114	8,274	(319)	7,955	0.02%
Telecommunications	166,581	4,857	171,438	(10,960)	160,478	0.47%
Services						
Financial intermediation	1,286,638	91	1,286,729	(24,983)	1,261,746	3.56%
Real estate activities	1,909,356	9,798	1,919,154	(38,028)	1,881,126	5.32%
Consulting, scientific and technical activities	782,573	6,952	789,525	(161,831)	627,694	2.19%
Administrative and support services activities	356,495	2,006	358,501	(15,926)	342,575	0.99%
Public sector	308,684	—	308,684	(259)	308,425	0.86%
Education	82,186	250	82,436	(1,621)	80,815	0.23%
Health and collective service activities	336,464	1,687	338,151	(8,473)	329,678	0.94%
Artistic, sports and recreational activities	166,047	537	166,584	(5,741)	160,843	0.46%
Other services	91,937	1,530	93,467	(64,423)	29,044	0.26%
Consumer loans	2,188,532	35,341	2,223,873	(100,850)	2,123,023	6.16%
Mortgage credit	19,397,332	9,685	19,407,017	(48,060)	19,358,957	53.75%
Other domestic activities	1,251	191	1,442	(190)	1,252	0.00%
Other international activities	348,711	3	348,714	(7,951)	340,763	0.97%
	35,898,789	201,373	36,100,162	(858,342)	35,241,820	100.00%

The analysis of loans and advances to customers, as at 31 December 2023, by sector of activity, is as follows:

(Thousands of euros)

	2023					
	Outstanding loans	Overdue loans	Gross amount	Impairment	Net amount	% Gross amount
Agriculture and forestry	408,075	3,191	411,266	(11,390)	399,876	1.13%
Fisheries	15,939	3,237	19,176	(3,624)	15,552	0.05%
Mining	43,911	1,100	45,011	(5,745)	39,266	0.12%
Food, beverage and tobacco	564,609	4,730	569,339	(25,199)	544,140	1.57%
Textiles	395,444	10,867	406,311	(54,570)	351,741	1.12%
Wood and cork	151,513	1,987	153,500	(4,170)	149,330	0.42%
Paper, printing and publishing	98,473	568	99,041	(3,677)	95,364	0.27%
Chemicals	501,373	14,951	516,324	(28,841)	487,483	1.42%
Machinery, equipment and basic metallurgical	882,744	20,881	903,625	(52,850)	850,775	2.49%
Electricity and gas	218,099	11	218,110	(7,234)	210,876	0.60%
Water	159,088	361	159,449	(7,882)	151,567	0.44%
Construction	1,219,149	16,454	1,235,603	(71,572)	1,164,031	3.41%
Retail business	1,160,733	12,450	1,173,183	(29,659)	1,143,524	3.23%
Wholesale business	1,287,765	13,850	1,301,615	(59,796)	1,241,819	3.59%
Restaurants and hotels	1,307,213	9,789	1,317,002	(68,119)	1,248,883	3.63%
Transports	667,980	4,226	672,206	(14,778)	657,428	1.85%
Post offices	16,986	108	17,094	(298)	16,796	0.05%
Telecommunications	185,925	3,945	189,870	(5,214)	184,656	0.52%
Services						
Financial intermediation	1,415,796	59	1,415,855	(40,098)	1,375,757	3.90%
Real estate activities	1,790,512	13,072	1,803,584	(47,690)	1,755,894	4.97%
Consulting, scientific and technical activities	896,885	27,830	924,715	(153,414)	771,301	2.55%
Administrative and support services activities	366,831	2,882	369,713	(19,262)	350,451	1.02%
Public sector	389,599	—	389,599	(1,118)	388,481	1.07%
Education	87,302	630	87,932	(1,870)	86,062	0.24%
Health and collective service activities	310,949	1,245	312,194	(8,511)	303,683	0.86%
Artistic, sports and recreational activities	209,944	546	210,490	(31,906)	178,584	0.58%
Other services	105,602	1,003	106,605	(67,631)	38,974	0.29%
Consumer loans	2,035,291	35,984	2,071,275	(72,096)	1,999,179	5.71%
Mortgage credit	18,594,668	8,229	18,602,897	(52,180)	18,550,717	51.31%
Other domestic activities	1,254	197	1,451	(151)	1,300	0.00%
Other international activities	567,172	11,075	578,247	(21,592)	556,655	1.59%
	36,056,824	225,458	36,282,282	(972,137)	35,310,145	100.00%

The analysis of loans and advances to customers, by maturity and by sector of activity as at 31 December 2024 is as follows:

(Thousands of euros)

	2024						
	Outstanding loans						
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total	%
Agriculture and forestry	73,145	162,634	130,763	366,542	7,628	374,170	1.04%
Fisheries	3,295	6,434	3,305	13,034	58	13,092	0.04%
Mining	7,958	15,440	4,819	28,217	2,589	30,806	0.09%
Food, beverage and tobacco	263,885	237,052	72,208	573,145	7,774	580,919	1.61%
Textiles	130,980	153,626	45,620	330,226	12,759	342,985	0.95%
Wood and cork	50,351	56,555	33,384	140,290	4,579	144,869	0.40%
Paper, printing and publishing	31,155	45,994	20,720	97,869	2,095	99,964	0.28%
Chemicals	173,758	199,328	74,072	447,158	6,595	453,753	1.26%
Machinery, equipment and basic metallurgical	272,769	393,270	136,983	803,022	16,429	819,451	2.27%
Electricity and gas	52,071	46,887	125,373	224,331	170	224,501	0.62%
Water	14,643	56,232	64,673	135,548	356	135,904	0.38%
Construction	447,111	510,213	221,575	1,178,899	19,974	1,198,873	3.32%
Retail business	409,396	397,215	329,524	1,136,135	9,319	1,145,454	3.17%
Wholesale business	561,258	429,991	194,566	1,185,815	27,059	1,212,874	3.36%
Restaurants and hotels	71,574	325,022	830,238	1,226,834	5,918	1,232,752	3.41%
Transports	123,348	369,930	87,499	580,777	5,029	585,806	1.62%
Post offices	2,763	4,584	813	8,160	114	8,274	0.02%
Telecommunications	60,649	77,523	28,409	166,581	4,857	171,438	0.47%
Services							
Financial intermediation	193,905	352,020	740,713	1,286,638	91	1,286,729	3.56%
Real estate activities	385,560	794,261	729,535	1,909,356	9,798	1,919,154	5.32%
Consulting, scientific and technical activities	144,277	256,996	381,300	782,573	6,952	789,525	2.19%
Administrative and support services activities	99,583	171,372	85,540	356,495	2,006	358,501	0.99%
Public sector	21,651	271,735	15,298	308,684	—	308,684	0.86%
Education	23,831	27,343	31,012	82,186	250	82,436	0.23%
Health and collective service activities	102,093	104,050	130,321	336,464	1,687	338,151	0.94%
Artistic, sports and recreational activities	11,018	50,951	104,078	166,047	537	166,584	0.46%
Other services	35,551	30,724	25,662	91,937	1,530	93,467	0.26%
Consumer credit	674,716	797,607	716,209	2,188,532	35,341	2,223,873	6.16%
Mortgage credit	7,358	240,024	19,149,950	19,397,332	9,685	19,407,017	53.75%
Other domestic activities	237	507	507	1,251	191	1,442	0.00%
Other international activities	131,610	68,765	148,336	348,711	3	348,714	0.97%
	4,581,499	6,654,285	24,663,005	35,898,789	201,373	36,100,162	100.00%

The analysis of loans and advances to customers, by maturity and by sector of activity, as at 31 December 2023 is as follows:

(Thousands of euros)

	2023						
	Outstanding loans						
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total	%
Agriculture and forestry	89,946	170,984	147,145	408,075	3,191	411,266	1.13%
Fisheries	4,365	6,904	4,670	15,939	3,237	19,176	0.05%
Mining	8,064	30,004	5,843	43,911	1,100	45,011	0.12%
Food, beverage and tobacco	280,972	204,580	79,057	564,609	4,730	569,339	1.57%
Textiles	146,961	194,616	53,867	395,444	10,867	406,311	1.12%
Wood and cork	55,619	61,621	34,274	151,514	1,986	153,500	0.42%
Paper, printing and publishing	21,126	53,595	23,752	98,473	568	99,041	0.27%
Chemicals	176,866	235,780	88,727	501,373	14,951	516,324	1.42%
Machinery, equipment and basic metallurgical	284,397	442,327	156,020	882,744	20,881	903,625	2.49%
Electricity and gas	11,938	73,435	132,726	218,099	11	218,110	0.60%
Water	14,242	58,627	86,219	159,088	361	159,449	0.44%
Construction	451,679	452,847	314,622	1,219,148	16,455	1,235,603	3.41%
Retail business	465,665	447,377	247,691	1,160,733	12,450	1,173,183	3.23%
Wholesale business	591,788	508,804	187,173	1,287,765	13,850	1,301,615	3.59%
Restaurants and hotels	84,773	369,005	853,435	1,307,213	9,789	1,317,002	3.63%
Transports	138,213	436,206	93,561	667,980	4,226	672,206	1.85%
Post offices	11,249	4,474	1,263	16,986	108	17,094	0.05%
Telecommunications	57,333	101,760	26,832	185,925	3,945	189,870	0.52%
Services							
Financial intermediation intermediation	224,630	373,021	818,145	1,415,796	59	1,415,855	3.90%
Real estate activities	302,920	704,676	782,916	1,790,512	13,072	1,803,584	4.97%
Consulting, scientific and technical activities	153,454	313,058	430,373	896,885	27,830	924,715	2.55%
Administrative and support services activities	106,583	182,080	78,168	366,831	2,882	369,713	1.02%
Public sector	47,034	323,957	18,608	389,599	—	389,599	1.07%
Education	21,919	27,948	37,435	87,302	630	87,932	0.24%
Health and collective service activities	59,510	121,104	130,335	310,949	1,245	312,194	0.86%
Artistic, sports and recreational activities	9,199	51,550	149,195	209,944	546	210,490	0.58%
Other services	35,799	38,050	31,753	105,602	1,003	106,605	0.29%
Consumer credit	637,598	713,927	683,766	2,035,291	35,984	2,071,275	5.71%
Mortgage credit	10,278	226,062	18,358,328	18,594,668	8,229	18,602,897	51.31%
Other domestic activities	262	397	595	1,254	197	1,451	0.00%
Other international activities	365,823	49,870	151,479	567,172	11,075	578,247	1.59%
	4,870,205	6,978,646	24,207,973	36,056,824	225,458	36,282,282	100.00%

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Outstanding loans					
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total
Public sector	8,122	155,102	345,778	509,002	—	509,002
Asset-backed loans	949,242	1,768,576	19,369,794	22,087,612	39,762	22,127,374
Other guaranteed loans	770,073	2,526,500	504,062	3,800,635	64,492	3,865,127
Unsecured loans	868,282	993,445	1,005,617	2,867,344	47,868	2,915,212
Foreign loans	158,850	501,811	1,592,474	2,253,135	2,222	2,255,357
Factoring operations	1,761,396	119,290	—	1,880,686	28,450	1,909,136
Finance leases	65,534	589,561	1,845,280	2,500,375	18,579	2,518,954
	4,581,499	6,654,285	24,663,005	35,898,789	201,373	36,100,162

The analysis of loans and advances to customers, by type of credit and by maturity, as at 31 December 2023, is as follows:

(Thousands of euros)

	2023					
	Outstanding loans					
	Due within 1 year	1 year to 5 years	Over 5 years	Total Outstanding	Overdue loans	Total
Public sector	7,504	178,811	338,270	524,585	—	524,585
Asset-backed loans	785,172	1,742,201	19,151,773	21,679,146	51,331	21,730,477
Other guaranteed loans	788,307	2,947,446	621,896	4,357,649	54,325	4,411,974
Unsecured loans	825,245	983,785	814,372	2,623,402	74,746	2,698,148
Foreign loans	228,155	385,506	1,457,663	2,071,324	13,767	2,085,091
Factoring operations	2,189,572	144,844	—	2,334,416	13,281	2,347,697
Finance leases	46,250	596,053	1,823,999	2,466,302	18,008	2,484,310
	4,870,205	6,978,646	24,207,973	36,056,824	225,458	36,282,282

The balance credit portfolio split by stage according with IFRS 9, is analysed as follows:

(Thousands of euros)

	2024	2023
Stage 1		
Gross amount	30,139,240	29,688,753
Impairment	(156,148)	(164,574)
	29,983,092	29,524,179
Stage 2		
Gross amount	5,010,984	5,505,178
Impairment	(179,736)	(207,636)
	4,831,248	5,297,542
Stage 3		
Gross amount	949,938	1,088,351
Impairment	(522,458)	(599,927)
	427,480	488,424
Net amount	35,241,820	35,310,145

The exposure and impairment of the above table also includes the operations classified as POCI, as detailed in note 48.

The analysis of the exposure covered by collateral associated with loans and advances to customers' portfolio, by stage, according with IFRS 9, considering the fair value of collaterals, is as follows:

(Thousands of euros)

	2024	2023
Stage 1		
Securities and other financial assets	1,334,618	1,290,855
Residential real estate	18,487,237	17,333,817
Other real estate	2,996,327	2,704,773
Other guarantees	7,775,506	6,525,012
	30,593,688	27,854,457
Stage 2		
Securities and other financial assets	178,012	175,580
Residential real estate	2,437,033	2,371,000
Other real estate	832,351	1,127,321
Other guarantees	1,224,330	1,419,675
	4,671,726	5,093,576
Stage 3		
Securities and other financial assets	17,043	20,023
Residential real estate	312,339	265,617
Other real estate	160,997	318,318
Other guarantees	268,116	200,762
	758,495	804,720
	36,023,909	33,752,753

The balance Other guarantees include first-demand guarantees issued by the Bank and other entities, with an internal risk rating of 108 or better; personal guarantees, when the guarantors are classified with internal risk grade 108 or better. This balance also includes pledges, assets subject to financial leasing operations and personal guarantees, among others.

Considering the policy of risk management of the Bank (note 48), the amounts presented do not include the fair value of the personal guarantees provided by customers with lower risk rating. When considered, the fair value of the personal guarantees corresponds to the guaranteed amount.

The Bank is applying physical collaterals and financial guarantees as instruments to mitigate the credit risk. The physical collaterals are mainly mortgages on residential buildings for the mortgage portfolio and other mortgages on other types of buildings related to other types of loans. To reflect the market value, these collaterals are regularly reviewed based on independent and certified valuation entities or through the application of revaluation coefficients that reflect the market trends for each specific type of building and geographical area. The financial guarantees are reviewed based on the market value of the respective assets, when available, with the subsequent application of haircuts that reflect the volatility of their prices. Considering the current real estate and financial markets conditions, the Bank continued to negotiate additional physical and financial collaterals with its customers.

The loan to customers' portfolio includes contracts that resulted in a formal restructuring with the customers and which arise to the marking of operations as being restructured due to financial difficulties of customers. The restructuring may include in a reinforce of guarantees, liquidation of part of the credit and imply an extension of maturities or changes in interest rate.

The analysis of the restructured loans, by sector of activity, is as follows:

(Thousands of euros)

	2024			2023		
	Restructured loans	Impairment (*)	Net amount	Restructured loans	Impairment (*)	Net amount
Agriculture and forestry	8,619	(3,058)	5,561	19,158	(1,797)	17,361
Fisheries	518	(15)	503	3,347	(2,698)	649
Mining	2,421	(1,867)	554	5,886	(3,207)	2,679
Food, beverage and tobacco	5,272	(1,354)	3,918	8,431	(1,438)	6,993
Textiles	8,110	(2,293)	5,817	7,731	(1,934)	5,797
Wood and cork	3,688	(504)	3,184	3,525	(401)	3,124
Paper, printing and publishing	1,197	(917)	280	6,556	(1,863)	4,693
Chemicals	18,839	(7,785)	11,054	22,661	(6,587)	16,074
Machinery, equipment and basic metallurgical	14,973	(4,406)	10,567	32,938	(13,926)	19,012
Electricity and gas	22,806	(323)	22,483	367	(6)	361
Water	247	(34)	213	1,748	(934)	814
Construction	57,996	(45,425)	12,571	139,502	(26,883)	112,619
Retail business	9,544	(1,507)	8,037	16,618	(4,230)	12,388
Wholesale business	24,657	(5,887)	18,770	22,467	(5,118)	17,349
Restaurants and hotels	107,436	(4,186)	103,250	49,970	(14,353)	35,617
Transports	1,724	(471)	1,253	2,745	(857)	1,888
Post offices	39	(13)	26	63	(17)	46
Telecommunications	4,202	(2,219)	1,983	1,828	(385)	1,443
Services						
Financial intermediation	8,537	(275)	8,262	24,973	(2,410)	22,563
Real estate activities	39,207	(6,692)	32,515	62,058	(11,015)	51,043
Consulting, scientific and technical activities	160,336	(131,845)	28,491	191,360	(129,967)	61,393
Administrative and support services activities	26,324	(8,750)	17,574	28,470	(10,765)	17,705
Education	1,634	(75)	1,559	1,998	(187)	1,811
Health and collective service activities	7,182	(270)	6,912	9,108	(1,313)	7,795
Artistic, sports and recreational activities	7,745	(2,056)	5,689	38,702	(27,769)	10,933
Other services	7,690	(825)	6,865	7,419	(1,119)	6,300
Consumer credit	31,837	(9,130)	22,707	46,775	(13,618)	33,157
Mortgage credit	368,860	(16,096)	352,764	425,796	(18,914)	406,882
Other domestic activities	3	—	3	3	—	3
Other international activities	—	—	—	8	(4)	4
	951,643	(258,278)	693,365	1,182,211	(303,715)	878,496

(*) The impairment presented in the table does not include the amounts of impairment calculated using the overlays methodology described in point ii. of the section "Additional measures with impact on the Impairment level" of note 48.

The breakdown of the restructured loans as at 31 December 2024, by restructuring measure, is as follows:

(Thousands of euros)

	2024					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment (*)	Net amount
Extension of the repayment term	1,292	119,223	6,677	125,900	(16,037)	109,863
Introduction of the grace period for capital and / or interest	1,167	101,356	4,938	106,294	(52,710)	53,584
Interest rate reduction	1,082	108,941	1,254	110,195	(5,428)	104,767
Payment plan change	1,581	240,230	725	240,955	(133,452)	107,503
Debt relief	29	450	464	914	(725)	189
Debt-asset swaps	3	18	15	33	(12)	21
Other restructured loans	4,836	339,912	27,440	367,352	(49,914)	317,438
	9,990	910,130	41,513	951,643	(258,278)	693,365

The breakdown of the restructured loans as at 31 December 2023, by restructuring measure, is as follows:

(Thousands of euros)

	2023					
	Number of operations	Outstanding loans	Overdue loans	Gross amount	Impairment (*)	Net amount
Extension of the repayment term	2,130	125,959	5,149	131,108	(24,894)	106,214
Introduction of the grace period for capital and / or interest	1,593	185,352	3,443	188,795	(44,220)	144,575
Interest rate reduction	1,341	98,922	1,825	100,747	(7,289)	93,458
Payment plan change	2,074	272,307	565	272,872	(118,366)	154,506
Debt relief	82	22,151	1,301	23,452	(21,623)	1,829
Debt-asset swaps	2	—	17	17	(1)	16
Other restructured loans	5,826	400,260	64,960	465,220	(87,322)	377,898
	13,048	1,104,951	77,260	1,182,211	(303,715)	878,496

(*) The impairment presented in the tables does not include the amounts of impairment calculated using the overlays methodology described in point ii. of the section "Additional measures with impact on the Impairment level" of note 48.

The restructured loans are also subject to an impairment analysis resulting from the revaluation of expectation to meet new cash flows inherent to the new contract terms and considering new collaterals.

The Bank has implemented a process for marking operations restructured due to customers' financial difficulties. This marking is part of the credit analysis process, being in charge of the respective decision-making bodies, according to the corresponding competencies, established in the regulations in force.

The information on operations restructured due to financial difficulties is available in the Bank's information systems, having a relevant role in the processes of credit analysis, in the marking of customers in default and in the process of determining impairment. In particular:

- there are several default triggers related to restructuring due to financial difficulties (restructuring with loss of value, recidivism of restructuring, default on customers with restructured operations);

- in the process of individual impairment analysis, in addition to the existence of operations restructured due to financial difficulties, being a reason for customer selection, the loss inherent to the change in the conditions resulting from the restructuring is determined.

The demarcation of an operation marked as restructured due to financial difficulties, can only take place at least 2-years periods after the date of marking, provided that a set of conditions exist that allow to conclude by the improvement of the financial condition of the customer. In the case of credits marked as Non-Performing Exposure (NPE), this 2-year period will only start on the date of classification of the credit as performing.

The definition of Non-Performing Loans for more than 90 days (NPL> 90) incorporates total credit (past due plus outstanding) associated with past due operations for more than 90 days. The amount calculated is EUR 355,522,000 (31 December 2023: EUR 349,813,000).

All customers who check at least one of the following conditions are marked in default and therefore in NPE:

- Material payment delay of more than 90 days in the amounts of principal, interest or unpaid commissions on the due date that, cumulatively, represent:

a) More than EUR 100 (retail) or more than EUR 500 (non-retail); and

b) More than 1% of the total debt (direct liabilities).

- Indications of low probability of payment:

a) Credit restructuring due to financial difficulties with loss of value; b) Delay after restructuring due to financial difficulties; c) Recurrence of restructuring due to financial difficulties; d) Credit with signs of impairment (or Stage 3 of IFRS 9); e) Insolvency or equivalent process; f) Litigation; g) Guarantees of operations in default; h) Loss of credit sales; i) Credit fraud; j) Unpaid credit status; k) Breach of covenants in a credit agreement; l) Contagion of default in an economic group; m) Cross default in the BCP Group.

The NPE amounts to EUR 949,938,000 (31 December 2023: EUR 1,088,351,000).

The changes occurred in Loans impairment are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	972,137	925,525
Charge for the year in net income interest	19,171	23,751
Transfers	(1,274)	(309)
Impairment charge for the year (note 10)	167,542	210,668
Reversals for the year (note 10)	(3,351)	(2,742)
Loans charged-off		
Write-offs	(30,763)	(105,481)
Credit assignments	(266,585)	(78,969)
Exchange rate differences	1,465	(306)
Balance at the end of the year	858,342	972,137

The analysis of Write-offs, by sector of activity, is as follows:

(Thousands of euros)

	2024	2023
Agriculture and forestry	1,747	942
Fisheries	1	—
Mining	48	—
Food, beverage and tobacco	54	929
Textiles	362	1,105
Wood and cork	—	504
Paper, printing and publishing	13	4
Chemicals	104	820
Machinery, equipment and basic metallurgical	434	5,814
Electricity and gas	—	372
Water	—	10
Construction	3,388	2,639
Retail business	713	824
Wholesale business	1,733	2,651
Restaurants and hotels	5,714	791
Transports	425	259
Post offices	24	42
Telecommunications	1,090	229
Services		
Financial intermediation	(15,195)	20,169
Real estate activities	1,038	203
Consulting, scientific and technical activities	23,500	5,469
Administrative and support services activities	(34,379)	35,210
Education	109	4
Health and collective service activities	56	126
Artistic, sports and recreational activities	5,486	178
Other services	4,340	147
Consumer credit	7,525	24,991
Mortgage credit	172	106
Other domestic activities	387	761
Other international activities	21,874	182
	30,763	105,481

According with the accounting policy described in note 1.B1.3, the Bank writes off a loan when it does not have reasonable expectations of recovering a financial asset in its entirety or partially. Loans written-off are recognised in off-balance sheet accounts.

The analysis of Write-offs, by type of credit, is as follows:

(Thousands of euros)

	2024	2023
Unsecured loans	3,244	105,143
Foreign loans	21,873	—
Finance leases	5,646	338
	30,763	105,481

The analysis of recovered loans and interest, by sector of activity, is as follows:

(Thousands of euros)

	2024	2023
Agriculture and forestry	3	52
Food, beverage and tobacco	28	28
Textiles	23	22
Wood and cork	36	131
Chemicals	547	292
Machinery, equipment and basic metallurgical	47	8
Water	4	—
Construction	216	424
Retail business	819	1,149
Wholesale business	1,312	1,558
Restaurants and hotels	41	22
Transports	720	9
Telecommunications	10	—
Services		
Financial intermediation	67	2,491
Real estate activities	111	192
Consulting, scientific and technical activities	1	1,956
Administrative and support services activities	568	30
Education	—	1
Health and collective service activities	1	1
Artistic, sports and recreational activities	1	19
Other services	499	1,195
Consumer credit	1,616	935
Other domestic activities	38	17
Other international activities	46,650	—
	53,358	10,532

The analysis of recovered loans and interest, by type of credit, is as follows:

(Thousands of euros)

	2024	2023
Unsecured loans	6,672	8,672
Foreign loans	46,684	1,508
Finance leases	2	352
	53,358	10,532

The balance Loans and advances to customers includes the effect of synthetic securitization. The characterization of these operations is described in note 1.C.

Synthetic securitizations

BCP has four operations in progress which form structures of synthetic securitization with similar characteristics, with reference to credit portfolios granted by the Bank mainly to Small and Medium Enterprises (SMEs).

Caravela SME No. 3

Caravela SME No.3, supports an operation started on 28 June 2013, based on a medium and long term loans portfolio of current accounts and authorized overdrafts. The legal maturity date of the operation is 25 March of 2036 and the operation amounts to EUR 116,142,000 as at 31 December 2024 (31 December 2023: EUR 177,327,000). The fair value of the relative Credit Default Swap (CDS) is recorded as a positive amount of EUR 172,886,000 (31 December 2023: EUR 172,994,000) and the respective gain recorded in 2024 amounts to EUR 7,927,000 (31 December 2023: EUR 959,000).

Caravela SME No. 4

Caravela SME No.4 is a similar operation, initiated on 5 June 2014, which portfolio contains car, real estate and equipment leasing. The legal maturity date is 21 September of 2043 and as at 31 December 2024, the operation amounts to EUR 297,990,000 (31 December 2023: EUR 393,247,000). The fair value of the relative CDS is recorded as a positive amount of EUR 61,758,000 (31 December 2023: EUR 60,386,000) and the respective gain recorded in 2024 amounts to EUR 3,388,000 (31 December 2023: EUR 648,000).

Caravela SME No. 5

Caravela SME No.5, initiated on 20 December 2022, is supported by a portfolio of medium and long-term loans, leasing contract and commercial paper programmes. The legal maturity date is 26 September of 2035 and, as at 31 December 2024, the operation amounts to EUR 1,047,392,000 (31 December 2023: EUR 1,697,747,000). The fair value of the relative CDS is recorded as a negative amount of EUR 30,540,000 (31 December 2023: 46,362,000) and the respective cost recorded in 2024 amounts to EUR 14,839,000 (31 December 2023: EUR 18,010,000).

Caravela SME No.6

Caravela SME No.6, initiated on 28 February 2024, is supported by a credit portfolio of short-term exposures to Portuguese SME and Corporate customers, in the form of current accounts overdrafts, authorised overdrafts and confirming agreements. The legal maturity date is 26 March of 2028 and the operation amounts to EUR 850,000,000 as at 31 December 2024. The fair value of the relative CDS is recorded as a negative amount of EUR 20,330,000 and the respective cost recorded in 2024 amounts to EUR 7,107,000.

In any of these transactions, the Bank contracted a Credit Default Swap (CDS) with a Special Purpose Entity (SPE), purchasing from it form, credit risk protection on the referenced portfolio. In the case of synthetic structures, in the of this same CDS the risk of the respective portfolios was subdivided into 3 tranches: senior, mezzanine and equity. In this case of Caravela SME no.3 and no.4 operations, the mezzanine tranche and part of equity (20%) were placed on the market through the issuance, by the SPE, of Credit Linked Notes (CLN's) subscribed by investors, while in Caravela SME no.5 and no.6 has been placed on the market for the entire mezzanine tranche. In turn, the Bank retained the risk of the tranche senior and the remaining part of the equity tranche (80%) in the case of Caravela operations no. 3 and no. 4, and the whole of the equity tranche in the case of Caravela SME no.5 and no.6. The proceeds of the issuance of the CLNs were applied by the SPE in the constitution of a deposit which fully collateralises its liabilities to its creditors in connection with the transaction, including BCP.

These operations allowed the Bank to reduce the risk-weighted assets associated with the credit portfolios supporting the operations, but the Bank did not transfer to third parties most of the rights and obligations arising from the credits included in in the respective portfolios, thus not meeting the derecognition criteria in the accounting policy presented in note 1.B1.3.

20. Debt securities

The balance Debt securities is analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities held associated with credit operations		
Portuguese issuers		
Bonds	93,734	115,629
Commercial paper	1,681,923	1,762,453
Foreign issuers		
Commercial paper	26,224	38,900
	1,801,881	1,916,982
Overdue securities - over 90 days	4,449	40
	1,806,330	1,917,022
Impairment	(7,308)	(8,668)
	1,799,022	1,908,354
Debt securities held not associated with credit operations		
Bonds issued by public entities		
Portuguese issuers (*)	3,135,453	3,552,807
Foreign issuers	8,424,443	5,672,975
Bonds issued by public companies and other entities		
Portuguese issuers	695,257	459,392
	12,255,153	9,685,174
Impairment	(15,146)	(9,237)
	12,240,007	9,675,937
	14,039,029	11,584,291

(*) Includes the negative amount of EUR 98,241,000 (31 December 2023: negative amount of EUR 129,204,000) related to adjustments resulting from the application of fair value hedge accounting.

Under the terms of IFRS 9, the balance Debt securities held not associated with credit operations - Bonds issued by public issuers, includes essentially a portfolio of securities to support Bank's ALM (Asset and Liability Management), whose business model seeks to receive the respective income until maturity, that is, of a portfolio Held to Collect, whose value as at 31 December 2024 amounts to EUR 11,108,332,000 (31 December 2023: EUR 8,814,215,000).

The analysis of the balance Debt securities before impairment, by maturity, as at 31 December 2024 is as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Overdue	Total
Debt securities held associated with credit operations						
Portuguese issuers						
Bonds	–	1,396	10,109	82,229	–	93,734
Commercial paper	1,106,015	575,908	–	–	4,449	1,686,372
Foreign issuers						
Commercial paper	23,194	3,030	–	–	–	26,224
	1,129,209	580,334	10,109	82,229	4,449	1,806,330
Debt securities held not associated with credit operations						
Public entities						
Portuguese issuers	–	374,121	2,110,352	650,980	–	3,135,453
Foreign issuers	–	–	5,434,593	2,989,850	–	8,424,443
Public companies and other entities						
Portuguese issuers	–	–	339,206	356,051	–	695,257
	–	374,121	7,884,151	3,996,881	–	12,255,153
	1,129,209	954,455	7,894,260	4,079,110	4,449	14,061,483

The analysis of the balance Debt securities before impairment, by maturity, as at 31 December 2023 is as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Overdue	Total
Debt securities held associated with credit operations						
Portuguese issuers						
Bonds	–	–	10,128	105,501	–	115,629
Commercial paper	1,382,628	379,825	–	–	40	1,762,493
Foreign issuers						
Commercial paper	19,407	19,493	–	–	–	38,900
	1,402,035	399,318	10,128	105,501	40	1,917,022
Debt securities held not associated with credit operations						
Public entities						
Portuguese issuers	–	–	2,876,835	675,972	–	3,552,807
Foreign issuers	–	6,273	1,531,368	4,135,334	–	5,672,975
Public companies and other entities						
Portuguese issuers	–	50,030	133,699	275,663	–	459,392
	–	56,303	4,541,902	5,086,969	–	9,685,174
	1,402,035	455,621	4,552,030	5,192,470	40	11,602,196

The analysis of debt securities portfolio, net of impairment, by sector of activity, is analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities held associated with credit operations		
Agriculture and forestry	2,485	2,479
Mining	98,541	85,939
Food, beverage and tobacco	118,852	102,720
Textiles	37,557	45,203
Wood and cork	25,811	23,720
Paper, printing and publishing	6,781	9,206
Chemicals	211,807	215,972
Machinery, equipment and basic metallurgical	67,948	42,787
Electricity and gas	201,885	211,183
Water	35,012	31,955
Construction	8,996	10,633
Retail business	40,359	28,973
Wholesale business	36,583	64,043
Restaurants and hotels	8,946	8,858
Transports	29,659	33,392
Telecommunications	—	4,018
Services		
Financial intermediation	124,411	114,284
Real estate activities	59,793	55,566
Consulting, scientific and technical activities	626,336	751,610
Administrative and support services activities	17,423	11,217
Health and collective service activities	4,960	4,974
Artistic, sports and recreational activities	6,618	7,058
Other services	2,035	3,664
Other international activities	26,224	38,900
	1,799,022	1,908,354
Debt securities held not associated with credit operations		
Machinery, equipment and basic metallurgical	24,035	11,977
Electricity and gas	100,225	99,846
Wholesale business	100,170	—
Services		
Financial intermediation	20,861	—
Consulting, scientific and technical activities	447,814	346,117
	693,105	457,940
Government and Public securities	11,546,902	9,217,997
	12,240,007	9,675,937
	14,039,029	11,584,291

The analysis of restructured debt securities portfolio, by sector of activity, is analysed as follows:

(Thousands of euros)

	2024			2023		
	Restructured loans	Impairment	Net amount	Restructured loans	Impairment	Net amount
Debt securities held associated with credit operations						
Food, beverage and tobacco	9,279	(205)	9,074	7,711	(126)	7,585
Textiles	354	(17)	337	–	–	–
Chemicals	4,449	(3,233)	1,216	–	–	–
Services						
Administrative and support services activities	10,007	(84)	9,923	10,311	(90)	10,221
	24,089	(3,539)	20,550	18,022	(216)	17,806

The changes occurred in impairment of debt securities are analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities held associated with credit operations		
Balance at the beginning of the year	8,668	4,676
Transfers	48	–
Charge for the year (note 10)	1,691	3,991
Reversals for the year (note 10)	(3,099)	–
Exchange rate differences	–	1
Balance at the end of the year	7,308	8,668
Debt securities held not associated with credit operations		
Balance at the beginning of the year	9,237	5,629
Charge for the year (note 10)	6,379	3,971
Reversals for the year (note 10)	(184)	–
Amounts charged-off	(293)	(357)
Exchange rate differences	7	(6)
Balance at the end of the year	15,146	9,237

21. Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

The balances Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income are analysed as follows:

(Thousands of euros)

	2024	2023
Financial assets at fair value through profit or loss		
Financial assets held for trading		
Debt instruments	1,131,866	333,000
Equity instruments	117,124	53,404
Trading derivatives	295,149	299,567
	1,544,139	685,971
Financial assets not held for trading mandatorily at fair value through profit or loss		
Debt instruments	437,000	480,964
Equity instruments	167,387	166,907
	604,387	647,871
Financial assets designated at fair value through profit or loss		
Debt instruments	33,894	32,004
	33,894	32,004
Financial assets at fair value through other comprehensive income		
Debt instruments	5,752,339	4,678,370
Equity instruments	35,183	36,016
	5,787,522	4,714,386
	7,969,942	6,080,232

The portfolio of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income, net of impairment, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024				
	Financial assets at fair value through profit or loss				
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Total
Debt instruments					
Bonds issued by public entities					
Portuguese issuers	11,454	–	33,894	560,162	605,510
Foreign issuers	–	–	–	2,952,163	2,952,163
Bonds issued by public companies and other entities					
Portuguese issuers	–	51	–	589,027	589,078
Foreign issuers	2,908	7,828	–	1,313,879	1,324,615
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	846,797	–	–	138,055	984,852
Foreign issuers	270,707	–	–	199,052	469,759
Investment fund units (a)	–	426,042	–	–	426,042
Shares of foreign companies (b)	–	3,079	–	–	3,079
	1,131,866	437,000	33,894	5,752,338	7,355,098
Equity instruments					
Shares					
Portuguese companies	29,561	–	–	17,001	46,562
Foreign companies	–	–	–	1,059	1,059
Investment fund units (c) (d)	–	167,387	–	17,123	184,510
Other securities (e)	87,563	–	–	–	87,563
	117,124	167,387	–	35,183	319,694
Trading derivatives	295,149	–	–	–	295,149
	1,544,139	604,387	33,894	5,787,521	7,969,941
Level 1	1,245,990	–	33,894	5,533,465	6,813,349
Level 2	60,451	–	–	124,838	185,289
Level 3	237,698	604,387	–	129,218	971,303

(a) These Investment fund units are considered as debt instruments because they not fall within the definition of equity instruments provided by IAS 32. As at 31 December 2024 this balance includes EUR 207,959,000 related to units of real estate investment funds mainly owned by the Bank. Additionally, as at 31 December 2024, the Bank has recorded a provision for other risks and charges in the amount of EUR 59,385,000 in relation to the properties held by these real estate funds. As at 31 December 2024 this item also includes EUR 200,365,000 relating to investment fund units in restructuring funds, for which a provision for others risks and charges is recorded.
(b) These shares are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.
(c) The financial assets as at fair value through other comprehensive income item includes participation units in real estate investment funds mainly owned by the Bank. As at 31 December 2024, the Bank has recorded a provision for other risks and charges in the amount of EUR 3,232,000 in relation to the properties held by these real estate funds.
(d) These are investment fund units in restructuring funds that are considered equity instruments in accordance with the terms provided by IAS 32. As at 31 December 2024, there is a provision for others risks and charges recorded for these funds.
(e) Includes the amount of EUR 87,108,000 in Exchange Traded Funds (ETFs).

As at 31 December 2024, portfolios are recorded at fair value in accordance with the accounting policy described in note 1B. As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 44.

As at 31 December 2024, the balances Financial assets at fair value through other comprehensive income, Financial assets not held for trading mandatorily at fair value through profit or loss and Financial assets held for trading include the amount of EUR 34,521,000, EUR 7,828,000 and EUR 2,605,000, respectively, relating to bonds issued with different levels of subordination associated with the traditional securitization transactions Magellan Mortgages No. 3 and No. 4, referred in note 1.C.

In accordance with the accounting policy B1.1.3 regarding the classification of financial assets, the securities accounted for in Financial assets designated at fair value through profit or loss are covering economically the "Treasury Bond Certificates October 2025" issued by Banco Comercial Português, S.A. which are recorded in Financial liabilities designated at fair value through profit or loss (note 34).

The portfolio of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive income, net of impairment, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023				
	Financial assets at fair value through profit or loss				
	Held for trading	Not held for trading mandatorily at fair value through profit or loss	Designated at fair value through profit or loss	At fair value through other comprehensive income	Total
Debt instruments					
Bonds issued by public entities					
Portuguese issuers	20,314	–	32,004	958,772	1,011,090
Foreign issuers	–	–	–	701,058	701,058
Bonds issued by public companies and other entities					
Portuguese issuers	–	51	–	403,971	404,022
Foreign issuers	13,319	9,064	–	1,057,682	1,080,065
Treasury bills (Public Issuers and Central Banks)					
Portuguese issuers	103,661	–	–	–	103,661
Foreign issuers	192,741	–	–	1,556,887	1,749,628
Investment fund units (a)	–	467,002	–	–	467,002
Shares of foreign companies (b)	–	4,847	–	–	4,847
Commercial paper	2,965	–	–	–	2,965
	333,000	480,964	32,004	4,678,370	5,524,338
Equity instruments					
Shares					
Portuguese companies	142	–	–	17,278	17,420
Foreign companies	–	–	–	790	790
Investment fund units (c) (d)	–	166,907	–	17,948	184,855
Other securities (e)	53,262	–	–	–	53,262
	53,404	166,907	–	36,016	256,327
Trading derivatives	299,567	–	–	–	299,567
	685,971	647,871	32,004	4,714,386	6,080,232
Level 1	380,107	–	32,004	4,484,734	4,896,845
Level 2	66,181	–	–	88,657	154,838
Level 3	239,683	647,871	–	140,995	1,028,549

(a) These Investment fund units held by the Bank on the transaction date are considered as debt instruments because they not fall within the definition of equity instruments provided by IAS 32. As at 31 December 2023 this balance includes EUR 213,072,000 related to units of real estate investment funds mainly owned by the Bank. Additionally, as at 31 December 2023, the Bank has recorded a provision for other risks and charges in the amount of EUR 64,663,000 in relation to the properties held by these real estate funds. As at 31 December 2023 this item also includes EUR 198,426,000 relating to investment fund units in restructuring funds, for which a provision for others risks and charges is recorded.

(b) These shares are considered as debt instruments because they do not fall within the definition of equity instruments provided by IAS 32.

(c) The financial assets as at fair value through other comprehensive income item includes participation units in real estate investment funds mainly owned by the Bank. As at 31 December 2023, the Bank has recorded a provision for other risks and charges in the amount of EUR 3,232,000 in relation to the properties held by these real estate funds.

(d) These are investment fund units in restructuring funds that are considered equity instruments in accordance with the terms provided by IAS 32. As at 31 December 2023, there is a provision for others risks and charges recorded for these funds.

(e) Includes the amount of EUR 52,854,000 in Exchange Traded Funds (ETFs).

As at 31 December 2023, portfolios are recorded at fair value in accordance with the accounting policy described in note 1B. As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 44.

As at 31 December 2023, the balances Financial assets at fair value through other comprehensive income, Financial assets not held for trading mandatorily at fair value through profit or loss and Financial assets held for trading include the amount of EUR 39,654,000, EUR 9,064,000 and EUR 2,990,000, respectively, relating to bonds issued with different levels of subordination associated with the traditional securitization transactions Magellan Mortgages No. 3 and No. 4, referred in note 1.C.

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2024, is analysed as follows:

(Thousands of euros)

	2024			
	Amortised cost (a)	Fair value hedge adjustments (note 39)	Fair value adjustments (note 39)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	613,033	(43,820)	(9,051)	560,162
Foreign issuers	2,924,681	10,044	17,438	2,952,163
Bonds issued by public companies and other entities				
Portuguese issuers	585,956	1,091	1,980	589,027
Foreign issuers	1,307,365	(22,191)	28,705	1,313,879
Treasury bills (Public Issuers and Central Banks)				
Portuguese issuers	137,948	–	107	138,055
Foreign issuers	198,935	–	117	199,052
	5,767,918	(54,876)	39,296	5,752,338
Equity instruments				
Shares				
Portuguese companies	21,583	–	(4,582)	17,001
Foreign companies	290	–	769	1,059
Investment fund units	31,761	–	(14,638)	17,123
	53,634	–	(18,451)	35,183
	5,821,552	(54,876)	20,845	5,787,521

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and in accordance with the requirements defined in note 1.B1.5.1.2.

The portfolio of financial assets at fair value through other comprehensive income, as at 31 December 2023, is analysed as follows:

(Thousands of euros)

	2023			
	Amortised cost (a)	Fair value hedge adjustments (note 39)	Fair value adjustments (note 39)	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	1,056,979	(77,353)	(20,853)	958,773
Foreign issuers	694,527	6,501	30	701,058
Bonds issued by public companies and other entities				
Portuguese issuers	412,308	(9,040)	702	403,970
Foreign issuers	1,083,016	(49,114)	23,780	1,057,682
Treasury bills (Public Issuers and Central Banks)				
Foreign issuers	1,553,354	–	3,533	1,556,887
	4,800,184	(129,006)	7,192	4,678,370
Equity instruments				
Shares				
Portuguese companies	23,549	–	(6,271)	17,278
Foreign companies	336	–	454	790
Investment fund units	31,763	–	(13,815)	17,948
	55,648	–	(19,632)	36,016
	4,855,832	(129,006)	(12,440)	4,714,386

(a) Includes interest accrued and accumulated impairment for debt securities classified as financial assets at fair value through other comprehensive income, as provided by IFRS 9, and in accordance with the requirements defined in note 1.B1.5.1.2.

The analysis of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive, net of impairment, by valuation levels, as at 31 December 2024 is as follows:

(Thousands of euros)

	2024			
	Level 1	Level 2	Level 3	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	579,312	26,198	—	605,510
Foreign issuers	2,952,163	—	—	2,952,163
Bonds issued by public companies and other entities				
Portuguese issuers	430,875	98,640	59,563	589,078
Foreign issuers	1,279,719	—	44,896	1,324,615
Treasury bills and other Government bonds				
Portuguese issuers	984,852	—	—	984,852
Foreign issuers	469,759	—	—	469,759
Investment fund units	—	—	426,042	426,042
Shares of foreign companies	—	—	3,079	3,079
	6,696,680	124,838	533,580	7,355,098
Equity instruments				
Shares				
Portuguese companies	29,560	—	17,002	46,562
Foreign companies	—	—	1,059	1,059
Investment fund units	—	—	184,510	184,510
Other securities	87,109	—	454	87,563
	116,669	—	203,025	319,694
Trading derivatives	—	60,451	234,698	295,149
	6,813,349	185,289	971,303	7,969,941

The analysis of Financial assets at fair value through profit or loss and Financial assets at fair value through other comprehensive, net of impairment, by valuation levels, as at 31 December 2023 is as follows:

(Thousands of euros)

	2023			
	Level 1	Level 2	Level 3	Total
Debt instruments				
Bonds issued by public entities				
Portuguese issuers	981,497	29,593	–	1,011,090
Foreign issuers	701,058	–	–	701,058
Bonds issued by public companies and other entities				
Portuguese issuers	279,579	59,064	65,378	404,021
Foreign issuers	1,028,424	–	51,641	1,080,065
Treasury bills and other Government bonds				
Portuguese issuers	103,661	–	–	103,661
Foreign issuers	1,749,628	–	–	1,749,628
Investment fund units	–	–	467,002	467,002
Shares of foreign companies	–	–	4,847	4,847
Commercial paper	–	–	2,965	2,965
	4,843,847	88,657	591,833	5,524,337
Equity instruments				
Shares				
Portuguese companies	143	–	17,277	17,420
foreign companies	–	–	790	790
Investment fund units	–	–	184,855	184,855
Other securities	52,854	–	408	53,262
	52,997	–	203,330	256,327
Trading derivatives	–	66,181	233,386	299,567
	4,896,844	154,838	1,028,549	6,080,231

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 42.

The balance Debt instruments - Investment fund units classified as level 3, includes units in restructuring funds (described in note 42) which book value resulted from the last disclosure of the Net Asset Value (NAV) determined by the Management Company, which, corresponds to the NAV with reference to that date, after considering the effects of the last audited accounts for the respective funds. These funds have a diverse set of assets and liabilities, valued in their respective accounts at fair value through internal methodologies used by the management company.

As at 31 December 2024, the Bank holds mainly investment fund units in Securities and Real Estate Investment Funds that are classified in level 3. The amount recorded under the balance Financial assets at fair value through other comprehensive income, amounts to EUR 17,123,000 (31 December 2023: EUR 17,948,000), with unrealised net losses in the amount of EUR 14,639,000 (31 December 2023: net losses of EUR 13,814,000), and in the balance Financial assets not held for trading mandatorily at fair value through profit or loss, amounts to EUR 207,959,000 (31 December 2023: EUR 213,072,000).

The analysis of financial assets at fair value through profit or loss (excluding trading derivatives) and Financial assets at fair value through other comprehensive income, by residual maturity, as at 31 December 2024 is as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
Debt instruments						
Bonds issued by public entities						
Portuguese issuers	—	39,676	178,241	387,593	—	605,510
Foreign issuers	298,761	—	2,405,011	248,391	—	2,952,163
Bonds issued by public companies and other entities						
Portuguese issuers	—	6,351	429,889	152,838	—	589,078
Foreign issuers	23,400	33,294	797,896	470,025	—	1,324,615
Treasury bills and other						
Government bonds						
Portuguese issuers	138,037	846,815	—	—	—	984,852
Foreign issuers	199,052	270,707	—	—	—	469,759
Investment fund units	—	13,907	174,538	32,471	205,126	426,042
Shares of foreign companies	—	—	—	—	3,079	3,079
	659,250	1,210,750	3,985,575	1,291,318	208,205	7,355,098
Equity instruments						
Shares						
Portuguese companies					46,562	46,562
Foreign companies					1,059	1,059
Investment fund units					184,510	184,510
Other securities					87,563	87,563
					319,694	319,694
	659,250	1,210,750	3,985,575	1,291,318	527,899	7,674,792

The analysis of financial assets at fair value through profit or loss (excluding trading derivatives) and Financial assets at fair value through other comprehensive income, by residual maturity, as at 31 December 2023 is as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Undetermined	Total
Debt instruments						
Bonds issued by public entities						
Portuguese issuers	324	30,653	608,544	371,569	–	1,011,090
Foreign issuers	–	–	531,533	169,525	–	701,058
Bonds issued by public companies and other entities						
Portuguese issuers	–	56,316	319,417	28,288	–	404,021
Foreign issuers	26,778	140,832	547,005	365,450	–	1,080,065
Treasury bills and other						
Government bonds						
Portuguese issuers	49,648	54,013	–	–	–	103,661
Foreign issuers	95,043	1,654,585	–	–	–	1,749,628
Investment fund units	6,404	5	205,191	37,142	218,260	467,002
Shares of foreign companies	–	–	–	–	4,847	4,847
Commercial paper	2,965	–	–	–	–	2,965
	181,162	1,936,404	2,211,690	971,974	223,107	5,524,337
Equity instruments						
Shares						
Portuguese companies					17,420	17,420
Foreign companies					790	790
Investment fund units					184,855	184,855
Other securities					53,262	53,262
					256,327	256,327
	181,162	1,936,404	2,211,690	971,974	479,434	5,780,664

The changes occurred in Impairment of financial assets at fair value through other comprehensive income are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	–	–
Transfers to fair value changes (note 39)	(2,980)	(1,098)
Reversals through profit and loss (note 11)	–	(1,319)
Impairment against profit and loss (note 11)	2,980	2,417
Balance at the end of the year	–	–

The accumulated impairment associated with the financial assets at fair value through other comprehensive income amounts to EUR 8,577,000 (31 December 2023: EUR 5,722,000) and is recorded against Fair value reserves.

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances to customers at fair value and trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2024 is as follows:

(Thousands of euros)

	2024			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Agriculture and forestry	4,992	—	—	4,992
Paper, printing and publishing	49,225	—	—	49,225
Electricity and gas	181,356	—	—	181,356
Water	17,841	—	—	17,841
Construction	—	—	17,123	17,123
Wholesale business	7,192	320	—	7,512
Transports	36,268	—	—	36,268
Telecommunications	43,126	4,413	—	47,539
Services				
Financial intermediation	1,358,689	10,319	615,686	1,984,694
Real estate activities	—	—	64,852	64,852
Consulting, scientific and technical activities	135,278	29,731	—	165,009
Administrative and support services activities	19,669	5,895	—	25,564
Public sector	49,415	—	454	49,869
Health and collective service activities	10,642	—	—	10,642
Other services	—	22	—	22
	1,913,693	50,700	698,115	2,662,508
Government and Public securities	5,012,284	—	—	5,012,284
	6,925,977	50,700	698,115	7,674,792

The analysis of Financial assets at fair value through profit or loss (excluding loans and advances to customers at fair value and trading derivatives) and Financial assets at fair value through other comprehensive income, by sector of activity, as at 31 December 2023 is as follows:

(Thousands of euros)

	2023			
	Bonds and Treasury bills	Shares	Other Financial Assets	Total
Paper, printing and publishing	47,416	—	—	47,416
Chemicals	7,952	—	—	7,952
Machinery, equipment and basic metallurgical	2,477	—	—	2,477
Electricity and gas	70,806	—	—	70,806
Water	5,025	—	—	5,025
Construction	—	142	17,948	18,090
Wholesale business	7,067	238	—	7,305
Transports	43,767	—	—	43,767
Telecommunications	39,126	4,553	—	43,679
Services				
Financial intermediation	1,117,029	11,822	686,763	1,815,614
Consulting, scientific and technical activities	111,525	131	—	111,656
Administrative and support services activities	24,216	6,149	—	30,365
Public sector	10,645	—	408	11,053
Other services	—	22	—	22
	1,487,051	23,057	705,119	2,215,227
Government and Public securities	3,565,437	—	—	3,565,437
	5,052,488	23,057	705,119	5,780,664

The analysis of trading derivatives by maturity as at 31 December 2024, is as follows:

(Thousands of euros)

	2024					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 33)
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	140,012	1,166,836	3,854,079	5,160,927	41,967	38,851
Interest rate options (purchase)	–	216,292	1,000	217,292	–	–
Interest rate options (sale)	–	216,292	1,001	217,293	1	–
	140,012	1,599,420	3,856,080	5,595,512	41,968	38,851
Stock Exchange transactions:						
Interest rate futures	10,700	–		10,700	–	–
Currency derivatives:						
OTC Market:						
Forward contracts	109,677	34,983	–	144,660	1,808	1,601
Currency swaps	1,104,771	136,316	–	1,241,087	12,347	5,611
Other spot contracts	74,636	–	–	74,636	–	–
	1,289,084	171,299	–	1,460,383	14,155	7,212
Shares/indexes:						
OTC Market:						
Shares/indexes swaps	743,870	845,128	314,517	1,903,515	3,498	10,773
	743,870	845,128	314,517	1,903,515	3,498	10,773
Stock exchange transactions:						
Shares futures	1,190,125	–	–	1,190,125	–	–
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	3	–	–	3	–	–
Credit derivatives:						
OTC Market:						
Credit default swaps (CDS)	–	–	329,356	329,356	235,528	2,067
	–	–	329,356	329,356	235,528	2,067
Total derivatives traded in:						
OTC Market	2,172,966	2,615,847	4,499,953	9,288,766	295,149	58,903
Stock Exchange	1,200,828	–	–	1,200,828	–	–
	3,373,794	2,615,847	4,499,953	10,489,594	295,149	58,903

The analysis of trading derivatives by maturity as at 31 December 2023, is as follows:

(Thousands of euros)

	2023					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 33)
Interest rate derivatives:						
OTC Market:						
Interest rate swaps	379,434	83,205	5,050,273	5,512,912	55,116	80,916
Interest rate options (purchase)	—	2,981	217,292	220,273	172	—
Interest rate options (sale)	—	2,981	217,293	220,274	—	126
	379,434	89,167	5,484,858	5,953,459	55,288	81,042
Stock Exchange transactions:						
Interest rate futures	—	—	28,351	28,351	—	—
Currency derivatives:						
OTC Market:						
Forward contracts	98,159	37,212	—	135,371	2,611	562
Currency swaps	670,918	129,741	—	800,659	3,264	5,684
Other spot contracts	97,838	—	—	97,838	—	—
	866,915	166,953	—	1,033,868	5,875	6,246
Shares/indexes:						
OTC Market:						
Shares/indexes swaps	815,184	1,577,827	228,857	2,621,868	5,024	19,904
Stock exchange transactions:						
Shares futures	—	—	891,352	891,352	—	—
Commodity derivatives:						
Stock Exchange transactions:						
Commodities futures	—	—	1	1	—	—
Credit derivatives:						
OTC Market:						
Credit default swaps (CDS)	—	—	358,107	358,107	233,380	223
Total derivatives traded in:						
OTC Market	2,061,533	1,833,947	6,071,822	9,967,302	299,567	107,415
Stock Exchange	—	—	919,704	919,704	—	—
	2,061,533	1,833,947	6,991,526	10,887,006	299,567	107,415

22. Hedging derivatives

This balance is analysed, by edging instruments, as follows:

(Thousands of euros)

	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Swaps	38,619	9,370	22,335	22,536

Hedging derivatives are measured in accordance with internal valuation techniques considering observable market inputs and, when not available, on information prepared by the Bank by extrapolation of market data. In accordance with the hierarchy of the valuation sources, as referred in IFRS 13 these derivatives are classified in level 2. The Bank resources to derivatives to hedge interest and exchange rate exposure risks. The accounting method depends on the nature of the hedged risk, namely if the Bank is exposed to fair value changes, variability in cash flows or highly probable forecast transactions.

As allowed by IFRS 9, the Bank opted to continue to apply the hedge accounting requirements in accordance with IAS 39, using mainly interest rate and exchange rate derivatives. The fair value hedge model is adopted for debt securities, loans granted at fixed rate and money market loans and deposits, securities and combined hedge of variable rate financial assets and fixed rate financial liabilities. The cash flows hedge model is adopted for future transactions in foreign currency to cover dynamic changes in cash flows from loans granted and variable rate deposits in foreign currency and foreign currency mortgage loans.

The relationships that follow the fair value hedge model recorded ineffectiveness of a positive amount of EUR 1,465,000 (31 December 2023: negative amount of EUR 7,862,000) and the hedging relationships that follow the cash flows model recorded no ineffectiveness.

Associated to coverage breaks, the amount of EUR 344,971,000 (31 December 2023: EUR 45,947,000) was reclassified from fair value reserves to interest and similar income, relating to cash flow hedge accounting. The accumulated adjustment on financial risks covered performed on the assets and liabilities which includes hedged items is detailed in note 48.

The analysis of hedging derivatives portfolio by maturity as at 31 December 2024 is as follows:

(Thousands of euros)

	2024					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 33)
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	463,500	83,500	20,801,155	21,348,155	16,898	8,540
Fair value hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap (CIRS)	96,576	280,071	—	376,647	19,313	—
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	1,205,000	2,090,000	8,095,000	11,390,000	2,408	830
Total derivatives traded by:						
OTC Market	1,765,076	2,453,571	28,896,155	33,114,802	38,619	9,370

The analysis of hedging derivatives portfolio by maturity as at 31 December 2023 is as follows:

(Thousands of euros)

	2023					
	Notional (remaining term)				Fair value	
	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities (note 33)
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	7,750	508,735	9,022,264	9,538,749	19,892	7,856
Fair value hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap (CIRS)	140,291	208,173	—	348,464	2,279	6,272
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	—	1,600,000	8,050,000	9,650,000	164	8,408
Total derivatives traded by:						
OTC Market	148,041	2,316,908	17,072,264	19,537,213	22,335	22,536

23. Investments in subsidiaries and associates

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Portuguese credit institutions	191,305	191,305
Foreign credit institutions	653,607	653,607
Other portuguese companies	1,322,777	1,329,040
Other foreign companies	24,663	590,590
	2,192,352	2,764,542
Impairment of investments in:		
Subsidiaries	(488,340)	(556,568)
Associated	(3,603)	—
	(491,943)	(556,568)
	1,700,409	2,207,974

The balance Investments in subsidiaries and associates is analysed as follows:

(Thousands of euros)

	2024	2023
Banco ActivoBank, S.A.	191,305	191,305
Bank Millennium S.A.	608,564	608,564
Banque BCP, S.A.S.	45,043	45,043
BCP África, S.G.P.S., Lda.	458,032	458,032
BCP International B.V.	142	567,371
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	1,500	1,500
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	355,475	355,475
M Representações Ltda.	24,521	23,219
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	468,940	493,940
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	885	885
Millennium bcp - Prestação de Serviços, A.C.E.	18,000	18,000
Imoserit, S.A.	19,945	1,208
	2,192,352	2,764,542
Impairment of investments in subsidiaries and associates		
BCP África, S.G.P.S., Lda.	(172,321)	(178,351)
BCP International B.V.	—	(43,435)
M Representações Ltda.	(24,519)	(23,219)
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	(3,603)	—
Millennium bcp Participacöes, S.G.P.S., Sociedade Unipessoal, Lda.	(280,830)	(309,578)
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	(776)	(777)
Imoserit, S.A.	(9,894)	(1,208)
	(491,943)	(556,568)
	1,700,409	2,207,974

The movements for Impairment of investments in subsidiaries and associates are analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	556,568	523,643
Transfers	8,632	—
Impairment charge for the year (note 12)	5,434	58,933
Write-back for the year (note 12)	(34,778)	(25,993)
Loans charged-off	(43,923)	—
Exchange rate differences	10	(15)
Balance at the end of the year	491,943	556,568

The Bank analysed the impairment related to the investments made in subsidiaries and associates as described in note 1 F). The Bank's subsidiaries and associates are presented in note 52.

Regarding holding companies, namely, Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. and Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda., the impairment analysis was performed considering the recoverable amount of the business controlled by each one of those companies.

The recoverable amount, as described in note 1.F., was determined based on the higher between the fair value amount less costs to sell and the value in use.

The value in use was determined based on: (i) the business plan approved by each company board for the year 2024 and following years (ii) the following assumptions depending on the nature of the companies activities and correspondent geography:

	2024			2023		
	Discount rate	Discount rate	Growth rate	Discount rate	Discount rate	Growth rate
	Explicit period	Perpetuity	Perpetuity	Explicit period	Perpetuity	Perpetuity
Portugal	13.917%	13.917%	0.000%	14.325%	14.325%	0.000%
Poland	14.964%	14.964%	0.000%	14.699%	14.699%	0.000%
Angola	26.387%	n.a.	n.a.	25.598%	n.a.	n.a.
Mozambique	30.137 %	30.137 %	5.600 %	28.348 %	28.348 %	5.500 %

During the 2023 financial year, and in relation to Bank Millennium, S.A. in Poland, both the value in use and the fair value amount net of costs to sell were above the net book value of the shareholding (EUR 608.6 million) which resulted in the reversal of the impairment of EUR 19,9 million recorded on 31 December 2022 as result of the deterioration evidenced at the date of the value in use of that participation.

In 2024, both the value in use and the fair value amount net of costs to sell remaining above the net accounting value of the participation, resulting in no need to register impairments.

Based on the analysis made, the Bank recognised impairment in the financial year 2024, as follows:

(Thousands of euros)

	Balance as at 1 January	Charges / (Reversals) (note 12)	Loans charged-off	Transfers	Exchange rate differences	Balance at the end of the year
BCP África, S.G.P.S., Lda.	178,351	(6,030)	–	–	–	172,321
BCP International B.V.	43,435	488	(43,923)	–	–	–
M Representações Ltda.	23,219	1,290	–	–	10	24,519
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	–	3,603	–	–	–	3,603
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	309,578	(28,748)	–	–	–	280,830
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	777	(1)	–	–	–	776
Imoserit, S.A.	1,208	54	–	8,632	–	9,894
	556,568	(29,344)	(43,923)	8,632	10	491,943

24. Non-current assets held for sale

This balance is analysed as follows:

(Thousands of euros)

	2024			2023		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real Estate						
Assets arising from recovered loans (note 48)	26,297	(10,223)	16,074	77,926	(37,776)	40,150
Assets for own use (closed branches)	—	—	—	482	(293)	189
Equipment and other	1,060	(755)	305	974	(696)	278
Subsidiaries acquired exclusively with the purpose of short-term sale	80,088	(34,802)	45,286	78,381	(21,785)	56,596
	107,445	(45,780)	61,665	157,763	(60,550)	97,213

The assets included in this balance are accounted for in accordance with the accounting policy described in note 1.G.

The balance Real estate - Assets arising from recovered loans includes, essentially, real estate resulted from recovered loans or judicial being accounted for at the time the Bank assumes control of the asset, which is usually associated with the transfer of their legal ownership. Additional information on these assets is presented in note 48.

The Bank has a strategy for sale these assets, consistent with the characteristic of each asset as well as with the breakdown of underlying valuations. However, taking into account the actual market conditions, it was not possible in all instances to conclude the sales in the expected time. The sale strategy is based in an active search of buyers, with the Bank having a website where advertises these properties and through partnerships with the mediation of companies having more ability for the product that each time the Bank has for sale. Prices are periodically reviewed and adjusted for continuous adaptation to the market.

The Bank requests, regularly, to the European Central Bank, the extension of the period of holding these properties.

The referred balance includes real estate for which the Bank has already established contracts for the sale in the gross amount of EUR 20,244,000 (31 December 2023: EUR 53,014,000), which impairment associated with all the sale contracts is EUR 9,201,000 (31 December 2023: EUR 24,127,000).

The changes occurred in Impairment of non-current assets held for sale are analysed as follows:

(Thousands of euros)

	2024	2023
Balance at the beginning of the year	60,550	102,660
Transfer to other assets	—	(11,989)
Other transfers	7,330	(10,428)
Impairment for the year (note 12)	15,638	8,158
Loans charged-off	(38,906)	(27,226)
Exchange rate differences	1,168	(625)
Balance at the end of the year	45,780	60,550

25. Other tangible assets

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Real estate	394,505	402,796
Equipment		
Computer equipment	155,872	191,297
Security equipment	53,610	58,407
Facilities	89,745	106,059
Machinery	14,064	18,715
Furniture	64,757	73,051
Vehicles	15,969	14,577
Other equipment	2,069	2,596
Right of use		
Real estate	291,477	269,787
Assets under construction	769	633
Other tangible assets	5	29
	1,082,842	1,137,947
Accumulated depreciation		
Relative to the year (note 9)	(52,255)	(51,207)
Relative to the previous years	(710,472)	(763,386)
	(762,727)	(814,593)
	320,115	323,354

The balance Right of use essentially corresponds to lease agreements on real estate (branches and central buildings) and to a residual number of vehicles, which are amortised according to the term of each lease agreement, as described in the accounting policy 1.H.

The changes occurred in Other tangible assets, during 2024, are analysed as follows:

(Thousands of euros)

	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Real estate	402,796	17	(3,066)	(5,286)	44	394,505
Equipment:						
Computer equipment	191,297	22,327	(57,680)	(83)	11	155,872
Security equipment	58,407	267	(5,109)	42	3	53,610
Facilities	106,059	425	(17,665)	917	9	89,745
Machinery	18,715	338	(4,999)	6	4	14,064
Furniture	73,051	381	(8,695)	12	8	64,757
Vehicles	14,577	4,377	(2,993)	–	8	15,969
Other equipment	2,596	–	(528)	–	1	2,069
Right of use:						
Real estate	269,787	22,254	(870)	1	305	291,477
Assets under construction	633	1,234	(3)	(1,096)	1	769
Other tangible assets	29	–	(24)	–	–	5
	1,137,947	51,620	(101,632)	(5,487)	394	1,082,842
Accumulated depreciation:						
Real estate	(296,298)	(6,880)	3,006	3,490	(44)	(296,726)
Equipment:						
Computer equipment	(165,250)	(7,442)	57,588	–	(8)	(115,112)
Security equipment	(55,774)	(673)	5,102	–	(1)	(51,346)
Facilities	(94,045)	(2,234)	17,649	66	(2)	(78,566)
Machinery	(17,474)	(387)	4,999	–	(5)	(12,867)
Furniture	(70,116)	(1,032)	8,694	–	(8)	(62,462)
Vehicles	(6,887)	(1,782)	2,273	–	(5)	(6,401)
Other equipment	(2,578)	(8)	528	–	–	(2,058)
Right of use:						
Real estate	(106,141)	(31,817)	870	–	(95)	(137,183)
Vehicles and equipment	(1)	–	–	–	–	(1)
Other tangible assets	(29)	–	24	–	–	(5)
	(814,593)	(52,255)	100,733	3,556	(168)	(762,727)
	323,354	(635)	(899)	(1,931)	226	320,115

The changes occurred in Other tangible assets, during 2023, are analysed as follows:

(Thousands of euros)

	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Real estate	413,082	–	(8,449)	(1,815)	(22)	402,796
Equipment:						
Computer equipment	186,475	10,628	(5,798)	–	(8)	191,297
Security equipment	58,652	331	(547)	(27)	(2)	58,407
Facilities	104,728	251	(1,343)	2,427	(4)	106,059
Machinery	18,690	29	(18)	16	(2)	18,715
Furniture	73,399	214	(600)	42	(4)	73,051
Vehicles	13,431	2,610	(1,839)	378	(3)	14,577
Other equipment	2,628	4	(36)	–	–	2,596
Right of use:						
Real estate	257,014	116,673	(103,750)	–	(150)	269,787
Assets under construction	2,288	1,436	(137)	(2,954)	–	633
Other tangible assets	30	–	–	–	(1)	29
	1,130,417	132,176	(122,517)	(1,933)	(196)	1,137,947
Accumulated depreciation:						
Real estate	(298,291)	(7,091)	8,257	807	20	(296,298)
Equipment:						
Computer equipment	(164,112)	(6,911)	5,768	–	5	(165,250)
Security equipment	(55,688)	(651)	537	27	1	(55,774)
Facilities	(93,273)	(2,140)	1,330	37	1	(94,045)
Machinery	(17,064)	(429)	17	–	2	(17,474)
Furniture	(69,435)	(1,286)	600	2	3	(70,116)
Vehicles	(6,623)	(1,660)	1,394	–	2	(6,887)
Other equipment	(2,606)	(8)	36	–	–	(2,578)
Right of use:						
Real estate	(123,126)	(31,031)	47,984	–	32	(106,141)
Vehicles and equipment	(1)	–	–	–	–	(1)
Other tangible assets	(29)	–	–	–	–	(29)
	(830,248)	(51,207)	65,923	873	66	(814,593)
	300,169	80,969	(56,594)	(1,060)	(130)	323,354

26. Intangible assets

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Intangible assets		
Software	163,546	133,201
Software - in progress	17,082	23,115
Other intangible assets	170	164
	180,798	156,480
Accumulated amortisation		
Relative to the year (note 9)	(22,356)	(22,970)
Relative to the previous years	(29,916)	(33,814)
	(52,272)	(56,784)
	128,526	99,696

The changes occurred in Intangible assets balance, during 2024, are analysed as follows:

(Thousands of euros)

	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Intangible assets						
Software	133,201	18,005	(27,007)	39,316	31	163,546
Software - in progress	23,115	33,196	–	(39,233)	4	17,082
Other intangible assets	164	–	–	–	6	170
	156,480	51,201	(27,007)	83	41	180,798
Accumulated amortisation						
Software	(56,695)	(22,356)	26,901	–	(26)	(52,176)
Other intangible assets	(89)	–	–	–	(7)	(96)
	(56,784)	(22,356)	26,901	–	(33)	(52,272)
	99,696	28,845	(106)	83	8	128,526

The changes occurred in Intangible assets balance, during 2023, are analysed as follows:

(Thousands of euros)

	Balance as at 1 January	Acquisitions / Charge	Disposals / Write-off	Transfers	Exchange differences	Balance as at 31 December
Intangible assets						
Software	144,961	17,681	(45,183)	15,757	(15)	133,201
Software - in progress	10,458	28,416	–	(15,757)	(2)	23,115
Other intangible assets	1,308	14	(1,154)	–	(4)	164
	156,727	46,111	(46,337)	–	(21)	156,480
Accumulated amortisation						
Software	(78,712)	(22,970)	44,974	–	12	(56,696)
Other intangible assets	(92)	–	–	–	4	(88)
	(78,804)	(22,970)	44,974	–	16	(56,784)
	77,923	23,141	(1,363)	–	(5)	99,696

27. Income tax

Income tax assets and liabilities are analysed as follows:

(Thousands of euros)

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Deferred taxes not depending on the future profits (a)						
Impairment losses (b)	802,998	–	802,998	862,261	–	862,261
Employee benefits	539,415	–	539,415	732,273	–	732,273
	1,342,413	–	1,342,413	1,594,534	–	1,594,534
Deferred taxes depending on the future profits						
Other tangible assets	420	(2,719)	(2,299)	834	(2,868)	(2,034)
Impairment losses (b)	192,500	–	192,500	260,047	–	260,047
Employee benefits	54,513	(34,993)	19,520	98,531	(139,712)	(41,181)
Financial assets at fair value through other comprehensive income	338,454	(77,496)	260,958	477,725	(75,033)	402,692
Tax losses carried forward (d)	144,339	–	144,339	157,450	–	157,450
Others (c)	148,487	(22,683)	125,804	91,046	(23,473)	67,573
	878,713	(137,891)	740,822	1,085,633	(241,086)	844,547
Total deferred taxes	2,221,126	(137,891)	2,083,235	2,680,167	(241,086)	2,439,081
Offset between deferred tax assets and deferred tax liabilities	(137,891)	137,891	–	(241,086)	241,086	–
Net deferred taxes	2,083,235	–	2,083,235	2,439,081	–	2,439,081
Current taxes (e)	14,338	(65,074)	–	14,044	(65,291)	–

(a) Special Regime applicable to deferred tax assets.

(b) The amounts of 2024 and 2023 include deferred tax assets related with credit impairments non-accepted fiscally of which credits were written-off, according to the expectation that the use of such impairments will be deductible for the purposes of determining taxable income for the tax periods in which the legal conditions required for their tax deductibility are met.

(c) Includes EUR 61,929,000 (31 December 2023: EUR 10,626,000) relating to fair value adjustments of interests in real estate investment funds and venture capital funds classified as equity instruments.

(d) Respects tax losses carried forward recorded for the years 2016, 2020 and 2021.

(e) The amounts of current taxes assets and liabilities refer exclusively to income taxes on the Bank's income.

Special regime applicable to deferred tax assets

The Extraordinary General Meeting of the Bank which took place on 15 October 2014 approved the Bank's accession to the Special Regime approved by Law No. 61/2014, of 26 August, applicable to deferred tax assets that resulted from not deduction of expenses and negative equity variations with impairment losses on credits and post-employment or long-term employee benefits.

The special regime is applicable to those expenses and negative equity variations 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 part of expenses and negative equity variations associated with them. Pursuant to Law No. 23/2016, of 19 August, this special regime is not applicable to expenses and negative equity variations with impairment losses on credits and with post-employment or long-term employee benefits recorded in the period's taxation commencing on or after 1 January 2016, nor to deferred tax assets to these associates.

The special regime applicable to deferred tax assets provides for an optional framework and with the possibility of subsequent waiver, under which:

- Expenses and negative equity variations with impairment losses on credits and with post-employment or long-term employee benefits covered by it are deducted, under the terms and conditions set out in the IRC Code and in relevant separate tax legislation, until the competition taxable profit for the tax period determined before these deductions. Expenses and negative equity variations not deducted as a result of applying this limit are deducted in subsequent tax periods, with the same limit. In the BCP, deferred tax assets associated with expenses and negative equity variations under these conditions amount to EUR 1,152,769,000 (31 December 2023: EUR 1,387,878,000), of which EUR 790,087,000 relate to impairment losses on credits (31 December 2023: EUR 848,120,000) and EUR 790,087,000 relate to post-employment or long-term employee benefits 31 December 2023: EUR 539,758,000).

- In certain situations (those with negative net results in annual individual accounts or liquidation by voluntary dissolution, insolvency decreed by court or revocation of the respective authorization), deferred tax assets covered by the Special Regime are converted into tax credits, in part or in wholeness. In situations of negative net income, the conversion is made according to the proportion between the amount of the negative net income for the period and the total of equity capital, and a special reserve corresponding to 110% of the tax credit must be constituted and, simultaneously, conversion rights attributable to the State of equivalent value, rights that can be acquired by the shareholders upon payment to the State of the same value. Tax credits may be offset against tax debts of the beneficiaries (or an entity based in Portugal within the same prudential consolidation perimeter or included in the same group of entities for which are applied the Special Tax Regime for Groups of Companies) or repaid by the State. As the Bank did not recorded net losses in the years 2015 to 2024, there was no conversion of deferred taxes assets into tax credits, under the terms provided for in the Special Regime.

Pursuant to the regime described, the recovery of deferred tax assets covered by the optional regime approved by Law No. 61/2014, of 26 August, is not dependent on future profits.

The above-mentioned legal framework was described by Ordinance no. 259/2016, of 4 October, about the control and use of tax credits, and by the Ordinance No. 293-A/2016, of 18 November, which establishes the conditions and procedures for the acquisition by the shareholders of the referred rights of the State. Law No. 98/2019, of 4 September, establishes a deadline for the acquisition of the referred rights of the State by the shareholders, after which the Management Board of the issuing bank is obliged to promote the record of the capital increase by the amount resulting from the exercise of the conversion rights. According to this legislation, among other aspects, these rights are subject to a right of acquisition by the shareholders on the date of creation of the rights of the State, exercisable in periods that will be established by the Board of Directors until 3 years after the confirmation date of the conversion of the deferred tax asset into tax credit by the Portuguese Tax and Customs Authority. The issuing entity shall deposit in favour of the State the amount of the price corresponding to all the rights issued, within 3 months beginning from the confirmation date of the conversion of the deferred tax asset into tax credit. Such deposit shall be redeemed when and to the extent that the rights of the State are acquired by the shareholders, or exercised by the State.

Deferred taxes are calculated based on the tax rates expected to be in force when the temporary differences are reversed, which correspond to the approved rates or substantially approved at the balance sheet date.

The deferred tax rate is analysed as follows:

Description	2024	2023
Income tax	21.0%	21.0%
Municipal surtax rate (on taxable net income)	1.5%	1.5%
State tax rate (on taxable net income)		
More than EUR 1,500,000 to EUR 7,500,000	3.0%	3.0%
From more than EUR 7,500,000 to EUR 35,000,000	5.0%	5.0%
More than EUR 35,000,000	9.0%	9.0%

Law No. 45-A/2024, of 31 December, which approved the State Budget for 2025, provides for the reduction of the standard IRC rate from 21% to 20%. Following this change:

- The tax applicable to deferred taxes related to tax losses as at 31 December 2024 is 20% (31 December 2023: 21%).
- The average deferred tax rate associated with temporary differences as at 31 December 2024 is 30.3% (31 December 2023: 31.3%).

Following the amendments provided for in Law No. 24-D/2022, of 30 December, within the scope of the State Budget for 2023, the reporting deadline applicable to the carrying forward of tax losses in Portugal was eliminated. This amendment applies to tax losses calculated in tax periods beginning on or after 1 January 2023, as well as to tax losses calculated in tax periods prior to 1 January 2023 and whose deduction period is still in progress on that date. Thus, tax losses calculated in 2014 and subsequent years may be deducted from future taxable income. The deduction limit for tax losses increased from 70% to 65%, being increased by ten percentage points when the difference results from the deduction of tax losses calculated in the 2020 and 2021 tax periods, under the terms of the special regime provided for in Law n. 27-A/2020, of July 24th.

Banco Comercial Português, S.A. applies the Special Tax Regime for Groups of Companies (RETGS) since 2016 for taxation purposes under IRC, in which it's the dominant company.

The group's taxable profit is calculated by the algebraic sum of the individual taxable profits and tax losses of the companies that comprise it. Income tax is calculated and registered, on an individual basis, in each of the Companies that make up the RETGS as if the regime were not applicable. The effect of the offset between taxable income and tax losses is, as a general rule, reflected in the companies that generated such losses, except when there is no recent history of calculating taxable income, in which case this effect is reflected at the level of the dominant company.

The Law No. 98/2019, of 4 September, established the tax regime for credit impairments and provisions for guarantees for tax periods beginning on or after 1 January 2019, providing for approximation between the accounting and tax rules for the purposes of deductibility of expenses with the reinforcement of credit impairments. The rules in force until 2018 could continue to be applied until the end of the 2023 financial year, unless the option to apply the new regime was exercised in advance.

In 2022, the Bank exercised the option to apply the new regime, under the terms of which the impairment losses for credit risk relating to exposures analysed on an individual or on a collective basis recognised in accordance with the applicable accounting standards and regulations are fully deductible for the purposes of determining taxable profit, with the exceptions provided for in the Corporate Income Tax Code. The exceptions apply to impairment losses relating to credits and other rights over natural or legal persons who hold, directly or indirectly, more than 10 % of the Bank's capital, over members of its corporate bodies, over companies in which the Bank holds, directly or indirectly, more than 10 % of the capital or over entities with which it is in a situation of special relations.

The Impairment losses and other value corrections for specific credit risk recorded until 31 December 2021 and still not accepted for tax purposes are only deductible up to the amount that, in each tax period, corresponds to the application of the mandatory minimum limits set out in Notice of Banco de Portugal No. 3/95, as amended before its repeal by Notice of Banco de Portugal No. 5/2015, and, between other conditions, provided that they are not claims covered by real estate rights.

The Bank complies with the guidelines of IFRIC 23 - Uncertainty over Income Tax Treatments on the determination of taxable profit, tax bases, tax losses to be reported, tax credits to be used and tax rates in scenarios of uncertainty regarding the income tax treatment and its application has not resulted in any material impact on its financial statements.

Analysis of the recoverability of deferred tax assets

In accordance with the accounting policy 1 X1, and with the requirements of IAS 12, the deferred tax assets were recognised based on the Bank's expectation of their recoverability. The recoverability of deferred taxes depends on the implementation of the strategy of the Bank's Board of Directors, namely the generation of estimated taxable income and its interpretation of tax legislation. Any changes in the assumptions used in estimating future profits or tax legislation may have material impacts on deferred tax assets.

The assessment of the recoverability of deferred tax assets is based on the projected results for the period from 2025 to 2031, as longer forecast periods have higher underlying factors of uncertainty. The projected pre-tax results for the years 2025, 2026, 2027 and 2028 are consistent with the budget approved by the Bank's Board of Directors in November 2024, which incorporates the priorities stemming from the 2025-2028 n the earnings forecast for the years 2029, 2030 and 2031, a standard nominal growth rate of 2% was considered.

The forecasts consider the conclusion of the monetary policy easing cycle in the Eurozone, with the stabilization of interest rates at a lower level than the current one, and the development of the Bank's activity aligned with the commercial positioning and the targets enshrined in the 2025-2028 Strategic Plan approved by the governing bodies, highlighting:

- after reflecting the impacts of the normalization of interest rates, net interest income benefits from the recovery of volumes in customer lending, especially to companies, with a focus on priority segments associated with customer knowledge and relationship, and continued growth of the deposit base, focusing on customer engagement and transactionality;

- increase in commission income based on an efficient and judicious management of commissions and price lists;

- stabilization of cost of risk at levels in line with the Bank's current activity, given the lower impact from the historical portfolios of NPEs, foreclosed assets and FRE (Corporate Restructuring Funds), after the reduction of these exposures achieved over the last years;

- strengthen the capabilities required for the implementation of the initiatives foreseen in the 2025-2028 Strategic Plan, while preserving high levels of efficiency based on continued cost discipline and increased use of technology.

To estimate taxable net income for the periods of 2025 to 2031, the following main assumptions were considered:

- The rules of the new tax regime of credit impairment were applied. In the application of these rules, the following assumptions were considered, in general terms:

a) the impairment losses for credit risk related to exposures analysed on an individual or collective basis, recognised in accordance with the applicable accounting and regulatory standards, were considered deductible for tax purposes;

b) impairment reversals created up to 31 December 2021 not accepted for tax purposes were estimated based on the most recent Non-Performing Assets Reduction Plan (2024-2026) submitted to the supervisory authority in March 2023, and also on the basis of the average percentage of reversal observed in the last years from 2016 to 2024;

c) the referred average percentages were calculated separately, depending on whether or not there was a mortgage guarantee, the eligibility for purposes of the special regime applicable to deferred tax assets and according to the customers' classification as Non-Performing Exposures (NPE).

- The deductions related to impairment of financial assets were projected based on the destination (sale or settlement) and the estimated date of the respective operations;

- Impairment reversals of non-financial assets not accepted for tax purposes were projected considering the expected periods of disinvestment in certain real estate assets. For the remaining assets without a forecasted term for disinvestment, the reversals were estimated based on the average percentage of reversal observed in the years from 2016 to 2024. Non-deductible expenses related to the reinforcement of impairment of non-financial assets were estimated on the based on the average percentage of amounts not deducted for tax purposes in the years from 2016 to 2024, compared to the amounts of reinforcements net of impairment recorded in those years;

- The deductions related to employee benefits were projected based on their estimated payments or deduction plans, in accordance with information provided by the pension fund actuary;

- The realization of changes in the fair value of real estate investment funds was projected based on the information available in the regulations of the funds in question in relation to the period foreseen for the respective liquidation.

According to the estimate of future taxable income, the deferred taxes assets recorded as at 31 December 2024 are adequate under the IAS 12 requirements.

In accordance with these assessments, the amount of unrecognised deferred tax related to temporary differences and to tax losses, is as follows:

(Thousands of euros)

	2024	2023
Temporary differences	1,072	40,976
Tax losses carried forward		
2014	154,196	161,906
2016	265,628	282,473
2018	79,699	104,966
2019	25,432	23,915
2020	4,390	—
2021	172,515	193,606
2022	4,965	6,590
Total	706,825	773,456

In addition to the above amounts, the Bank is contesting corrections to tax losses for 2014, 2016 and 2021, which, if granted, will increase the value of unrecognised deferred taxes assets by EUR 92,136 thousand.

The impact of income taxes in Net income and in other balances of Bank's equity is analysed as follows:

(Thousands of euros)

	2024		2023	
	Net income for the year	Reserves	Net income for the year	Reserves
Deferred taxes				
not depending on the future profits				
Impairment losses	(59,263)	—	(120,204)	—
Employee benefits	(180,816)	(12,042)	(89,567)	(13,748)
	(240,079)	(12,042)	(209,771)	(13,748)
Deferred taxes				
depending on the future profits				
Other tangible assets	(265)	—	216	—
Impairment losses	(66,739)	(808)	(48,448)	(1,791)
Employee benefits	(2,210)	62,911	(57,536)	103,929
Financial assets at fair value through other comprehensive income	—	(141,734)	—	(153,649)
Tax losses carried forward	(20,001)	6,890	(5,450)	500
Others (a)	57,645	586	(2,553)	3,638
	(31,570)	(72,155)	(113,771)	(47,373)
	(271,649)	(84,197)	(323,542)	(61,121)
Current taxes				
Actual year	7,304	(727)	7,566	—
Correction of previous years	(22)	—	(748)	—
	7,282	(727)	6,818	—
	(264,367)	(84,924)	(316,724)	(61,121)

(a) Includes EUR 51,323,000 (31 December 2023: EUR 31,162,000) relating to fair value adjustments of investments in venture capital funds and real estate investment funds.

The reconciliation between the nominal tax rate and the effective tax rate is analysed as follows:

(Thousands of euros)

	2024	2023
Net income / (loss) before income taxes	1,066,934	997,000
Current tax rate (%)	31.3%	31.3%
Tax at the applicable tax rate	(333,950)	(312,061)
Elimination of double economic taxation of dividends received	16,961	22,517
Non deductible impairment	17,935	(42,901)
Contribution on the banking sector	(10,195)	(13,893)
Interest from other capital instruments (a)	10,525	11,581
Fiscal gains and losses	(8,508)	(880)
Non-deductible expenses and other corrections	(722)	(2,928)
Effect of rate change (b)	(49,792)	—
Effect of recognition / derecognition net of deferred taxes (c)	83,935	21,705
Impact of the special regime for the taxation of groups of companies	8,421	—
Correction of previous years	1,655	881
Autonomous tax	(632)	(745)
Total	(264,367)	(316,724)
Effective rate (%)	24.8 %	31.8 %

(a) It relates to the impact of the deduction for taxable income purposes of interest paid in respect of perpetual bonds representing subordinated debt issued in 31 January 2019 and 11 January 2024.
(b) It relates to the impact of the reduction of the rate of corporate income tax from 21% to 20% on deferred taxes assets.
(c) It essentially concerns the recognition of deferred taxes assets relating to temporary differences associated with credit impairment and fair value losses not deducted in previous years.

28. Other assets

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Debtors	101,114	142,197
Shareholder Loans	123,728	195,449
Capital supplementary contributions	165	165
Other financial investments	309	309
Gold and other precious metals	3,691	3,560
Deposit account applications	58,297	57,746
Debtors for futures and options transactions	151,776	118,472
Artistic patrimony	28,795	28,794
Amounts due for collection	113,332	81,610
Other recoverable tax	7,243	7,752
Subsidies receivables	14,908	8,347
Associates	1,616	985
Interest and other amounts receivable	51,976	42,712
Prepaid expenses	18,502	19,409
Amounts receivable on trading activity	390	10,736
Real estate and other assets arising from recovered loans	76,238	104,744
Amounts due from customers	103,144	76,047
Surplus in the post-employment benefits	139,362	379,899
Others	81,922	42,092
	1,076,508	1,321,025
Impairment of other assets	(160,074)	(215,433)
	916,434	1,105,592

As referred in note 42, the balance Shareholder Loans includes the amount of EUR 113,840,000 (31 December 2023: EUR 165,837,000) arising from the transfers of assets to Specialized recovery funds for which there was an impairment loss of the same amount.

As at 31 December 2024 and 2023, the balance Deposit account applications includes the amount of EUR 30,638,000 relating to the collateral constituted in compliance with the assumption of irrevocable payment commitments to Single Resolution Fund, as referred in note 6.

The balance Amounts receivable on trading activity corresponds to operations awaiting financial settlement.

Considering the nature of these transactions and the age of the amounts of these items, the Bank's procedure is to periodically assess the collectability of these amounts and whenever impairment is identified, an impairment loss is recorded in the income statement.

The detail of the item Real estate and other assets arising from recovered loans is analysed as follows:

(Thousands of euros)

	2024			2023		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Real estate						
Assets arising from recovered loans	66,200	(33,966)	32,234	90,697	(30,373)	60,324
Assets for own use (closed branches)	171	—	171	798	(414)	384
Equipment and others	40	(18)	22	1,214	(594)	620
Other assets (*)	9,827	—	9,827	12,035	—	12,035
	76,238	(33,984)	42,254	104,744	(31,381)	73,363

(*) includes Price Deposit and Property Adjudication Proposals

The changes occurred in Impairment of other assets, with the exception of impairment for Real estate and other assets arising from recovered loans are analysed as follows:

(Thousands of euros)

	2024	2023
Balance at the beginning of the year	184,052	185,452
Transfers	(6,471)	4,187
Impairment for the year (note 12)	13,208	12,002
Write back for the year (note 12)	(333)	(677)
Amounts charged-off	(64,366)	(16,912)
Balance at the end of the year	126,090	184,052

The changes occurred in impairment for Real Estate and other assets arising from recovered loans, are analysed as follow:

(Thousands of euros)

	2024	2023
Balance at the beginning of the year	31,381	—
Transfer from Non-current assets held for sale (note 24)	—	11,989
Other transfers	(7,331)	10,382
Charge for the year (note 12)	10,522	9,025
Reversals for the year (note 12)	(16)	—
Amounts charged-off	(572)	(15)
Balance at the end of the year	33,984	31,381

29. Deposits from credit institutions and other funds

This balance is analysed as follows:

(Thousands of euros)

	2024			2023		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from Central Banks and other funds						
Central Banks abroad	–	115,571	115,571	–	109,301	109,301
	–	115,571	115,571	–	109,301	109,301
Deposits from credit institutions in Portugal and other funds						
Very short-term deposits	–	285,929	285,929	–	–	–
Repayable on demand	279,807	–	279,807	295,053	–	295,053
Term Deposits	–	187,654	187,654	–	79,198	79,198
	279,807	473,583	753,390	295,053	79,198	374,251
Deposits from credit institutions abroad and other funds						
Very short-term deposits	–	71,451	71,451	–	–	–
Repayable on demand	65,482	–	65,482	611,957	–	611,957
Term Deposits	–	138,073	138,073	–	139,548	139,548
Loans obtained	–	–	–	–	264,845	264,845
CIRS and IRS operations collateralised by deposits (*)	–	41,130	41,130	–	18,650	18,650
Others	–	2,926	2,926	–	4,393	4,393
	65,482	253,580	319,062	611,957	427,436	1,039,393
	345,289	842,734	1,188,023	907,010	615,935	1,522,945

(*) Under the scope of transactions involving derivative financial instruments (IRS and CIRS) with institutional counterparties, and in accordance with the terms of their respective agreements ("Cash collateral"). These deposits are held by the Bank and are reported as collateral for the referred operations (IRS and CIRS), whose revaluation is positive.

This balance is analysed by remaining period, as follows:

(Thousands of euros)

	2024	2023
Up to 3 months	1,087,856	1,212,518
3 to 6 months	89,511	16,417
6 to 12 months	10,656	294,010
	1,188,023	1,522,945

30. Deposits from customers and other funds

This balance is analysed as follows:

(Thousands of euros)

	2024			2023		
	Non-interest bearing	Interest bearing	Total	Non-interest bearing	Interest bearing	Total
Deposits from customers						
Repayable on demand	26,218,310	598,911	26,817,221	26,204,610	522,014	26,726,624
Term deposits	—	16,747,446	16,747,446	—	13,832,902	13,832,902
Saving accounts	—	4,002,667	4,002,667	—	4,387,534	4,387,534
Cheques and orders to pay	439,927	—	439,927	619,604	—	619,604
Other	—	—	—	—	60,000	60,000
	26,658,237	21,349,024	48,007,261	26,824,214	18,802,450	45,626,664
Corrections to the liabilities value subject to hedging operations			138,211			88,780
Deferred costs/ (income)			—			(621)
Interests payable			90,583			71,945
			48,236,055			45,786,768

In the terms of the Law, the Deposit Guarantee Fund was established to guarantee the repayment of funds deposited in Credit Institutions. The criteria to calculate the annual contributions to the referred fund are defined in the Regulation No. 11/94 of the Banco de Portugal.

This balance is analysed by remaining period (maturity of the next renovation), as follows:

(Thousands of euros)

	2024	2023
Deposits repayable on demand	26,817,221	26,726,646
Term deposits and saving accounts		
Up to 3 months	13,105,146	8,112,821
3 to 6 months	6,164,488	6,141,281
6 to 12 months	1,532,989	3,938,536
1 to 5 years	176,284	186,775
	20,978,907	18,379,413
Cheques and orders to pay		
Up to 3 months	439,927	619,604
Other		
Up to 3 months	—	1,105
Over 5 years	—	60,000
	—	61,105
	48,236,055	45,786,768

31. Non-subordinated debt securities issued

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Debt securities at amortised cost		
MTNs	1,996,452	1,847,667
Corrections to the liabilities value subject to hedging operations	(17,774)	(34,224)
Deferred costs/ (gains)	(2,618)	(2,173)
Interests payable	21,523	23,940
	1,997,583	1,835,210

The characteristics of the bonds issued by the Bank, as at 31 December 2024 are analysed as follows:

(Thousands of euros)

Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value
Bcp 6NC5 Senior Preferred EUR 500MN NG - MTN 856	February, 2021	February, 2027	Fixed rate 1.125% year until February 2026 /after Euribor 3M + Variable rate 1.55%	500,000	502,543
Bcp 1.75% Eur 500M 6.5Nc5.5 Social Senior Preferred Notes - Mtn 857	October, 2021	April, 2028	Fixed rate 1.75% year until April 2027/after Euribor 3M + 2%	500,000	475,074
BCP2023 MTN 861 BCP Senior Preferred Notes OCT 2026	October, 2023	October, 2026	Fixed rate 5.625% until October 2025; after Euribor 3M + 1,90%	500,000	498,919
BCP2024 - MTN 862 - EUR 500M Senior Preferred Fixed to Floating Rate Notes due OCT 2029	October, 2024	October, 2029	Fixed rate 3.125% until October 2028; after Euribor 3M + 0,85%	500,000	499,524
					1,976,060
Interests payable					21,523
					1,997,583

This balance, as at 31 December 2024, is analysed by the remaining period, as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Debt securities at amortised cost						
MTNs	—	—	—	1,997,583	—	1,997,583
	—	—	—	1,997,583	—	1,997,583

This balance, as at 31 December 2023, is analysed by the remaining period, as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Debt securities at amortised cost						
MTNs	—	311	—	1,834,899	—	1,835,210
	—	311	—	1,834,899	—	1,835,210

32. Subordinated debt

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Bonds		
MTNs	1,050,000	1,050,000
Corrections to the liabilities value subject to hedging operations	(17,808)	(41,831)
Deferred costs/ (income)	(1,142)	(1,956)
Interests payable	30,953	30,866
	1,062,003	1,037,079

As at 31 December 2024, the subordinated debt issues are analysed as follows:

(Thousands of euros)

Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value	Own funds value (*)
Bcp Fix Rate Reset Sub Notes-EMTN 854	December, 2017	December, 2027	See ref. (i)	166,300	167,306	97,540
Bcp Subord Fix. Rate Note Proj. Tagus Mtn 855	September, 2019	March, 2030	See ref. (ii)	450,000	459,581	459,581
BCP Tier 2 Subordinated Callable Notes Due May 2032 - MTN 858	November, 2021	May, 2032	See ref. (iii)	300,000	293,154	293,154
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See ref. (iv)	133,700	141,962	141,962
					1,062,003	992,237

(*) Amount of subordinated loans, eligible as Level 2 own funds, in accordance with Articles 62 a), 63 to 65, 66 a) and 67 of the CRR.

References:

Interest rates:

(i) up to the 5th year fixed rate 4.5%; 6th year and following: mid-swap rate in force at the beginning of this period + 4.267%;

(ii) Annual interest rate of 3.871% during the first 5.5 years (corresponding to a spread of 4.231% over the 5.5 year mid-swap rate, for the remaining 5 years, will be applied over the mid swaps rate in force at the beginning of that period);

(iii) Interest rate of 4%, per annum, during the first 5 years and 6 months (corresponding to a spread of 4.065% over the average of the mid-swap rates of 5 and 6 years). At the end of the first 5 years and 6 months the interest rate will be reset to maturity based on the 5 year mid swaps rate prevailing at that time plus the Spread;

(iv) Fixed annual interest rate of 8.75% during the first 5.25 years. The annual interest rate from year 5.25 onwards was set at the 5-year mid-swap rate plus a 6.051%.

As at 31 December 2023, the subordinated debt issues are analysed as follows:

(Thousands of euros)

Issue	Issue date	Repayment date	Interest rate	Nominal value	Book value	Own funds value (*)
Bcp Fix Rate Reset Sub Notes-Emtn 854	December, 2017	December, 2027	See ref. (i)	166,300	166,666	130,915
Bcp Subord Fix Rate Note Projeto Tagus Mtn 855	September, 2019	March, 2030	See ref. (ii)	450,000	443,394	450,000
BCP Tier 2 Subordinated Callable Notes Due May 2032 Mtn 858	November, 2021	May, 2032	See ref. (iii)	300,000	285,050	300,000
BCP2022 Tier 2 Sub Callable Notes Due 2 June 2033 MTN 860	December, 2022	March, 2033	See ref. (iv)	133,700	141,969	133,700
					1,037,079	1,014,615

(*) Amount of subordinated loans, eligible as Level 2 own funds, in accordance with Articles 62 a), 63 to 65, 66 a) and 67 of the CRR.

References:

Interest rates:

(i) up to the 5th year fixed rate 4.5%; 6th year and following: mid-swap rate in force at the beginning of this period + 4.267%;

(ii) Annual interest rate of 3.871% during the first 5.5 years (corresponding to a spread of 4.231% over the 5.5 year mid-swap rate, for the remaining 5 years, will be applied over the mid swaps rate in force at the beginning of that period).

(iii) Interest rate of 4%, per annum, during the first 5 years and 6 months (corresponding to a spread of 4.065% over the average of the mid-swap rates of 5 and 6 years). At the end of the first 5 years and 6 months the interest rate will be reset to maturity based on the 5 year mid swaps rate prevailing at that time plus the Spread.

(iv) Fixed annual interest rate of 8.75% during the first 5.25 years. The annual interest rate from year 5.25 onwards was set at the 5-year mid-swap rate plus a 6.051%.

The analysis of the subordinated debt by remaining period, is as follows:

(Thousands of euros)

	2024	2023
1 year to 5 years	167,306	166,666
Over 5 years	894,697	870,413
	1,062,003	1,037,079

33. Financial liabilities held for trading

The balance is analysed as follows:

(Thousands of euros)

	2024	2023
Trading derivatives (note 21)		
Swaps	57,302	106,727
Options	—	126
Forwards	1,601	562
	58,903	107,415
Level 2	58,899	107,343
Level 3	4	72

As referred in IFRS 13, financial instruments are measured according to the levels of valuation described in note 44.

34. Financial liabilities designated at fair value through profit or loss

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Deposits from customers (*)	1,955,740	2,314,798
Debt securities at fair value through profit and loss		
Medium term notes (MTN)	—	297,784
Certificates	1,292,006	989,703
	3,247,746	3,602,285

(*) Deposits from customers whose remuneration is indexed to a set of shares and/or indices

As at 31 December 2023, the analysis of Debt securities at fair value through profit and loss, is as follows:

(Thousands of euros)

Issue	Issue date	Maturity date	Interest rate	Nominal value	Book value
Bcp Cabaz 3 Acoes Fevereiro 2024 - Smtn Sr 31	February, 2019	February, 2024	Indexed to 3 shares portfolio	71,904	71,170
Bcp Tit Div Mill Cabaz 3 Acoes 8Abr24 Smtn Sr35	April, 2019	April, 2024	Indexed to 3 shares portfolio	64,634	63,405
Bcp Tit Div Mill Cabaz 5 Ac 26Julho2024 Smtn42	July, 2019	July, 2024	Indexed to 5 shares portfolio	75,600	73,026
Bcp Tit Div Millennium Cabaz 5 Ac 6Dez24 Smtn 44	December, 2019	December, 2024	Indexed to 5 shares portfolio	94,602	90,183
					297,784

As at 31 December 2024, the analysis of this balance, by remaining period, is as follows:

(Thousands of euros)

	2024					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Deposits from customers	730,585	53,558	790,760	380,837	—	1,955,740
Certificates	—	—	35,748	—	1,256,258	1,292,006
	730,585	53,558	826,508	380,837	1,256,258	3,247,746

As at 31 December 2023, the analysis of this balance, by remaining period, is as follows:

(Thousands of euros)

	2023					
	Up to 3 months	3 months to 6 months	6 months to 1 year	1 year to 5 years	Over 5 years	Total
Deposits from customers	749,241	277,406	1,054,097	234,054	—	2,314,798
Debt securities at fair value through profit and loss						
MTNs	71,170	63,405	163,209	—	—	297,784
Certificates	—	—	—	32,088	957,615	989,703
	820,411	340,811	1,217,306	266,142	957,615	3,602,285

35. Provisions

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Provision for guarantees and other commitments	103,879	109,616
Other provisions for liabilities and charges	345,194	356,345
	449,073	465,961

Changes in Provision for guarantees and other commitments are analysed as follows:

(Thousands of euros)

	2024	2023
Balance at the beginning of the year	109,616	100,480
Transfers (note 19)	(1,105)	(1,990)
Charge for the year (note 13)	141	12,364
Reversals for the year (note 13)	(4,798)	(1,236)
Exchange rate differences	25	(2)
Balance at the end of the year	103,879	109,616

Changes in Other provisions for liabilities and charges are analysed as follows:

(Thousands of euros)

	2024	2023
Balance at the beginning of the year	356,345	263,219
Transfers	(9,994)	(1,613)
Charge for the year (note 13)	65,211	100,288
Reversals for the year (note 13)	(8)	(7)
Amounts charged-off	(66,360)	(5,542)
Balance at the end of the year	345,194	356,345

The Other provisions for liabilities and charges were based on the probability of occurrence of certain contingencies related to risks inherent to the Bank's activity, being reviewed at each reporting date in order to reflect the best estimate of the amount and respective probability of payment.

This balance includes provisions for Real Estate Investment Funds in the amount of EUR 79,950,000 (31 December 2023: EUR 85,228,000) and for lawsuits, frauds and tax contingencies. The provisions constituted to cover tax contingencies amounted to EUR 54,168,000 (31 December 2023: EUR 50,571,000).

Additionally, there are provisions for liabilities and charges recorded for corporate restructuring funds and carved-out assets of the Project Crow.

36. Other liabilities

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Creditors:		
Suppliers	50,983	52,860
From factoring operations	21,882	47,987
Deposit account applications and others applications	122,328	154,587
Associates	270	963
For futures and options transactions	13,533	11,121
Liabilities not covered by the Group Pension Fund - amounts payable by the Bank	8,626	10,417
Rents to pay	152,081	158,173
Other creditors		
Residents	77,878	62,471
Non-residents	16,942	34,832
Public sector	47,335	39,255
Interests and other amounts payable	48,466	46,918
Deferred income	8,972	7,578
Holiday pay and subsidies	41,976	41,178
Transactions on securities to be settled	2,757	3,855
Operations to be settled - foreign, transfers and deposits	127,861	77,812
Other sundry liabilities	168,899	195,979
	910,789	945,986

The balance Liabilities not covered by the Group Pension Fund - amounts payable by the Bank includes the amount of EUR 4,420,000 (31 December 2023: EUR 6,426,000) related to the actual value of benefits attributed associated with mortgage loans to employees, retirees and former employees.

The balance Amounts payable on trading activity corresponds to transactions awaiting financial settlement.

The Bank has several operating leases for properties, being recorded in the item Rents to pay the amount of lease liabilities recognised under IFRS 16, according to the accounting policy 1 H. The analysis of this balance, by maturity, is as follows:

(Thousands of euros)

	2024	2023
Until 1 year	2,452	2,094
1 to 5 years	61,479	62,727
Over 5 years	118,832	131,871
	182,763	196,692
Accrued costs recognised in Net interest income	(30,682)	(38,519)
	152,081	158,173

37. Share capital and Other equity instruments

As at 31 December 2024, the Bank's share capital amounts to EUR 3,000,000,000 and is represented by 15,113,989,952 nominative book-entry without nominal value, fully subscribed and paid up.

As at 31 December 2024, the Share premium amounts to EUR 16,470,667.11, corresponding to the difference between the issue price (EUR 0.0834 per share) and the issue value (EUR 0.08 per share) determined under the scope of the Exchange Offer occurred in June 2015.

As at 31 December 2024, the Other equity instruments in the amount of EUR 400,000,000 corresponds to 2,000 perpetual subordinated notes issued on 18 January 2024, with a nominal value of EUR 200,000 each which was classified as Additional Tier 1 (AT1) in accordance with the specific rules of IAS 32 and accounting policy 1 E. The issue has the option of early repayment by the Bank from the end of 5th year onwards with a coupon of 8.125% per year for the first 5.5 years, which will be refixed from that date every 5 years, with reference to the then prevailing 5-year mid-swap rate plus a spread of 5.78% a year. As the operation is classified as AT1, the corresponding interest payment can be cancelled by the Bank at its discretion or by imposition of the competent authorities and is still subject to compliance with a set of conditions, including compliance with the combined capital reserve requirement and the existence of sufficient distributable funds.

The Bank also decided, in accordance with its terms and conditions, to exercise the option of early repayment of the entire AT1 issue issued on 31 January 2019 in the amount of EUR 400,000,000. The early repayment took place on their first call date, 31 January 2024, at the nominal value plus the respective accrued interests.

As at 31 December 2024, the shareholders who hold, individually or jointly, 5% or more of the Bank's capital, are the following:

Shareholder	Number of shares	% share capital	% voting rights
Chiado (Luxembourg) S.à.r.l. (Fosun Group)	3,027,936,381	20.03%	20.03%
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	2,946,353,914	19.49%	19.49%
Total Qualified Shareholdings	5,974,290,295	39.52%	39.52%

38. Legal and statutory reserves

Under the Portuguese legislation, the Bank is required to annually set-up a legal reserve equal to a minimum of 10% of annual profits until the reserve equals the share capital, or until the sum of the free reserves constituted and the retained earnings, if higher. In accordance with the proposal for the appropriation of net income for the 2023 financial year approved at the General Shareholders' Meeting held on 22 May 2024, the Bank increased its legal reserves in the amount of EUR 68,027,000, thus, as at 31 December 2024 the Legal Reserves amount to EUR 384,402,000 (31 December 2023: EUR 316,375,000).

39. Reserves and retained earnings

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Fair value changes - Gross amount		
Financial assets at fair value through other comprehensive income (note 21)		
Debt instruments (*)	39,296	7,192
Equity instruments	(18,451)	(19,632)
Cash-flow hedge	(873,807)	(1,268,434)
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	(662)	(2,619)
	(853,624)	(1,283,493)
Fair value changes - Tax		
Financial assets at fair value through other comprehensive income		
Debt instruments	(11,907)	(2,251)
Equity instruments	5,502	6,132
Cash-flow hedge	264,764	397,020
From financial liabilities designated at fair value through profit or loss related to changes in own credit risk	200	820
	258,559	401,721
	(595,065)	(881,772)
Other reserves and retained earnings	2,727,821	2,596,566
	2,132,756	1,714,794
Legal reserve (note 38)	384,402	316,375
	2,517,158	2,031,169

(*) Includes the effects arising from the application of hedge accounting.

The fair value changes correspond to the accumulated changes of the Financial assets at fair value through other comprehensive income and Cash flow hedge, in accordance with the accounting policy presented in note 1.B.

The variation in the fair value of cash flow hedges reflects the economic impact on these hedges of the pronounced increase in market interest rates, an effect that is more than offset by the economic impact on the fair value of liabilities that are more sensitive to such an increase and that are accounted for at amortised cost.

During 2024, the changes occurred in Fair value changes - Gross amount, excluding the effect of hedge accounting and changes in own credit risk associated with financial liabilities designated at fair value through profit or loss, are analysed as follows:

(Thousands of euros)

	2024					
	Balance as at 1 January	Fair value changes	Fair value hedge adjustment	Impairment in profit or loss	Disposals	Balance as at 31 December
Financial assets at fair value through other comprehensive income (note 21)						
Debt instruments						
Portuguese public debt securities	(20,853)	41,374	(33,533)	(202)	4,270	(8,944)
Others	28,045	59,837	(40,597)	3,182	(2,227)	48,240
	7,192	101,211	(74,130)	2,980	2,043	39,296
Equity instruments	(19,632)	(273)	—	—	1,454	(18,451)
	(12,440)	100,938	(74,130)	2,980	3,497	20,845

During 2023, the changes occurred in Fair value changes - Gross amount, excluding the effect of hedge accounting and changes in own credit risk associated with financial liabilities designated at fair value through profit or loss, are analysed as follows:

(Thousands of euros)

	2023					
	Balance as at 1 January	Fair value changes	Fair value hedge adjustment	Impairment in profit or loss	Disposals	Balance as at 31 December
Financial assets at fair value through other comprehensive income (note 21)						
Debt instruments						
Portuguese public debt securities	(53,474)	114,448	(92,346)	81	10,438	(20,853)
Others	(5,294)	83,910	(51,078)	1,017	(510)	28,045
	(58,768)	198,358	(143,424)	1,098	9,928	7,192
Equity instruments	(39,113)	4,164	—	—	15,317	(19,632)
	(97,881)	202,522	(143,424)	1,098	25,245	(12,440)

40. Guarantees and other commitments

This balance is analysed as follows:

(Thousands of euros)

	2024	2023
Guarantees granted		
Guarantees	3,521,209	3,443,472
Stand-by letter of credit	81,176	63,368
Open documentary credits	208,061	232,364
Bails and indemnities	9,865	135,256
	3,820,311	3,874,460
Commitments to third parties		
Irrevocable commitments		
Term deposits contracts	2,620,000	850,000
Irrevocable credit facilities	2,453,316	2,448,938
Securities subscription	14,949	22,145
Other irrevocable commitments	108,069	156,432
Revocable commitments		
Revocable credit facilities	6,236,034	5,812,940
Bank overdraft facilities	960,012	863,585
Other revocable commitments	98,764	111,752
	12,491,144	10,265,792
Guarantees received	23,079,568	24,146,938
Commitments from third parties	11,374,579	12,120,190
Securities and other items held for safekeeping	66,310,222	68,361,351
Securities and other items held under custody by the Securities Depository Authority	87,129,110	84,709,595
Other off balance sheet accounts	135,487,195	136,121,963

The guarantees granted by the Bank may be related to loans transactions, where the Bank grants a guarantee in connection with a loan granted to a customer by a third entity. According to its specific characteristics it is expected that some of these guarantees expire without being executed and therefore these transactions do not necessarily represent a cash-outflow. The estimated liabilities are recorded under provisions (note 35).

Stand-by letters and open documentary credits aim to ensure the payment to third parties from commercial deals with foreign entities and therefore financing the shipment of the goods. Therefore, the credit risk of these transactions is limited since they are collateralised by the shipped goods and are generally short term operations.

Irrevocable commitments are non-used parts of credit facilities granted to corporate or retail customers. Many of these transactions have a fixed term and a variable interest rate and therefore the credit and interest rate risk is limited.

As at 31 December 2024 and 2023, the balance Irrevocable commitments - Other irrevocable commitments includes the amount of EUR 30,638,000 relating to the collateral constituted in compliance with the assumption of irrevocable payment commitments to Single Resolution Fund, as referred in note 6.

This balance also includes the amount of EUR 47,195,000 (31 December 2023: EUR 94,390,000), corresponding to irrevocable commitments for cumulative payments assumed with the Deposit Guarantee Fund, as referred in note 6.

The financial instruments accounted as guarantees and other commitments are subject to the same approval and control procedures applied to the credit portfolio, namely regarding the analysis of objective evidence of impairment, as described in the accounting policy in note 1.B. The maximum credit exposure is represented by the nominal value that could be lost related to guarantees and commitments undertaken by the Bank in the event of default by the respective counterparties, without considering potential recoveries or collaterals.

The balance of Guarantees granted, Irrevocable credit facilities and revocable commitments portfolio detailed by stage according with IFRS 9, is analysed as follows:

(Thousands of euros)

	2024	2023
Stage 1		
Gross amount	12,280,692	11,567,418
Impairment	(5,876)	(7,195)
	12,274,816	11,560,223
Stage 2		
Gross amount	978,508	1,218,842
Impairment	(10,696)	(10,773)
	967,812	1,208,069
Stage 3		
Gross amount	309,237	325,415
Impairment	(87,307)	(91,648)
	221,930	233,767
	13,464,558	13,002,059

41. Assets under management and custody

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties, which involve the Bank making allocation and purchase and sale decisions in relation to a wide range of financial instruments. For certain services are set objectives and levels of return for assets under management and custody. There is no capital or profitability guaranteed by the Bank in these assets. Those assets held in a fiduciary capacity are not included in the financial statements.

The total assets under management and custody are analysed as follows:

(Thousands of euros)

	2024	2023
Assets under deposit	60,156,284	62,315,197
Wealth management (*)	3,783,799	3,738,751
	63,940,083	66,053,948

(*) Corresponds to the assets portfolio that are currently monitored and controlled by the business area as being managed by the Bank.

42. Transfers of assets

The Bank performed a set of transactions of sale of financial assets (namely loans and advances to customers) for Funds specialized in the recovery of loans. These funds take the responsibility for management of the borrower 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 the companies/assets.

The specialized funds in credit recovery that acquired the financial assets are closed funds, in which the holders of the participation units have no possibility to request the repayment of its participation units throughout the useful life of the Fund. These participation units are held by several banks, which are the sellers of the loans, in percentages that vary through the useful life of the Funds, ensuring however that, separately, none of the banks hold more than 50% of the capital of the Fund.

The Funds have a specific management structure (General Partner), fully independent from the assignor banks and that is selected on the date of establishment of the Fund. The management structure of the Fund has as main responsibilities to: (i) determine the objective of the Fund and (ii) administrate and manage exclusively the Fund, determining the objectives and investment policy and the conduct in management and business of the Fund. The management structure is remunerated through management commissions charged to the Funds.

These funds (in which the Bank holds minority positions) establish companies in order to acquire the loans to the banks, which are financed through the issuance of senior and junior securities. The value of the senior securities fully subscribed by the Funds that hold the share capital match the fair value of the asset sold, determined in accordance with a negotiation based on valuations performed by both parties.

The value of the junior securities is equivalent to the difference between the fair value that was based on the valuation of the senior security and the value of the transferred receivables. These junior securities, being subscribed by the Bank, will entitle the Bank to a contingent positive value if the value of the assets transferred exceeds the amount of the senior tranches plus the remuneration on them. Thus, considering these junior assets reflect a difference between the valuations of the assets sold based on the appraisals performed by independent entities and the negotiation between the parties, the Bank performs the constitution of impairment losses for all of them.

Therefore, as a result of the transfer of assets occurred operations, the Bank subscribed:

- Senior securities (participation units) of the funds, for which the cash-flows arise mainly from a set of assets transferred from the participant banks. These securities are booked in Financial assets not held for trading mandatorily at fair value through profit or loss portfolio and are accounted for at fair value based on the last available Net assets value (NAV), as disclosed by the Management companies and audited at year end, still being analysed by the Bank;
- Junior securities (with higher subordination degree) issued by the Portuguese law companies held by the funds and which are fully provided to reflect the best estimate of impairment of the financial assets transferred.

Within this context, not withholding control but maintaining an exposure to certain risks and rewards, the Bank, in accordance with IFRS 9 3.2, performed an analysis of the exposure to the variability of risks and rewards in the assets transferred, before and after the transaction, 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 on the funds or companies' management, the Bank performed, under the scope of IAS IFRS 9 3.2, the derecognition of the assets transferred and the recognition of the assets received.

The results were calculated on the date of transfer of the assets. During 2024 and 2023, no credits were sold to corporate restructuring funds.

The amounts accumulated as at 31 December 2024, related to these operations, are analysed as follows::

(Thousands of euros)

	Assets transferred	Net assets transferred	Received value	Net gains/ (losses)
Fundo Recuperação FCR (a)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (b)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (b)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (c)	113,665	113,653	109,599	(4,054)
	800,954	633,593	612,688	(20,905)

The activity segments are as follows: a) Diversified; b) Real estate and tourism; and c) Real estate.

The amounts accumulated as at 31 December 2023, related to these operations, are analysed as follows:

(Thousands of euros)

	Assets transferred	Net assets transferred	Received value	Net gains / (losses)
Fundo Recuperação FCR (a)	343,266	243,062	232,267	(10,795)
Fundo Aquarius FCR (b)	132,635	124,723	132,635	7,912
Discovery Real Estate Fund (b)	211,388	152,155	138,187	(13,968)
Fundo Vega FCR (c)	113,665	113,653	109,599	(4,054)
	800,954	633,593	612,688	(20,905)

The activity segments are as follows: a) Diversified; b) Real estate and tourism; and c) Real estate.

As at 31 December 2024 and 2023, the assets received under the scope of these operations are comprised of:

(Thousands of euros)

	2024		
	Fair value of Investment fund units (note 21)	Shareholder Loans (note 28)	Total
Fundo Recuperação FCR	13,987	–	13,987
Fundo Aquarius FCR	88,876	–	88,876
Discovery Real Estate Fund	167,894	–	167,894
Fundo Vega FCR	32,471	–	32,471
	303,228	–	303,228

(Thousands of euros)

	2023		
	Fair value of Investment fund units (note 21)	Shareholder Loans (note 28)	Total
Fundo Recuperação FCR	28,030	–	28,030
Fundo Aquarius FCR	98,119	–	98,119
Discovery Real Estate Fund	162,284	–	162,284
Fundo Vega FCR	36,142	–	36,142
	324,575	–	324,575

As at 31 December 2024 and 2023, the book value of these assets is recorded under Financial assets not held for trading mandatorily at fair value through profit or loss and considers the Fund's Global Net Asset Value (NAV) communicated by the Management Companies.

It is also important to mention the following aspects: (i) these are Funds whose latest Audit Reports available as at 31 December 2023 and latest Limited Audit Reports available as at 30 June 2024, do not include reserves; (ii) the funds are subject to supervision by the competent authorities.

The balance Shareholder Loans in the gross amount of EUR 113,840,000 (31 December 2023: EUR 165,837,000) is fully provisioned, as referred in note 28.

The detail of the commitments of subscribed and unpaid capital for each of the corporate restructuring funds is analysed as follows:

(Thousands of euros)

	2024			2023		
Funds	Subscribed capital	Paid up capital realized	Subscribed and unpaid capital	Subscribed capital	Paid up capital realized	Subscribed and unpaid capital
Fundo Recuperação FCR	162,149	162,146	3	171,846	166,637	5,209
Fundo Aquarius FCR	97,739	87,125	10,614	118,350	105,497	12,853
Discovery Real Estate Fund	158,991	158,991	—	158,991	158,991	—
Fundo Vega FCR	45,439	43,825	1,614	45,439	43,492	1,947
	464,318	452,087	12,231	494,626	474,617	20,009

There are additional subscription commitments for the fund Discovery in the amount of EUR 1,107,000 (31 December 2023: EUR 1,107,000).

Moreover, the following exposures and respective impairment are recorded in the Loans and advances to customers portfolio and under the Guarantees provided and Irrevocable credit facilities items, in relation to entities controlled by these funds:

(Thousands of euros)

Items	2024	2023
Loans and advances to customers	17,416	35,978
Guarantees granted and irrevocable credit lines	22,590	24,018
Gross exposure	40,006	59,996
Impairment	(2,160)	(6,176)
Net exposure	37,846	53,820

Project Crow

As part of the sale process called Project Crow concluded at the end of 2022, Banco Comercial Português, S.A. now holds an investment in a venture capital fund, in 2 real estate funds and in a company, as follows:

(Thousands of euros)

	2024	2023
Financial assets not held for trading mandatorily at fair value through profit or loss (note 21)		
Fundo Turismo Algarve, FCR	41,045	40,758
Lusofundo - Fundo de Investimento imobiliário fechado (in liquidation)	19,175	18,780
Fundo de Investimento imobiliário fechado Eurofundo (in liquidation)	4,305	8,467
	64,525	68,005
Investments in subsidiaries and associates (note 23)		
Imoserit, S.A.	10,051	—
	10,051	—
Other assets (note 28)		
Imoserit, S.A.	2,540	14,805
	2,540	14,805
	77,116	82,810

As referred in note 35, there are provisions for liabilities and charges recorded for corporate restructuring funds and carved-out assets of the Project Crow.

43. Relevant events occurred during 2024

Banco Comercial Português, S.A. informed about the upgrade of senior debt ratings by Fitch Ratings

On 13 December 2024, Banco Comercial Português, S.A. ("BCP" or "Bank") informed that Fitch Ratings upgraded BCP's long-term senior unsecured debt ratings from BBB- to BBB, following the upgrade of the long-term Issuer Default Rating (IDR) from BBB- to BBB and the Viability Rating (VR) from bbb- to bbb. having maintained the Positive Outlook.

The upward review of BCP`s rating by Fitch Ratings reflects a better assessment of the bank's capitalization and funding profile. Fitch within the scope of the review took also into consideration the upgrade of the Portuguese operating environment from bbb to bbb+ as it should result in better growth opportunities for BCP due to its strong domestic franchise.

The Positive Outlook reflects Fitch view that BCP's business profile, profitability and internal capital generation should structurally improve if the Bank successfully executes its new strategic plan and resolves legacy risks related to Polish foreign-currency mortgage loans.

Fitch Ratings also raised the ratings on BCP's Additional Tier 1 and Tier 2 instruments by one notch.

Banco Comercial Português, S.A. informed about the upgrade of senior unsecured debt rating by Moody's

Banco Comercial Português, S.A. ("BCP" or "Bank") informed that Moody's rating agency on 19 November 2024, upgraded the Bank's senior unsecured debt rating from Baa2 to Baa1 and affirmed deposits rating at A3, maintaining the rating assigned to deposits at the same level to that assigned to the Portuguese Republic. On the same date, Moody`s revised the Outlook on deposits from stable to positive.

This upgrade of BCP's ratings by Moody's reflects the improvement in asset-risk indicators as a result of a successful de risking strategy implemented in Portugal in recent years, its higher capital levels and the group's improved bottom-line profitability, despite still being strained over the outlook period by sizable legal provisions associated to BCP's Polish subsidiary's legacy Swiss franc mortgage portfolio.

In the scope of the review carried out by Moody's, it was simultaneously communicated, the upgrade of the Baseline Credit Assessment (BCA) and Adjusted BCA from Ba1 to Baa3, the junior senior debt rating to (P)Baa3, the dated subordinated debt to (P)Ba1. BCP's BCA also reflects the Bank's sound funding and liquidity position.

Banco Comercial Português, S.A. informed about issue of senior preferred debt securities eligible for MREL

On 14 October 2024, Banco Comercial Português, S.A. ("Bank") informed that it has fixed the terms for a new issue of senior preferred debt securities eligible for MREL (Minimum Requirement for own funds and Eligible Liabilities), under its Euro Note Programme.

The issue, in the amount of EUR 500 million, will have a tenor of 5 years, with the option of early redemption by the Bank at the end of year 4, an issue price of 99.660% and an annual interest rate of 3.125% during the first 4 years (corresponding to a spread of 0.85% over the 4-year mid-swap rate). The interest rate for the 5th year was set at 3-month Euribor plus a 0.85% spread.

Banco Comercial Português, S.A. informed about decision to call the currently outstanding Senior Preferred issue due October 2025 with an amount of EUR 350 million

On 8 October 2024, Banco Comercial Português, S.A. informed that it has decided to exercise its option to early redeem all of its EUR 350,000,000 Senior Preferred Fixed to Floating Rate Notes due October 2025 (ISIN: PTBCPBOM0062), issued on 25 October 2022 under the EUR 25,000,000,000 Euro Note Programme (the “Notes”), in accordance with condition 6(d) of the terms and conditions of the Notes and the final terms of the Notes. The early redemption of the Notes shall take place on the optional redemption date set out in the final terms of the Notes, 25 October 2024, at their outstanding principal amount together with accrued interest.

Banco Comercial Português, S.A. informed about the upgrade of senior debt ratings by S&P Global

On 4 October 2024, Banco Comercial Português, S.A. (“BCP” or “Bank”) informed that S&P Global upgraded BCP's senior unsecured debt ratings from BBB- to BBB, keeping the positive Outlook.

This upgrade reflects easing industry risks in the system and BCP's improved credit risk profile, both in absolute and relative terms.

BCP has halved its NPE stock since end-2019, while posting solid profitability, enhancing its capitalization, and maintaining ample liquidity and a balanced funding profile.

S&P anticipates that BCP will continue benefiting from a strong earnings capacity, keeping high levels of efficiency and solid levels of capitalization.

The positive outlook reflects that S&P could raise its long-term rating on BCP over the next 18-24 months if it keeps growing and sustainably preserving its capitalization.

Banco Comercial Português, S.A. informed on the upgrade of senior unsecured debt and deposits ratings by Morningstar DBRS

Banco Comercial Português, S.A. (“BCP” or “Bank”) informed that, on 3 October 2024, Morningstar DBRS rating agency upgraded the Bank's deposits ratings from BBB(high) to A(low) and the senior unsecured debt ratings from BBB to BBB(high).

The upgrade to BCP's credit ratings by Morningstar DBRS's reflects the Bank's earnings and internal capital generation, improved capitalization levels and asset quality, reflecting the progress in reducing non-performing exposures (NPEs).

The stable trend reflects the expectation that risks to the outlook are balanced. The Bank's provisions will likely remain elevated although decreasing, reflecting the legal and financial risks linked to legacy CHF-indexed mortgages in the Polish subsidiary, which are expected to gradually subside.

The trend also reflects Morningstar DBRS expectation that the Bank will maintain healthy profitability levels and solid capital buffers.

Notice from the Banco de Portugal regarding MREL requirements

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

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

- 25.17% of the total risk exposure amount ("TREA") (to which adds further a combined buffer requirement ("CBR") of 3.5%, thus corresponding to total requirements of 28.67%); and

- 6.67% of the leverage ratio exposure measure ("LRE").

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

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

At the date of this announcement, BCP informed that it complies with the established MREL requirements, both as a percentage of the TREA (including the CBR) and as a percentage of the LRE.

Fitch Ratings upgraded BCP's Outlook

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

Resolutions of the Annual General Meeting of Banco Comercial Português, S.A.

Banco Comercial Português, S.A. concluded on 22 May 2024, at the Bank's facilities and, simultaneously, through electronic means with 64.10% of the share capital represented, the Annual General Meeting of Shareholders, with the following resolutions:

Item One - Election of the Board of the General Meeting for the 2024/2027 four-year period;

Item Two – Approval of the management report, the balance sheet and the individual and consolidated financial statements for the 2023 financial year, the Corporate Governance Report, that includes a chapter on the remuneration of the management and supervisory bodies, and the Sustainability Report;

Item Three – Approval of the proposal for the appropriation of profit regarding the 2023 financial year;

Item Four – Approval of a vote of trust and praise addressed to the Board of Directors, including to the Executive Committee and to the Audit Committee and each one of their members, as well as to the Chartered Accountant and its representative;

Item Five – Approval of the updating of the policy for the remuneration of Members of the Management and Supervisory Bodies;

Item Six – Approval of the acquisition and sale of own shares and bonds;

Item Seven – Approval of the amendment of the articles of association, giving new wording to article 10 (2);

Item Eight – Approval of the appointment of the Statutory Auditor and its alternate and the selection of the External Auditor for the four-year period 2024/2027.

Banco Comercial Português, S.A. informed about the election of the Statutory Auditor and of the External Auditor for the four-year period 2024/2027

On 22 May 2024, Banco Comercial Português, S.A. informed that, at the General Shareholders' Meeting, it proceeded with the election of the Statutory Auditor, Effective and Alternate and the choice of the External Auditor for the four-year period 2024/2027, as follows:

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

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

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

S&P Global Ratings upgraded BCP's Outlook

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

EIB signed an agreement with Millennium bcp

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

Banco Comercial Português, S.A. informed about the issuance of perpetual subordinated notes (Additional Tier 1)

On 11 January 2024, Banco Comercial Português, S.A. (“Millennium bcp”) informed it has set the conditions for a new issue of Additional Tier 1, in the amount of EUR 400 million, with the option of early repayment by Millennium bcp from the end of 5th year onwards with a coupon of 8.125% per year for the first 5.5 years, which will be refixed from that date every 5 years, with reference to the then prevailing 5-year mid-swap rate plus a spread of 5.78%.

Banco Comercial Português, S.A. informed about the resignation of a member of the Board of Directors

On 5 January 2024, Banco Comercial Português, S.A. (“Bank”) informed, under the terms and for the purposes of article 6 of CMVM Regulation No. 1/2023, that the Non-Executive Director Xiaoxu Gu (also known as Julia Gu) presented today its resignation to the position of non-executive member of the Board of Directors, effective from 29 February 2024.

The Bank informed that it would begin the process of identifying and selecting a new non-executive member to join its Board of Directors in accordance with the applicable Bank's regulations. The conclusion of this process will be announced in due course and will not affect the regular functioning of the Board of Directors.

Banco Comercial Português S.A. informed about decision to call the currently outstanding Additional Tier 1 instrument (“AT1”) in the amount of EUR 400 million

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

44. Fair value

Fair value is based on market prices, whenever these are available. If market prices are not available, as occurs regarding 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 its financial characteristics and the discount rates used include both the market interest rate curve and the current conditions of the Bank's pricing policy.

Thus, the fair value obtained is influenced by the parameters used in the evaluation model that have some degree of judgment and reflects exclusively the value attributed to different financial instruments. However, it does not consider prospective factors, as the future business evolution. Therefore, the values presented cannot be understood as an estimate of the economic value of the Bank.

The main methods and assumptions used in estimating the fair value for the financial assets and financial liabilities are presented as follows:

Cash and deposits at Central Banks and Loans and advances to credit institutions repayable on demand

Considering the short term of these financial instruments, the amount in the balance sheet is a reasonable estimate of its fair value.

Loans and advances to credit institutions, Deposits from credit institutions and other funds and Assets with repurchase agreements

The fair value of these financial instruments is calculated discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. This update is made based on the prevailing market rate for the term of each cash flow plus the average spread of the production of the most recent 3 months of the same. For the elements with signs of impairment, the net impairment of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is realized in the determination of this impairment.

For Deposits from Central Banks and other funds, it was considered that the book value is a reasonable estimate of its fair value, given the nature of operations and the associated short-term.

For the remaining loans and advances and deposits, the discount rate used reflects the current conditions applied by the Bank on identical instruments for each of the different residual maturities (rates from the monetary market or from the interest rate swap market).

Loans and advances to customers without defined maturity date

Considering the short maturity of these financial instruments, the conditions of the portfolio are similar to conditions used at the date of the report. Therefore, the amount in the balance sheet is a reasonable estimate of its fair value (this class incorporates among other, factoring operations, current account credit, credit cards and overdrafts in demand deposits).

Loans and advances to customers with defined maturity date

The fair value of these instruments is calculated by discounting the expected principal and interest future cash flows for these instruments, considering that the payments of the instalments occur in the contractually defined dates. For loans with signs of impairment (Stage 3 loans), the net impairment of these operations is considered as a reasonable estimate of their fair value, considering the economic valuation that is realized in the determination of this impairment.

The discount rate used is the one that reflects the current rates of the Bank for each of the homogeneous classes of this type of instruments and with similar residual maturity. The discount rate includes the market rates for the residual maturity date (rates from the monetary market or from the interest rate swap market) and the spread used at the date of the report, which was calculated from the average production of the three most recent months compared to the reporting date.

Deposits from customers and other funds

The fair value of these financial instruments is calculated by discounting the expected principal and interest future cash flows for the referred instruments, considering that payments occur in the contractually defined dates. The discount rate used reflects the current conditions applied by the Bank in similar instruments with a similar maturity. The discount rate includes the market rates of the residual maturity date (rates of monetary market or the interest rate swap market, at the end of the period) and the actual spread of the Bank. This was calculated from the average production of the three most recent months compared to the reporting date.

As in the case of credits without defined maturity, also for the deposits from customers without defined maturity (demand deposits) it is considered that given the potential short term of the same, possibility of their liquidation at any time, the book value of these liabilities is a reasonable estimate of their fair value.

The average discount rates for Loans and advances to credit institutions, Loans and advances to customers, Deposits from credit institutions and other funds and Deposits from customers and other funds are analysed as follows:

	Loans and advances to credit institutions		Loans and advances to customers		Deposits from credit institutions and other funds		Deposits from customers and other funds	
	2024	2023	2024	2023	2024	2023	2024	2023
EUR	3.31%	4.39%	4.36%	4.70 %	3.34%	4.24%	3.24%	4.33%
AUD	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	4.70%	4.86%
CAD	n.a.	n.a.	n.a.	n.a.	3.48%	n.a.	3.46%	5.43%
CHF	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.79%	2.11%
CNY	n.a.	n.a.	3.50%	2.95 %	4.08%	n.a.	3.55%	2.66%
DKK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.62%	3.93%
GBP	n.a.	n.a.	n.a.	n.a.	5.28%	5.69%	5.07%	5.54%
HKD	n.a.	n.a.	4.01%	4.24 %	n.a.	n.a.	4.82%	5.30%
JPY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MOP	n.a.	n.a.	3.87%	3.65 %	n.a.	n.a.	4.51%	5.11%
NOK	n.a.	n.a.	7.68%	n.a.	4.46%	n.a.	4.92%	5.09%
PLN	n.a.	n.a.	8.29%	7.76 %	n.a.	n.a.	6.15%	5.51%
SEK	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.86%	4.37%
TRY	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	44.94%
USD	4.49%	5.64%	5.31%	5.55 %	4.89%	5.86%	4.80%	5.73%
ZAR	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	8.07%	9.07%

Financial assets and liabilities measured at fair value through profit or loss (except derivatives), financial assets at fair value through other comprehensive income

These financial instruments are accounted for at fair value. Fair value is based on market prices ("Bid-price"), 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 factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame. In this class of assets, the fair value corresponds to their book value.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically because of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the forecast of the non-deterministic cash flows such as indexes.

When optionality is involved, the standard templates (Black-Scholes, Black, Ho and others) are used considering the volatility areas applicable. Whenever there are no references in the market of sufficient quality or that the available models do not fully apply to meet the characteristics of the financial instrument, specific quotations supplied by an external entity are applied, typically a counterparty of the business.

Financial assets measured at amortised cost - Debt instruments

These financial instruments are accounted at amortised cost net of impairment, as referred in the accounting policy described in note 1 C1.1.1. The fair value of this class of assets, 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 factors associated, predominantly credit risk and liquidity risk, determined in accordance with the market conditions and time frame.

Hedging and trading derivatives

All derivatives are recorded at fair value. In case of derivative contracts that are quoted in organised markets their market prices are used. As for derivatives traded "Over-the-counter", it is applied methods based on numerical cash-flow discounting techniques and models for assessment of options considering variables of the market, particularly the interest rates on the instruments in question, and where necessary, their volatilities.

Market interest rates are determined based on information released by the suppliers of financial content - Reuters and Bloomberg - more specifically because of prices of interest rate swaps. The values for the very short-term rates are obtained from similar sources but regarding interbank money market. The interest rate curve obtained is calibrated with the values of interest rate short-term futures. Interest rates for specific periods of the cash flows are determined by appropriate interpolation methods. The same interest rate curves are used in the forecast of the non-deterministic cash flows such as indexes. The remaining market inputs, such as yield curves, credit, exchange rates, among others, are also made available by financial content providers.

Debt securities non-subordinated issued and Subordinated debt

For these financial instruments the fair value was calculated for components for which fair value is not yet reflected in the balance sheet. Fixed rate instruments remunerated for which the Group adopts "hedge-accounting", the fair value related to the interest rate risk is already recognised.

For the fair value calculation, other components of risk were considered, in addition to the interest rate risk already recorded, when applicable. The 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 by associated factors, predominantly credit risk and trading margin, the latter only in the case of issues placed on non-institutional customers of the Bank.

As original reference, the Bank applies the curves resulting from the market interest rate swaps for each specific currency. The credit risk (credit spread) is represented by an excess from the curve of interest rate swaps established specifically for each term and class of instruments based on the market prices on equivalent instruments.

For own issued debts placed among non institutional customers of the Bank, one more differential was added (commercial spread), which represents the margin between the financing cost in the institutional market and the cost obtained by distributing the respective instrument in the owned commercial network.

The average reference yield curve obtained from market prices in EUR and used in the calculation of the fair value of subordinated issues placed in the institutional market was 1.86% (31 December 2023: 4.98%). For senior and collateralised securities placed on the retail market, the average discount rate was 0.45% in 2023.

For debt securities, the fair value calculation focused on all the components of these instruments, as a result the difference determined is a positive amount of EUR 8,193,000 (31 December 2023: a positive amount of EUR 36,396,000).

The following table presents the interest rates used in the definition of the interest rate curves of main currencies, namely EUR, USD, GBP and PLN used to determine the fair value of the assets and liabilities of the Bank:

	2024				2023			
	EUR	USD	GBP	PLN	EUR	USD	GBP	PLN
1 day	2.98%	4.45%	4.87%	5.73%	3.93%	5.28%	5.20%	5.74%
7 days	2.98%	4.41%	4.86%	5.73%	3.93%	5.29%	5.22%	5.74%
1 month	2.95%	4.41%	4.80%	5.72%	3.96%	5.37%	5.25%	5.70%
2 months	2.89%	4.42%	4.78%	5.73%	3.98%	5.41%	5.29%	5.74%
3 months	2.81%	4.44%	4.78%	5.74%	3.97%	5.44%	5.32%	5.78%
6 months	2.59%	4.46%	4.79%	5.70%	3.86%	5.37%	5.34%	5.72%
9 months	2.49%	4.48%	4.81%	5.61%	3.75%	5.33%	5.29%	5.71%
1 year	2.33%	4.43%	4.82%	5.62%	3.45%	5.05%	5.25%	5.50%
2 years	2.19%	4.34%	4.51%	5.22%	2.81%	4.37%	4.28%	4.94%
3 years	2.19%	4.32%	4.40%	5.03%	2.56%	4.04%	3.94%	4.62%
5 years	2.24%	4.31%	4.29%	4.99%	2.43%	3.81%	3.63%	4.41%
7 years	2.29%	4.32%	4.26%	5.04%	2.44%	3.75%	3.53%	4.41%
10 years	2.36%	4.34%	4.31%	5.15%	2.50%	3.74%	3.54%	4.49%
15 years	2.42%	4.39%	4.43%	5.31%	2.56%	3.76%	3.63%	4.66%
20 years	2.36%	4.37%	4.49%	5.35%	2.51%	3.74%	3.66%	4.75%
30 years	2.15%	4.21%	4.46%	5.35%	2.33%	3.57%	3.61%	4.75%

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2024:

(Thousands of euros)

	2024				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Book value	Fair value
Assets					
Cash and deposits at Central Banks	–	–	993,334	993,334	993,334
Loans and advances to credit institutions repayable on demand	–	–	118,508	118,508	118,508
Financial assets at amortised cost					
Loans and advances to credit institutions	–	–	334,841	334,841	325,304
Loans and advances to customers (i)	–	–	35,241,820	35,241,820	34,553,788
Debt instruments	–	–	14,039,029	14,039,029	13,714,546
Financial assets at fair value					
Bonds issued by public entities	45,348	3,512,326	–	3,557,674	3,557,674
Bonds issued by public companies and other entities	10,787	1,902,906	–	1,913,693	1,913,693
Treasury bills	1,117,504	337,107	–	1,454,611	1,454,611
Shares	32,640	18,060	–	50,700	50,700
Investment fund units	593,429	17,123	–	610,552	610,552
Other securities	87,563	–	–	87,563	87,563
Trading derivatives	295,149	–	–	295,149	295,149
Hedging derivatives (ii)	38,619	–	–	38,619	38,619
	2,221,039	5,787,522	50,727,532	58,736,093	57,714,041
Liabilities					
Financial liabilities at amortised cost					
Deposits from credit institutions and other funds	–	–	1,188,023	1,188,023	1,191,744
Deposits from customers and other funds (i)	–	–	48,236,055	48,236,055	48,096,774
Non-subordinated debt securities issued (i)	–	–	1,997,583	1,997,583	2,005,776
Subordinated debt (i)	–	–	1,062,003	1,062,003	1,118,852
Financial liabilities at fair value					
Deposits from customers and other funds	1,955,740	–	–	1,955,740	1,955,740
Non-subordinated debt securities issued	1,292,006	–	–	1,292,006	1,292,006
Trading derivatives	58,903	–	–	58,903	58,903
Hedging derivatives (ii)	9,370	–	–	9,370	9,370
	3,316,019	–	52,483,664	55,799,683	55,729,165

(i) - the book value includes the effect of the adjustments resulting from the application of hedge accounting;
(ii) - includes a portion that is recognised in reserves in the application of accounting cash flow hedge.

The Bank includes in the Book value column of the balance Financial assets at amortised cost - Debt securities the variation in the fair value of the hedged element attributable to the hedged risk (risk of interest rate) for securities to which the Bank is applying fair value hedge accounting.

The following table shows the fair value of financial assets and liabilities of the Bank, as at 31 December 2023:

(Thousands of euros)

	2023				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Book value	Fair value
Assets					
Cash and deposits at Central Banks	–	–	1,709,232	1,709,232	1,709,232
Loans and advances to credit institutions repayable on demand	–	–	155,794	155,794	155,794
Financial assets at amortised cost					
Loans and advances to credit institutions	–	–	370,409	370,409	364,609
Loans and advances to customers (i)	–	–	35,310,145	35,310,145	34,714,638
Debt instruments	–	–	11,584,291	11,584,291	11,212,873
Financial assets at fair value					
Bonds issued by public entities	52,318	1,659,830	–	1,712,148	1,712,148
Bonds issued by public companies and other entities	22,434	1,461,653	–	1,484,087	1,484,087
Treasury bills	296,402	1,556,887	–	1,853,289	1,853,289
Commercial paper	2,965	–	–	2,965	2,965
Shares	4,989	18,068	–	23,057	23,057
Investment fund units	633,909	17,948	–	651,857	651,857
Other securities	53,262	–	–	53,262	53,262
Trading derivatives	299,567	–	–	299,567	299,567
Hedging derivatives (ii)	22,335	–	–	22,335	22,335
	1,388,181	4,714,386	49,129,871	55,232,438	54,259,713
Liabilities					
Financial liabilities at amortised cost					
Deposits from credit institutions and other funds	–	–	1,522,945	1,522,945	1,514,768
Deposits from customers and other funds (i)	–	–	45,786,768	45,786,768	45,726,481
Non-subordinated debt securities issued (i)	–	–	1,835,210	1,835,210	1,871,606
Subordinated debt (i)	–	–	1,037,079	1,037,079	1,089,652
Financial liabilities at fair value					
Deposits from customers and other funds	2,314,798	–	–	2,314,798	2,314,798
Non-subordinated debt securities issued	1,287,487	–	–	1,287,487	1,287,487
Trading derivatives	107,415	–	–	107,415	107,415
Hedging derivatives (ii)	22,536	–	–	22,536	22,536
	3,732,236	–	50,182,002	53,914,238	53,934,743

(i) - the book value includes the effect of the adjustments resulting from the application of hedge accounting;
(ii) - includes a portion that is recognised in reserves in the application of accounting cash flow hedge.

The Bank classified the financial instruments recorded in the balance sheet at fair value in accordance with the hierarchy established in IFRS 13.

The fair value of financial instruments is determined using quotations recorded in active and liquid markets, considering that a market is active and liquid whenever its stakeholders conduct transactions on a regular basis giving liquidity to the instruments traded. When it is verified that there are no transactions that regularly provide liquidity to the traded instruments, valuation methods and techniques are used to determine the fair value of the financial instruments.

Level 1 - With quotation in active market

In this category are included, in addition to financial instruments traded on a regulated market, bonds and units of investment funds valued based on the prices disclosed through trading systems.

The classification of the fair value of level 1 is used when:

i. there is a firm daily enforceable quotation for the financial instruments concerned, or;

ii. there is a quotation available in market information systems that aggregate multiple prices of various stakeholders.

Level 2 - Valuation methods and techniques based on market data

Financial instruments, when there are no regular transactions in the active and liquid markets (level 1), are classified in level 2, according to the following rules:

i. failure to comply with the rules defined for level 1, or;

ii. they are valued based on valuation methods and techniques that use mostly observable market data (interest rate or exchange rate curves, credit curves, etc.).

Level 2 includes over-the-counter derivative financial instruments contracted with counterparties with which the Bank maintains collateral agreements (ISDAs with Credit Support Annex (CSA)). In addition, derivative financial instruments traded in the over-the-counter market, which, despite not having CSA agreements, the non-observable market data component (e.g., internal ratings, default probabilities determined by internal models, etc.) incorporated in the estimation of CVA/DVA is not significant in the overall value of the derivative. In order to assess the significance of this component, the Bank defined a quantitative relevance criterion and performed a qualitative sensitivity analysis on the valuation component that includes unobservable market data.

Level 3 - Valuation methods and techniques based on data not observable in the market

If the level 1 or level 2 criteria are not met, financial instruments should be classified in level 3, as well as in situations where the fair value of financial instruments results from the use of information not observable in the market, such as:

- financial instruments which are not classified as level 1 and which are valued using evaluation methods and techniques without being known or where there is consensus on the criteria to be used, namely:

i. - those measured using comparative price analysis of financial instruments with risk and return profile, typology, seniority or other similar factors, observable in the active and liquid markets;

ii. - those measured using performance indicators of the underlying transactions (e.g. default probability rates of the underlying assets, delinquency rates, evolution of the ratings, etc.);

iii. - those measured taking as reference the NAV (Net Asset Value) disclosed by the management entities of securities/real estate/other investment funds not listed on a regulated market.

Level 3 includes over-the-counter derivative financial instruments that have been contracted with counterparties with which the Bank does not maintain collateral exchange agreements, and whose unobservable market data component incorporated in the estimation of the value adjustment, such as those relating to synthetic securitisation operations carried out by the Bank.

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Bank, as at 31 December 2024:

(Thousands of euros)

	2024			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at Central Banks	993,334	–	–	993,334
Loans and advances to credit institutions repayable on demand	118,508	–	–	118,508
Financial assets at amortised cost				
Loans and advances to credit institutions	–	–	325,304	325,304
Loans and advances to customers	–	–	34,568,144	34,568,144
Debt instruments	10,980,907	431,214	2,302,425	13,714,546
Financial assets at fair value				
Bonds issued by public entities	3,531,476	26,198	–	3,557,674
Bonds issued by public companies and other entities	1,710,594	98,640	104,459	1,913,693
Treasury bills	1,454,611	–	–	1,454,611
Shares	29,560	–	21,140	50,700
Investment fund units	–	–	610,552	610,552
Other securities	87,109	–	454	87,563
Trading derivatives	–	60,451	234,698	295,149
Hedging derivatives	–	38,619	–	38,619
	18,906,099	655,122	38,167,176	57,728,397
Liabilities				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	–	–	1,191,744	1,191,744
Deposits from customers and other funds	–	–	48,292,578	48,292,578
Non-subordinated debt securities issued	–	–	2,005,776	2,005,776
Subordinated debt	–	–	1,118,852	1,118,852
Financial liabilities at fair value				
Deposits from customers and other funds	–	–	1,955,740	1,955,740
Non-subordinated debt securities issued	1,292,006	–	–	1,292,006
Trading derivatives	–	58,899	4	58,903
Hedging derivatives	–	9,370	–	9,370
	1,292,006	68,269	54,564,694	55,924,969

The following table shows, by valuation levels, the fair value of financial assets and liabilities of the Bank, as at 31 December 2023:

(Thousands of euros)

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Cash and deposits at Central Banks	1,709,232	–	–	1,709,232
Loans and advances to credit institutions repayable on demand	155,794	–	–	155,794
Financial assets at amortised cost				
Loans and advances to credit institutions	–	–	364,609	364,609
Loans and advances to customers	–	–	34,714,638	34,714,638
Debt instruments	8,622,870	445,948	2,144,055	11,212,873
Financial assets at fair value				
Bonds issued by public entities	1,682,555	29,593	–	1,712,148
Bonds issued by public companies and other entities	1,308,003	59,064	117,019	1,484,086
Treasury bills	1,853,289	–	–	1,853,289
Commercial paper	–	–	2,965	2,965
Shares	143	–	22,914	23,057
Investment fund units	–	–	651,857	651,857
Other securities	52,854	–	408	53,262
Trading derivatives	–	66,181	233,386	299,567
Hedging derivatives	–	22,335	–	22,335
	15,384,740	623,121	38,251,851	54,259,712
Liabilities				
Financial liabilities at amortised cost				
Deposits from credit institutions and other funds	–	–	1,514,768	1,514,768
Deposits from customers and other funds	–	–	45,726,481	45,726,481
Non-subordinated debt securities issued	–	–	1,871,606	1,871,606
Subordinated debt	–	–	1,089,652	1,089,652
Financial liabilities at fair value				
Deposits from customers and other funds	–	–	2,314,798	2,314,798
Non-subordinated debt securities issued	989,703	–	297,784	1,287,487
Trading derivatives	–	107,343	72	107,415
Hedging derivatives	–	22,536	–	22,536
	989,703	129,879	52,815,161	53,934,743

For financial assets classified at level 3 recorded in the balance sheet at fair value, the movement occurred during the year 2024 is presented as follows:

(Thousands of euros)

	2024			
	Financial assets			
	held for trading	not held for trading mandatorily at fair value through profit or loss	at fair value through other comprehensive income	Financial liabilities held for trading
Balance on 1 January	239,683	647,871	140,995	72
Gains / (losses) recognised in:				
Results on financial operations	1,283	(5,105)	—	—
Net interest income	75	—	3,216	—
Transfers between levels	54	—	—	
Other transfers	—	(7,833)	—	—
Capital increases (Participation units)	—	621	—	—
Capital reductions (Participation units)	—	(39,356)	—	—
Purchases	—	7,873	60,001	4
Sales	(3,006)	(8)	(544)	(72)
Amortisations	(386)	—	(72,240)	—
Gains / (losses) recognised in reserves	—	—	(1,420)	—
Exchange rate differences	—	324	16	—
Accruals of interest	(5)	—	(806)	—
Balance as at 31 December	237,698	604,387	129,218	4

In 2024, there were no relevant transfers relating to the measurement of financial instruments with respect to valuation levels.

For financial assets classified at level 3 recorded in the balance sheet at fair value, the movement occurred during the year 2023 is presented as follows:

(Thousands of euros)

	2023			
	Financial assets			
	held for trading	not held for trading mandatorily at fair value through profit or loss	at fair value through other comprehensive income	Financial liabilities held for trading
Balance on 1 January	244,985	789,153	154,923	8
Gains / (losses) recognised in:				
Results on financial operations	(7,826)	(27,904)	–	–
Net interest income	10	–	3,091	–
Capital increases (Participation units)	–	670	–	–
Capital reductions (Participation units)	–	(35,530)	–	–
Purchase	3,005	136	17,557	72
Sales	–	(22,266)	(23,845)	(8)
Liquidations	–	(56,250)	–	–
Amortisations	(499)	–	(12,582)	–
Gains / (losses) recognised in reserves	–	–	1,309	–
Exchange rate differences	–	(138)	(63)	–
Accruals of interest	8	–	605	–
Balance as at 31 December	239,683	647,871	140,995	72

The Bank prepared a sensitivity analysis of the variation in the probability of default by 1 percentage point (2 percentage points for the Caravela 6 operation) at the fair value of the credit default swaps recognised by level 3, with an estimated impact of around EUR 61,000.

The remaining unlisted instruments classified at level 3 are essentially venture capital funds with recognised valuation based on the information provided by the management entities. The variation of 1% in the quotation value of these assets impacts the Balance Sheet value of the same magnitude.

45. Post-employment benefits and other long-term benefits

The Bank assumed the liability to pay to their employees pensions on retirement or disability and other obligations, in accordance with the accounting policy described in note 1.R.

The number of participants of Bank in the Pension Fund of Banco Comercial Português covered by this pension plan and other benefits is analysed as follows:

Number of participants	2024	2023
Pensioners	17,125	17,113
Former attendees acquired rights	3,266	3,323
Employees	6,028	6,097
	26,419	26,533

In accordance with the accounting policy described in note 1.R., the Bank's retirement pension liabilities and other benefits and the respective coverage, based on the Projected Unit credit method are analysed as follows:

(Thousands of euros)

	2024	2023
Actual amount of the past services		
Pensioners	2,429,739	2,317,001
Former attendees acquired rights	182,332	180,109
Employees	571,538	562,946
	3,183,609	3,060,056
Pension Fund Value	(3,322,971)	(3,439,955)
Net (assets)/liabilities in balance sheet (note 28)	(139,362)	(379,899)
Actuarial gains and losses and changing assumptions		
effect recognised in other comprehensive income	3,611,283	3,365,741

In 2017, following the authorization of the Insurance and Pension Funds Supervisory Authority, the BCP group's pension fund agreement was amended. The main purpose of this process was to incorporate into the pension fund the changes made to the Group's Collective Labour Agreement (CLA) in terms of retirement benefits and to pass on to the pension fund the responsibilities that were directly in charge by the companies (extra-fund liabilities). The pension fund has a share exclusively related to the financing of these liabilities, which under the scope of the fund is called an Additional Complement, which as at 31 December 2024 amounts to EUR 185,960,000 (31 December 2023: EUR 195,420,000). The End of Career Premium also came to be borne by the pension fund under the basic pension plan.

In 2024, negotiations continued with all the unions subscribing to the Group's Collective Labour Agreements, for the conclusion of the full review of the respective clauses, negotiations which are still ongoing.

At the same time, it was agreed with all unions that subscribed the Group's Collective Labor Agreements, with the exception of “SIB – Sindicato Independente da Banca” the review of the salary tables and remaining pecuniary clauses relating to the year 2024, having been agreed an increase of 3.00% for salary tables and other pecuniary clauses relating to the year 2024, and an increase of 5.88% for the daily lunch allowance, which increased from EUR 12.75 to EUR 13.50 per day. This review was agreed with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” on 18 September 2024, with the agreement with the unions: “SBN – Sindicato dos Trabalhadores do Setor Financeiro de Portugal”, “SBC - Sindicato Nacional dos Trabalhadores da Banca, Seguros e Tecnologias” and “Sindicato da Banca, Seguros e Tecnologias - MAIS SINDICATO”, obtained on 2 January 2025, within the scope of the mediation process taking place at Government Labour Minister Department “DGERT – Direção-Geral do Emprego e das Relações de Trabalho”, and according with the proposal presented by this entity on 23 December 2024 to the parties under mediation. Within the scope of this process, an increase of 2.50% for salary tables and other pecuniary clauses relating to the year 2025 was also agreed with these three Unions.

Negotiations are also taking place with the “SIB – Sindicato Independente da Banca” for the review of salary tables and other pecuniary expression clauses relating to the years 2024 and 2025, as well as negotiations with the “Sindicato Nacional dos Quadros Técnicos Bancários (SNQTB)” for the 2025 review.

The change in the projected benefit obligations is analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	3,060,056	2,773,759
Service cost	(9,501)	(9,376)
Interest cost / (income)	107,549	110,974
Actuarial losses / (gains)		
Not related to changes in actuarial assumptions	78,526	42,875
Arising from changes in actuarial assumptions	90,175	276,807
Payments	(161,724)	(149,509)
Early retirement programmes and terminations by mutual agreement (note 7)	10,478	7,043
Contributions of employees	6,932	6,927
Transfer from / (to) other plans (a)	1,118	556
Balance at the end of the year	3,183,609	3,060,056

(a) The amount included in the balance "Transfer from / (to) other plans" corresponds to the post-employment benefits related to the rotation of employees between the various Group companies for temporary assignment of the same.

The pensions paid by the Fund, including the Additional Complement, amounts to EUR 161,724,000 (31 December 2023: EUR 149,509,000).

The liabilities with health benefits are fully covered by the Pension Fund and correspond to EUR 260,033,000 (31 December 2023: EUR 257,151,000).

Additionally, regarding the coverage of some benefit obligations related to pensions, the Bank contracted with Ocidental Vida the acquisition of perpetual annuities for which the total liability amounts to EUR 31,864,000 (31 December 2023: EUR 33,765,000), in order to pay:

i) pensions of former Group's Board Members in accordance with the Bank's Board Members Retirement Regulation;

ii) pensions and complementary pension to pensioners in accordance with the Pension Fund of the BCP Group employees established in 28 December 1987, as also to pensioners, in accordance with other Pension Funds, that were incorporated after on the BCP Group Pension Fund and which were planed that the retirement benefits should be paid through the acquisition of insurance policies, in accordance with the Decree - Law no. 12/2006.

Ocidental Vida is 100% owned by Ageas Group, and Ageas Group is 49% owned by the BCP Group.

The changes in the value of plan's assets is analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	3,439,955	3,355,171
Actuarial gains / (losses)	(76,841)	99,199
Payments	(161,724)	(149,509)
Expected return on plan assets	113,531	127,602
Employees' contributions	6,932	6,927
Transfer from / (to) other plans (a)	1,118	556
Amount transferred to the Fund resulting from acquired rights unassigned related to the Complementary Plan	—	9
Balance at the end of the year	3,322,971	3,439,955

(a) The amount included in the balance "Transfer from / (to) other plans" corresponds to the post-employment benefits related to the rotation of employees between the various Group companies for temporary assignment of the same.

The elements that make up the share value of the Bank in the assets of the Pension Fund are analysed as follows:

(Thousands of euros)

	2024			2023		
Asset class	**Assets with market price in active market**	**Remaining**	**Total Portfolio**	**Assets with market price in active market**	**Remaining**	**Total Portfolio**
Shares	98,812	1,303	100,115	327,526	1,251	328,777
Bonds and other fixed income securities	1,971,561	—	1,971,561	1,978,347	—	1,978,347
Participations units in investment funds	—	511,450	511,450	—	493,543	493,543
Participation units in real estate funds	—	311,275	311,275	—	296,394	296,394
Properties	—	262,714	262,714	—	262,686	262,686
Loans and advances to credit institutions and others	—	165,856	165,856	—	80,208	80,208
	2,070,373	1,252,598	3,322,971	2,305,873	1,134,082	3,439,955

The balance Properties includes buildings booked in the Fund's financial statements and used by the Group's companies which amounts to EUR 225,412,000 (31 December 2023: EUR 225,388,000).

The securities issued by Group's companies accounted in the portfolio of the Fund are analysed as follows:

(Thousands of euros)

	2024	2023
Bonds and other fixed income securities	7,134	1,796
Loans and advances to credit institutions and others	8,121	48,021
	15,255	49,817

The evolution of net (assets) / liabilities in the balance sheet is analysed as follows:

(Thousands of euros)

	2024	2023
Balance as at 1 January	(379,899)	(581,412)
Recognised in the income statement:		
Service cost	(9,501)	(9,376)
Interest cost / (income) net of the balance liabilities coverage	(5,982)	(16,628)
Cost with early retirement programs (note 7)	10,478	7,043
Amount transferred to the Fund resulting from acquired rights		
unassigned related to the Complementary Plan	–	(9)
	(5,005)	(18,970)
Recognised in the Statement of Comprehensive Income:		
Actuarial (gains) and losses		
Not related to changes in actuarial assumptions		
Difference between the estimated and the actual income of the fund	76,841	(99,199)
Difference between expected and effective obligations	78,526	42,875
Arising from changes in actuarial assumptions	90,175	276,807
	245,542	220,483
Balance at the end of the year	(139,362)	(379,899)

The estimated contributions to be made in 2025, by the employees, for the Defined Benefit Plan amount to EUR 7,022,000.

In accordance with IAS 19, the Bank accounted cost/(income) with post-employment benefits, which is analysed as follows:

(Thousands of euros)

	2024	2023
Current service cost / (income)	(9,501)	(9,376)
Net interest cost / (income) in the liability coverage balance	(5,982)	(16,628)
Cost with early retirement programs (note 7)	10,478	7,043
Amount transferred to the Fund resulting from acquired rights		
unassigned related to the Complementary Plan	–	(9)
(Income) / Cost of the year	(5,005)	(18,970)

Within the framework of the three-party agreement between the Government, the Banking and the Trade Unions, the bank's employees in activity as at 31 December 2010 under the CAFEB/CLA regime were integrated into the General Social Security System (RGSS) with effect from 1 January 2011. The integration led to an effective decrease in the present value of the total benefits reported at the retirement age to be borne by the Pension Fund, and this effect is recorded on a straight-line basis over the average period of active life until the normal retirement age is reached. The calculation of the liability for pensions carried out periodically by the actuary considers this effect and is calculated considering the actuarial assumptions in force, ensuring that the liabilities calculated with reference to 31 December 2010, not considering the effect of the integration of bank employees into the General Social Security Scheme are fully covered and deducted from the amount of the effect recognised until the date. The component of this effect for the year is recognised under the heading "Current service costs".

Board of directors plan

As the Board of Directors Retirement Regulation establish that the pensions are subjected to an annual update, and as it is not common in the insurance market the acquisition of perpetual annuities including variable updates in pensions, the Bank determined, the liability to be recognised on the financial statements related to that update, taking into consideration current actuarial assumptions.

In accordance with the remuneration policy of the Board Members, the Bank has the responsibility of supporting the cost with: (i) the retirement pensions of former Group's Executive Board Members; and (ii) the Complementary Plan for these members in accordance with the applicable rules funded through the Pension Fund, Extra-fund and perpetual annuities.

In order to cover liabilities with pensions to former members of the Executive Board of Directors, under the Bank's Board of Directors Retirement Regulation the Bank contracted with Ocidental Vida to purchase constant immediate life annuity insurance policies.

Assumptions used in the assessment of responsibilities

Considering the market indicators, particularly the inflation rate estimates and the long term interest rate for Euro Zone, as well as the demographic characteristics of its employees, the Bank considered the following actuarial assumptions for calculating the liabilities with pension obligations:

	2024	2023
Salary growth rate (c)	2.9% in 2025; 1.9% in 2026 and 1.15% in the following years	2.65% in 2024; 1.9% in 2025 and 1.15% in the following years
Pensions growth rate (c)	2.5% in 2025; 1.5% in 2026 and 0.75% in the following years	2.25% in 2024; 1.5% in 2025 and 0.75% in the following years
Discount rate / Projected Fund's rate of return	3.48%	3.53%
Mortality tables		
Men	TV 88/90-1 year	TV 88/90-1 year
Women (a)	TV 99/01-2 year	TV 99/01-2 years
Disability rate	Non applicable	Non applicable
Turnover rate	Non applicable	Non applicable
Normal retirement age (b)	66 years e 4 months	66 years and 4 months
Total salary growth rate for Social Security purposes	1.75 %	1.75 %
Revaluation rate of wages / pensions of Social Security	1.00 %	1.00 %

a) The mortality table considered for women corresponds to TV 99/01 adjusted in less than 2 years (which implies an increase in hope life expectancy compared to that which would be considered in relation to their effective age).

b) Retirement age is variable. The normal retirement age increases one month for each civil year and cannot be higher than the normal retirement age in force in the General Social Security Regime (RGSS). The normal retirement age in the RGSS is variable and depends on the evolution of the average life expectancy at 65 years of age.

In 2024 and 2023 the retirement age was 66 years and 4 months. For 2025, the normal retirement age in the RGSS is 66 years and 7 months. The reduction in the retirement age was due to the evolution of the average life expectancy at 65 years in Portugal. For the forecast of life expectancy's increment, it was considered an increase of one year in every 10 years, with the maximum retirement age being set at 67 years and 2 months.

c) This rate refers to the growth for the years following the reporting year.

The assumptions used on the calculation of the actuarial value of the liabilities are in accordance with the requirements of IAS 19, and are determined based on the references of the entities under common control. No disability decreases are considered in the calculation of the liabilities.

The discount rate used to update the Bank's pension fund liabilities, regarding the defined benefit pension plans of its employees and managers, was determined based on an analysis carried out on a set of available information, which includes, among other elements, the market references for this indicator published by internationally recognised specialized entities and which are based, as defined by IAS 19, on market yields of a universe of high quality bond issues (low risk), different maturities, called in euro and relating to a diverse and representative range of issuers (non-sovereign). As at 31 December 2024, the Bank used a discount rate of 3.48% (31 December 2023: 3.53%).

The Actuarial (gains)/losses are related to the difference between the actuarial assumptions used for the estimation of the liabilities and the values verified and the change in actuarial assumptions, are analysed as follows:

(Thousands of euros)

	Actuarial (gains) / losses			
	2024		2023	
	Values effectively verified in %	Amount of deviations	Values effectively verified in %	Amount of deviations
Difference between expected and actual liabilities		78,526		42,875
Changes on the assumptions:				
Discount rate		18,264		223,222
Salary and pensions growth rate		71,911		53,585
Difference between expected income and income from funds	1.22%	76,841	7.07%	(99,199)
		245,542		220,483

In accordance with IAS 19, the sensitivity analysis to changes in assumptions, is as follows:

(Thousands of euros)

	Impact resulting from changes in financial assumptions			
	2024		2023	
	-0.25%	0.25%	-0.25%	0.25%
Discount rate	99,147	(92,579)	98,133	(91,547)
Pensions increase rate	(109,181)	114,046	(103,353)	107,806
Increase in future compensation levels	(25,768)	27,645	(24,437)	28,390

(Thousands of euros)

	Impact resulting from changes in demographic assumptions			
	2024		2023	
	- 1 year	+ 1 year	- 1 year	+ 1 year
Mortality Table (*)	107,781	(107,962)	99,690	(100,081)

(*) The impact of the 1 year reduction in the mortality table implies an increase in the average life expectancy.

Defined contribution plan

According to what is described in accounting policy 1 R3, in the scope of the Defined Contribution Plan provided for the BCP Pension Fund of the BCP Group for employees who have been admitted until 1 July 2009, in 2024 was accounted for a cost of EUR 2,148,000 (2023: cost of EUR 2,061,000) as an estimated contribution given that the Group estimates that the following requirements will be met, cumulatively: (i) the previous year BCP's ROE equals or exceeds the rate of government bonds of 10 years plus 5 percentage points, and (ii) distributable profits or reserves exist in the accounts of Banco Comercial Português.

For employees who have been admitted after 1 July 2009, are made monthly contributions equal to 1.5% of the monthly remuneration received by employees in the current month, either by themselves or by the Bank and employees. This contribution has a mandatory character and is defined in the Collective Labour Agreement of the BCP Group and does not have a performance criterion. The Bank accounted as staff costs the amount of EUR 425,000 (31 December 2023: EUR 350,000) related to this contribution.

46. Related parties

As defined by IAS 24, the companies detailed in note 52 - List of subsidiaries and associates of Banco Comercial Português S.A., the Pension Fund, the members of the Board of Directors and key management members are considered related parties of the Bank. The key management members are the first line Directors. Beyond the members of the Board of Directors and key management members, are also considered related parties people who are close to them (family relationships) and entities controlled by them or in whose management they have significant influence.

According to Portuguese law, namely under Article no. 109 of the Legal Framework of Credit Institutions and Financial Companies and also in accordance with Article no. 33 of Notice 3/2020 of the Banco de Portugal, are considered related parties as well, the qualified shareholders of Banco Comercial Português, S.A. and the entities controlled by them or with which they are in a group relationship. The list of the qualified shareholders is detailed in note 37.

A) Transactions with qualified shareholders

The balances reflected in assets of individual balance sheet with qualified shareholders, are analysed as follows:

(Thousands of euros)

	2024	2023
Assets		
Financial assets at amortised cost		
Loans and advances to customers	110,192	110,525
Debt instruments	38,996	52,548
	149,188	163,073
Liabilities		
Financial liabilities at amortised cost		
Deposits from customers and other funds	58,992	48,099
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	879	2,138
	59,871	50,237

The amounts of Financial assets at amortised cost are net of impairment in the amount of EUR 2,834,000 (31 December 2023: EUR 1,481,000) to Loans and advances to customers and to Debt instruments the amount EUR 164,000 (31 December 2023: EUR 237,000).

The transactions with qualified shareholders, reflected in the individual income statement items, are as follows:

(Thousands of euros)

	2024	2023
Income		
Interest and similar income	9,200	9,244
Commissions	779	476
	9,979	9,720
Costs		
Interest and similar expense	382	179
Commissions	199	76
	581	255

The balances with qualified shareholders, reflected in the guarantees granted and revocable and irrevocable credit facilities, are as follows:

(Thousands of euros)

	2024	2023
Guarantees granted	2,896	2,896
Revocable credit facilities	7,780	5,602
	10,676	8,498

The Bank recorded impairment for Guarantees granted in the amount of EUR 9,000 (31 December 2023: EUR 8,000), for Revocable credit facilities the amount of EUR 199,000 (31 December 2023: EUR 141,000).

B) Balances and transactions with members of the Board of Directors and key management members

The balances with related parties discriminated in the following table, included on the balance sheet, are analysed as follows:

(Thousands of euros)

	Loans and advances to customers		Deposits from customers and other funds	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	37	8	9,335	8,900
Executive Committee (*)	8	27	2,425	2,918
Closely related people	492	18	2,768	2,651
Controlled entities	4	—	337	24
Key management personnel				
Key management personnel	4,557	5,396	11,961	10,934
Closely related people	2,311	1,917	4,441	4,433
Controlled entities	2,881	705	5,456	3,276
	10,290	8,071	36,723	33,136

(*) The balance Loans and advances to customers corresponds to the mortgage credit granted previously to the respective election and to the amount used from private credit cards that is of mandatory liquidation on the maturity date.

In accordance with Article 85, no. 9, of RGICSF, in 2024 mortgage credit and consumer credit were granted to Closely related people in the amount of EUR 479,000 (31 December 2023: EUR 0) and EUR 5,000 (31 December 2023: EUR 5,000), respectively.

The transactions with related parties discriminated in the following table, included in income items of the income statement, are as follows:

(Thousands of euros)

	Interest and similar income		Commissions income	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	1	—	27	27
Executive Committee	—	1	10	23
Closely related people	1	—	4	9
Controlled entities	—	—	1	—
Key management personnel				
Key management personnel	224	174	24	62
Closely related people	75	88	18	39
Controlled entities	76	63	27	31
	377	326	111	191

The transactions with related parties discriminated in the following table, included in cost items of the income statement, are as follows:

(Thousands of euros)

	Interest and similar expense		Commissions expense	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	268	128	–	–
Executive Committee	60	26	–	–
Closely related people	51	33	–	–
Controlled entities	1	–	–	–
Key management personnel				
Key management personnel	103	101	–	1
Closely related people	34	20	–	1
Controlled entities	62	21	–	2
	579	329	–	4

The revocable credit facilities granted by the Bank to the following related parties are as follows:

(Thousands of euros)

	Guarantees granted		Revocable credit facilities	
	2024	2023	2024	2023
Board of Directors				
Non-executive directors	–	–	117	143
Executive Committee (*)	–	–	109	160
Closely related people	–	–	70	45
Controlled entities	9	–	25	–
Key management personnel				
Key management personnel	5	5	668	712
Closely related people	–	–	124	118
Controlled entities	–	–	41	622
	14	5	1,154	1,800

(*) Corresponds to the maximum authorized and unused limit of private credit cards and overdraft authorization in a salary account under the same regime as all the Bank's other employees.

The shareholder and bondholder position of members of the Board of Directors, Key management members and people closely related to the previous categories, as well as the movements occurred during 2024, are as follows:

Shareholders/Bondholders	Security	Number of securities 2024	Number of securities 2023	Acquisitions	Disposals	Date	Unit price Euros
MEMBERS OF BOARD OF DIRECTORS							
Altina de Fátima Sebastián González Villamarin	BCP Shares	0	0				
Ana Paula Alcobia Gray	BCP Shares	0	0				
Cidália Maria da Mota Lopes	BCP Shares	2,184	2,184				
Fernando da Costa Lima	BCP Shares	18,986	18,986				
João Nuno Oliveira Jorge Palma	BCP Shares	2,117,128	1,723,818	740,699 (a)	347,689 (b)	6/6/2024	0.3650
Jorge Manuel Baptista Magalhães Correia	BCP Shares	388,500	388,500				
	Bonds (i)	1	1				
	Bonds (ii)	1	1				
	Bonds (iv)	2	1	1		16/1/2024	200,000
José Miguel Bensliman Schorcht da Silva Pessanha	BCP Shares	1,865,924	1,504,495	680,403 (a)	318,974 (b)	6/6/2024	0.3650
José Pedro Rivera Ferreira Malaquias	BCP Shares	78,778	9,808	68,970		1/8/2024	0.3890
Lingjiang Xu	BCP Shares	0	0				
Lingzi Yuan (Smilla Yuan)	BCP Shares	0	0				
Maria José Henriques Barreto de Matos de Campos	BCP Shares	2,554,839	2,014,344	675,618 (a)	135,123 (b)	6/6/2024	0.3650
Miguel de Campos Pereira de Bragança	BCP Shares	2,533,914	2,111,178	796,413 (a)	373,677 (b)	6/6/2024	0.3650
Miguel Maya Dias Pinheiro	BCP Shares	3,036,111	2,501,557	1,008,022 (a)	473,468 (b)	6/6/2024	0.3650
Nuno Manuel da Silva Amado	BCP Shares	2,525,388	2,525,388				
	Bonds (i)	2	2				
	Bonds (ii)	2	2				
	Bonds (iii)	3	3				
	Bonds (iv)	1	1				
Rui Manuel da Silva Teixeira	BCP Shares	1,498,863	1,152,379	666,315 (a)	319,831 (b)	6/6/2024	0.3650
Valter Rui Dias de Barros	BCP Shares	0	0				
KEY MANAGEMENT MEMBERS							
Albino António Carneiro de Andrade	BCP Shares		133,881		50,000	12/1/2024	0.3120
					30,000	23/1/2024	0.2706
		59,078		5,197 (a)		24/4/2024	0.3200
Alexandre Manuel Casimiro de Almeida	BCP Shares	253,569	169,519	84,050 (a)		24/4/2024	0.3200
Américo João Pinto Carola	BCP Shares	187,904	140,747	85,944 (a)	38,787 (b)	24/4/2024	0.3200
Ana Maria Jordão F. Torres Marques Tavares	BCP Shares		255,931	86,175 (a)	38,452 (b)	24/4/2024	0.3200
		320,424		16,770		27/11/2024	0.4400
Ana Patrícia Moniz Macedo	BCP Shares	76,217	35,864	73,090 (a)	32,737 (b)	24/4/2024	0.3200
António Augusto Amaral de Medeiros	BCP Shares	263,200	178,245	84,955 (a)		24/4/2024	0.3200
António Ferreira Pinto Júnior	BCP Shares	11,842	11,842				
António José Lindeiro Cordeiro	BCP Shares		93,898	1,102		31/1/2024	0.2630
		102,898		14,108 (a)	6,210 (b)	24/4/2024	0.3200
António Luís Duarte Bandeira	BCP Shares		321,903	93,907 (a)	42,605 (b)	24/4/2024	0.3200
		287,000			86,205	4/11/2024	0.4600
António Ricardo Fery Salgueiro Antunes	BCP Shares		120,117	81,112 (a)	36,435 (b)	24/4/2024	0.3200
		114,793			50,000	11/9/2024	0.4010
António Vítor Martins Monteiro	BCP Shares	3,872	3,872				

(i) - Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Capital Notes

(ii) - BCP *Tier 2 Subordinated Callable Notes*

(iii) - BCP 1.75% EUR 500M 6.5NC5.5 *Social Senior Preferred Notes*

(iv) - BCP/2023 - BCP Senior Preferred Fixed FLT OCT 2026

(a) - identifies the increment in shares during 2024 corresponding to the annual deferred variable compensation of previous years.

(b) - identifies the shares used in sell-cover in 2024 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

		Number of securities							
Shareholders/Bondholders	Security	2024	2023	Acquisitions		Disposals		Date	Unit price Euros
Artur Frederico Silva Luna Pais	BCP Shares	526,608	517,197	17,278	(a)	7,867	(b)	24/4/2024	0.3200
Belmira Abreu Cabral	BCP Shares	175,247	129,190	83,909	(a)	37,852	(b)	24/4/2024	0.3200
Bernardo Roquette de Aragão de Portugal Collaço	BCP Shares	140,761	89,825	91,104	(a)	40,168	(b)	24/4/2024	0.3200
Chi Wai Leung (Timothy)	BCP Shares	43,768	43,768						
Constantino Alves Mousinho	BCP Shares	109,616	108,170	1,446	(a)			24/4/2024	0.3200
Filipe Maria de Sousa Ferreira Abecasis	BCP Shares	225,660	174,218	94,374	(a)	42,932	(b)	24/4/2024	0.3200
Francisco António Caspa Monteiro	BCP Shares		225,015	94,457	(a)	42,827	(b)	24/4/2024	0.3200
		218,716				57,929		11/11/2024	0.4540
Gonçalo Nuno Belo de Almeida Pascoal	BCP Shares	238,150	153,373	84,777	(a)			24/4/2024	0.3200
Hugo Miguel Martins Resende	BCP Shares	230,211	178,524	94,457	(a)	42,770	(b)	24/4/2024	0.3200
João Adriano Azevedo Seixas Vale	BCP Shares	43,222	43,222						
João Brás Jorge	BCP Shares	91,709	91,709						
João Manuel Taveira Pinto Santos Paiva	BCP Shares	352,982	259,116	93,866	(a)			24/4/2024	0.3200
Joaquim Lino Abreu Cavaco	BCP Shares	34,840	34,840						
Jorge Filipe Nogueira Freire Cortes Martins	BCP Shares		107,720			48,257		12/1/2024	0.3140
				85,394	(a)			24/4/2024	0.3200
		85,394				59,463		27/8/2024	0.4090
Jorge Manuel Machado de Sousa Góis	BCP Shares	272,432	190,352	82,080	(a)			24/4/2024	0.3200
Jorge Manuel Magalhães Oliveira Pereira	BCP Shares	101,127	57,488	79,142	(a)	35,503	(b)	24/4/2024	0.3200
Jorge Manuel Nobre Carreteiro	BCP Shares	162,472	80,764	81,708	(a)			24/4/2024	0.3200
José Carlos Benito Garcia de Oliveira	BCP Shares	37,941	37,941						
José Gonçalo Prior Regalado	BCP Shares	240,473	147,115	93,358	(a)			24/4/2024	0.3200
Liliana Marisa Catoja Costa Lemos	BIM Shares	400	400						
Luis Miguel Manso Correia dos Santos	BCP Shares	380,277	285,820	94,457	(a)			24/4/2024	0.3200
Luísa Maria Videira dos Santos	BCP Shares	24,420	23,608	812	(a)			24/4/2024	0.3200
Maria Constança C. Brandão Amado Fonseca G. Santos	BCP Shares	800	800						
Maria de Los Angeles Sanchez Sanchez	BCP Shares	62,419	61,375	1,860	(a)	816	(b)	24/4/2024	0.3200
Maria Helena Soledade Nunes Henriques	BCP Shares	316,161	268,800	86,299	(a)	38,938	(b)	24/4/2024	0.3200
Maria Manuela de Araújo Mesquita Reis	BCP Shares	275,831	228,036	84,955	(a)	37,160	(b)	24/4/2024	0.3200
Mário António Pinho Gaspar Neves	BCP Shares	187,895	142,301	82,972	(a)	37,378	(b)	24/4/2024	0.3200
Nelson Luís Vieira Teixeira	BCP Shares		118,570			37,000		28/2/2024	0.2800
		130,270		87,138	(a)	38,438	(b)	24/4/2024	0.3200
Nuno Alexandre Ferreira Pereira Alves	BCP Shares		251,695	93,163	(a)			24/4/2024	0.3200
						60,000		11/7/2024	0.3800
		277,058				7,800		10/10/2024	0.4257
Nuno Miguel Nobre Botelho	BCP Shares		112,894			5,000		27/3/2024	0.3040
		126,049		18,155	(a)			24/4/2024	0.3200
Pedro José Mora de Paiva Beija	BCP Shares		173,559			17,000		6/3/2024	0.2670
				94,457	(a)	41,570	(b)	24/4/2024	0.3200
						87,500		17/5/2024	0.3510
		52,896				69,050		4/11/2024	0.4600
Pedro Manuel Francisco da Silva Dias	BCP Shares	246,098	152,178	93,920	(a)			24/4/2024	0.3200
Pedro Manuel Macedo Vilas Boas	BCP Shares		70,000	85,150	(a)			24/4/2024	0.3200
		85,150				70,000		19/8/2024	0.3990
Pedro Manuel Rendas Duarte Turras	BCP Shares	195,194	146,367	87,221	(a)	38,394	(b)	24/4/2024	0.3200

(a) - identifies the increment in shares during 2024 corresponding to the annual deferred variable compensation of previous years.

(b) - identifies the shares used in sell-cover in 2024 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

		Number of securities					
Shareholders/Bondholders	Security	2024	2023	Acquisitions	Disposals	Date	Unit price Euros
Ricardo Potes Valadares	BCP Shares	108,405	100,121	14,841 (a)	6,557 (b)	24/4/2024	0.3200
Rosa Maria Ferreira Vaz Santa Bárbara	BCP Shares		38,464	93,866 (a)		24/4/2024	0.3200
		93,866			38,464	19/8/2024	0.3990
Rui Emanuel Agapito Silva	BCP Shares	193,172	145,528	86,671 (a)	39,027 (b)	24/4/2024	0.3200
Rui Fernando da Silva Teixeira	BCP Shares	269,042	221,892	85,944 (a)	38,794 (b)	24/4/2024	0.3200
Rui Manuel Pereira Pedro	BCP Shares	483,521	408,353	93,961 (a)	18,793 (b)	24/4/2024	0.3200
Rui Miguel Alves Costa	BCP Shares	442,620	348,163	94,457 (a)		24/4/2024	0.3200
Rui Nelson Moreira de Carvalho Maximino	BCP Shares	167,569	146,835	20,734 (a)		24/4/2024	0.3200
Rui Pedro da Conceição Coimbra Fernandes	BCP Shares	172,218	79,629	92,589 (a)		24/4/2024	0.3200
Vânia Alexandra Machado Marques Correia	BCP Shares	242,226	160,146	82,080 (a)		24/4/2024	0.3200
PEOPLE CLOSELY RELATED TO THE PREVIOUS							
of: Cidália Maria da Mota Lopes							
Alexandre Miguel Martins Ventura	BCP Shares	2,184	2,184				
of: Maria José Henriques Barreto de Matos de Campos							
Ricardo Gil Monteiro Lopes de Campos	BCP Shares	(c)	(c)				
of: Rui Manuel da Silva Teixeira							
Maria Helena Espassandim Catão	BCP Shares	576	576				
of: Américo João Pinto Carola							
Ana Isabel Salgueiro Antunes	BCP Shares	29	29				
of: Ana Maria Jordão F. Torres Marques Tavares							
Álvaro Manuel Coreia Marques Tavares	BCP Shares	25,118	25,118				
Francisco Jordão Torres Marques Tavares	BCP Shares	1,016	1,016				
of: António Luís Duarte Bandeira							
Ana Margarida Rebelo A. M. Soares Bandeira	BCP Shares	2,976	2,976				
of: António Vítor Martins Monteiro							
Isabel Maria Vaz Leite Pinto Martins Monteiro	BCP Shares	3,104	3,104				
of: Francisco António Caspa Monteiro							
Ricardo Miranda Monteiro	BCP Shares	1,639	1,639				
Rita Miranda Monteiro	BCP Shares	1,639	1,639				
of: Maria Helena Soledade Nunes Henriques							
João Paulo Rodrigues Taborda Gonçalves	BCP Shares	130	130				
of: Maria Manuela de Araújo Mesquita Reis							
Luís Filipe da Silva Reis	BCP Shares	280,000	280,000				
of: José Pedro Rivera Ferreira Malaquias							
Maria Joana de Oliveira Monteiro Ferreira Malaquias	BCP Shares	(d)	(d)				

(a) - identifies the increment in shares during 2024 corresponding to the annual deferred variable compensation of previous years.

(b) - identifies the shares used in sell-cover in 2024 related to the increment of shares of variable compensation, intended to support the tax charges with the shares received.

(c) - solidary ownership in both securities accounts, and Dr. Ricardo Campos is the first holder and Eng.ª Maria José Campos is the 2nd holder of the securities account.

(d) - solidary ownership in both securities accounts, and Dr. José Pedro Ferreira Malaquias is the first holder and Maria Joana Ferreira Malaquias is the 2nd holder of the securities account.

C) Balances and transactions with subsidiaries and associates, detailed in note 52

As at 31 December 2024, the balances with subsidiaries and associates included in Assets items of the balance sheet are as follows:

(Thousands of euro)

		Financial assets at amortised cost		Financial assets at fair value through profit or loss		
	Loans and advances to credit institutions repayable on demand	Loans and advances to credit institutions	Loans and advances to customers	held for trading	not held for trading mandatorily at fair value through profit or loss	Total
Banco ActivoBank, S.A.	—	12,034	—	715	—	12,749
BCP África, S.G.P.S., Lda.	—	—	—	1,111	—	1,111
Banco Millennium Atlântico, S.A.	8,252	—	—	—	—	8,252
Banque BCP, S.A.S.	11	203,620	—	—	—	203,631
BIM - Banco Internacional de Moçambique, S.A.	187	602	—	—	—	789
Sand Capital - Fundo de Investimento Imobiliário Fechado	—	—	191	—	—	191
Bank Millennium Group (Poland)	19	—	—	—	—	19
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	—	503	—	—	503
Magellan Mortgages No. 3 PLC	—	—	—	2,546	7,828	10,374
Millenniumbcp Ageas Grupo Segurador, S.G.P.S.,S.A.(Group)	—	—	59,454	—	—	59,454
UNICRE - Instituição Financeira de Crédito, S.A.	—	560	—	—	—	560
	8,469	216,816	60,148	4,372	7,828	297,633

(Thousands of euro)

	Financial assets at fair value through other comprehensive income	Investments in subsidiaries and associates (*)	Non-current assets held for sale	Other assets	Total
Banco ActivoBank, S.A.	—	—	—	1,048	1,048
Banco Millennium Atlântico, S.A.	—	—	—	899	899
BIM - Banco Internacional de Moçambique, S.A.	—	—	—	10,461	10,461
Imoserit, S.A. (**)	—	18,737	—	2,540	21,277
Fundipar – Fundo de Investimento Imobiliário Fechado	—	—	—	1	1
Imorenda – Fundo de Investimento Imobiliário Fechado	—	—	—	8	8
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	—	—	—	7	7
Sand Capital - Fundo de Investimento Imobiliário Fechado	—	—	—	3	3
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	—	—	31	31
Magellan Mortgages No. 3 PLC	34,521	—	—	5	34,526
Millenniumbcp Ageas Grupo Segurador, S.G.P.S.,S.A. (Group)	—	257,250	—	16,309	273,559
Millennium bcp - Prestação de Serviços, A.C.E.	—	18,000	—	48	18,048
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	—	141,287	—	—	141,287
Predicapital – Fundo de Investimento Imobiliário Fechado	—	—	—	2	2
UNICRE - Instituição Financeira de Crédito, S.A.	—	—	—	266	266
	34,521	435,274	—	31,628	501,423

(*) Regarding Supplementary Capital Payments and Additional Payments

(**) Regarding Shareholder Loans

As at 31 December 2023, the balances with subsidiaries and associates included in Assets items of the balance sheet are as follows:

(Thousands of euro)

	Loans and advances to credit institutions repayable on demand	Financial assets at amortised cost		Financial assets at fair value through profit or loss		Total
		Loans and advances to credit institutions	Loans and advances to customers	held for trading	not held for trading mandatorily at fair value through profit or loss	
Banco ActivoBank, S.A.	—	33,000	—	20	—	33,020
BCP África, S.G.P.S., Lda.	—	—	—	981	—	981
Banco Millennium Atlântico, S.A.	1,340	—	—	—	—	1,340
Banque BCP, S.A.S.	8	203,793	621	—	—	204,422
BIM - Banco Internacional de Moçambique, S.A.	187	5,581	—	201	—	5,969
Bank Millennium Group (Poland)	54	—	—	—	—	54
Magellan Mortgages No. 3 PLC	—	—	—	2,924	9,064	11,988
Millenniumbcp Ageas Grupo Segurador, S.G.P.S.,S.A.(Group)	—	—	61,081	—	—	61,081
UNICRE - Instituição Financeira de Crédito, S.A.	—	8,244	—	—	—	8,244
	1,589	250,618	61,702	4,126	9,064	327,099

(Thousands of euro)

	Financial assets at fair value through other comprehensive income	Investments in subsidiaries and associates (*)	Non-current assets held for sale	Other assets	Total
Banco ActivoBank, S.A.	—	—	—	377	377
Banco Millennium Atlântico, S.A.	—	—	—	802	802
BIM - Banco Internacional de Moçambique, S.A.	—	—	—	3,193	3,193
Imoserit, S.A. (**)	—	—	—	22,274	22,274
Fundial – Fundo de Investimento Imobiliário Fechado	—	—	—	1	1
Fundipar – Fundo de Investimento Imobiliário Fechado	—	—	—	1	1
Imorenda – Fundo de Investimento Imobiliário Fechado	—	—	—	8	8
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	—	—	—	35	35
Sand Capital - Fundo de Investimento Imobiliário Fechado	—	—	—	3	3
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	—	—	55	55
Magellan Mortgages No. 3 PLC	39,654	—	—	—	39,654
Millenniumbcp Ageas Grupo Segurador, S.G.P.S.,S.A. (Group)	—	257,250	—	10,578	267,828
Millennium bcp - Prestação de Serviços, A.C.E.	—	18,000	—	735	18,735
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	—	166,287	—	—	166,287
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	—	—	—	1	1
Predicapital – Fundo de Investimento Imobiliário Fechado	—	—	—	2	2
UNICRE - Instituição Financeira de Crédito, S.A.	—	—	—	217	217
	39,654	441,537	—	38,282	519,473

(*) Regarding Supplies, Supplementary Capital Payments and Additional Payments

(**) Regarding Supplies

As at 31 December 2024, the balances with subsidiaries and associates included in Liabilities items of the balance sheet are as follows:

(Thousands of euros)

	Financial liabilities at amortised cost			Financial liabilities at fair value through profit or loss		
	Deposits from credit Institutions and other funds	Deposits from customers and other funds	Non-subordinated debt securities issued	held for trading	Other liabilities	Total
Banco ActivoBank, S.A.	453,988	—	—	9,256	39,880	503,124
Banco Millennium Atlântico, S.A.	36,933	—	—	—	—	36,933
Banque BCP, S.A.S.	1,606	—	—	—	600	2,206
BCP África, S.G.P.S., Lda.	—	52,709	—	—	234	52,943
BCP International, B.V.	—	131	—	—	—	131
BIM - Banco Internacional de Moçambique, S.A.	81,125	—	—	224	—	81,349
Fiparso- Sociedade Imobiliária S.A.	—	79	—	—	—	79
Finalgarve- Sociedade Promoção Imobiliária Turística, S.A.	—	157	—	—	—	157
Fundial – Fundo de Investimento Imobiliário Fechado	—	977	—	—	—	977
Fundipar – Fundo de Investimento Imobiliário Fechado	—	537	—	—	—	537
Imorenda – Fundo de Investimento Imobiliário Fechado	—	3,483	—	—	—	3,483
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	—	4,783	—	—	—	4,783
Bank Millennium Group (Poland)	417	—	—	—	—	417
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	5,668	—	—	7	5,675
Millenniumbcp Ageas Grupo Segurador, S.G.P.S.,S.A.(Group)	—	115,286	3,562	—	14	118,862
Millennium bcp - Prestação de Serviços, A.C.E.	—	6,594	—	—	—	6,594
Imoserit, S.A	—	12,603	—	—	—	12,603
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	—	5,089	—	—	6	5,095
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	—	111	—	—	2	113
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	—	909	—	—	—	909
Predicapital – Fundo de Investimento Imobiliário Fechado	—	333	—	—	—	333
SIBS, S.G.P.S., S.A.	—	24,481	—	—	—	24,481
UNICRE - Instituição Financeira de Crédito, S.A.	682	348	—	—	2	1,032
	574,751	234,278	3,562	9,480	40,745	862,816

As at 31 December 2023, the balances with subsidiaries and associates included in Liabilities items of the balance sheet are as follows:

(Thousands of euros)

	Financial liabilities at amortised cost		Financial liabilities at fair value through profit or loss		
	Deposits from credit Institutions and other funds	Deposits from customers and other funds	held for trading	Other liabilities	Total
Banco ActivoBank, S.A.	231,926	—	32,654	29,819	294,399
Banco Millennium Atlântico, S.A.	15,164	—	—	—	15,164
Banque BCP, S.A.S.	6,991	—	—	352	7,343
BCP África, S.G.P.S., Lda.	—	59,645	93	952	60,690
BCP Finance Bank Ltd	519,309	—	—	—	519,309
BCP International, B.V.	—	4,631	—	—	4,631
Bichorro-Empreendimentos Turísticos e Imobiliários,S.A.	—	40	—	—	40
BIM - Banco Internacional de Moçambique, S.A.	80,593	—	—	—	80,593
Fiparso- Sociedade Imobiliária S.A.	—	90	—	—	90
Finalgarve- Sociedade Promoção Imobiliária Turística, S.A.	—	373	—	—	373
Fundial – Fundo de Investimento Imobiliário Fechado	—	2,125	—	1	2,126
Fundipar – Fundo de Investimento Imobiliário Fechado	—	825	—	—	825
Imorenda – Fundo de Investimento Imobiliário Fechado	—	1,456	—	—	1,456
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	—	2,670	—	—	2,670
Sand Capital - Fundo de Investimento Imobiliário Fechado	—	72	—	—	72
Bank Millennium Group (Poland)	485	—	—	—	485
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	6,612	—	—	6,612
Millenniumbcp Ageas Grupo Segurador, S.G.P.S.,S.A.(Group)	—	173,745	8,694	—	182,439
Millennium bcp - Prestação de Serviços, A.C.E.	—	490	—	—	490
Imoserit, S.A	—	6	—	—	6
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	—	27,527	—	—	27,527
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	—	112	—	—	112
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	—	1,071	—	—	1,071
Predicapital – Fundo de Investimento Imobiliário Fechado	—	749	—	—	749
SIBS, S.G.P.S., S.A.	—	14,772	—	—	14,772
UNICRE - Instituição Financeira de Crédito, S.A.	210	415	—	2	627
	854,678	297,426	41,441	31,126	1,224,671

As at 31 December 2024, the balances with subsidiaries and associates included in Income items of the income statement, are as follows:

(Thousands of euros)

	Interest and similar income	Commissions income	Other operating income	Gains on financial operations	Dividends	Total
Banco ActivoBank, S.A.	916	1	30	42,472	—	43,419
Banco Millennium Atlântico, S.A.	3	333	98	—	—	434
Banque BCP, S.A.S.	8,382	—	—	—	1,878	10,260
BCP África, S.G.P.S., Lda.	—	—	—	14,265	2,221	16,486
BCP Finance Bank Ltd	—	4	1	—	—	5
BCP International, B.V.	—	1	—	—	—	1
BIM - Banco Internacional de Moçambique, S.A.	1	313	13,904	—	42,226	56,444
Finalgarve - Sociedade de Promoção Imobiliária Turística, S.A.	—	1	—	—	—	1
Fundial – Fundo de Investimento Imobiliário Fechado	—	13	—	—	—	13
Fundipar – Fundo de Investimento Imobiliário Fechado	—	15	—	—	—	15
Imorenda – Fundo de Investimento Imobiliário Fechado	—	95	—	—	—	95
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	—	88	—	—	—	88
Sand Capital - Fundo de Investimento Imobiliário Fechado	9	33	—	—	—	42
Bank Millennium Group (Poland)	10	—	31	—	—	41
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	207	18	—	1,552	1,777
Magellan Mortgages No. 3 PLC	3,603	212	—	—	—	3,815
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	5,121	63,234	773	16	40,369	109,513
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	10	—	—	—	7,788	7,798
Millennium bcp - Prestação de Serviços, A.C.E.	—	113	5,355	—	—	5,468
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	—	—	—	—	5	5
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	—	10	—	—	—	10
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (em liquidação)	—	—	—	812	—	812
Predicapital – Fundo de Investimento Imobiliário Fechado	—	18	—	—	—	18
TIICC S.A.R.L.	—	—	—	—	269	269
SIBS, S.G.P.S., S.A.	37	9	—	—	—	46
UNICRE - Instituição Financeira de Crédito, S.A.	154	1,631	12	—	107	1,904
	18,246	66,331	20,222	57,565	96,415	258,779

As at 31 December 2023, the balances with subsidiaries and associates included in Income items of the income statement, are as follows:

(Thousands of euros)

	Interest and similar income	Commissions income	Other operating income	Gains on financial operations	Dividends	Total
Banco ActivoBank, S.A.	849	—	—	14	—	863
Banco Millennium Atlântico, S.A.	114	511	103	—	—	728
Banque BCP, S.A.S.	5,097	1	15	—	3,771	8,884
BCP África, S.G.P.S., Lda.	—	—	—	2,019	57,926	59,945
BCP Finance Bank Ltd	—	5	1	—	—	6
BCP International, B.V.	—	1	—	—	—	1
BIM - Banco Internacional de Moçambique, S.A.	—	112	13,445	—	—	13,557
Finalgarve - Sociedade de Promoção Imobiliária Turística, S.A.	—	1	—	—	—	1
Fundial – Fundo de Investimento Imobiliário Fechado	—	13	—	—	—	13
Fundipar – Fundo de Investimento Imobiliário Fechado	—	18	—	—	—	18
Imorenda – Fundo de Investimento Imobiliário Fechado	—	100	—	—	—	100
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	—	87	—	—	—	87
Sand Capital - Fundo de Investimento Imobiliário Fechado	—	33	—	—	—	33
Oceânico II - Fundo de Investimento Imobiliário Fechado	—	59	—	—	—	59
Funsita - Fundo de Investimento Imobiliário Fechado	—	11	—	—	—	11
Group Bank Millennium (Poland)	1	—	—	—	—	1
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	—	252	19	—	1,876	2,147
Magellan Mortgages No. 1 PLC	565	7	—	—	—	572
Magellan Mortgages No. 3 PLC	4,337	238	—	—	—	4,575
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	4,738	49,892	751	2,513	—	57,894
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	—	—	—	—	11,406	11,406
Millennium bcp - Prestação de Serviços, A.C.E.	—	139	4,745	—	—	4,884
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	—	—	—	—	7	7
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	—	10	—	—	—	10
Predicapital – Fundo de Investimento Imobiliário Fechado	—	18	—	—	—	18
SIBS, S.G.P.S., S.A.	38	10	—	—	—	48
UNICRE - Instituição Financeira de Crédito, S.A.	176	1,412	12	—	109	1,709
	15,915	52,930	19,091	4,546	75,095	167,577

As at 31 December 2024, the balances with subsidiaries and associates included in Expenses items of the income statement, are as follows:

(Thousands of euros)

	Interest and similar expense	Commissions expense	Other administrative costs	Losses on financial operations	Total
Banco ActivoBank, S.A.	37,652	6,615	15	48,562	92,844
Banco Millennium Atlântico, S.A.	508	5	—	—	513
Banque BCP, S.A.S.	—	3,884	—	—	3,884
BCP África, S.G.P.S., Lda.	—	—	—	9,696	9,696
BIM - Banco Internacional de Moçambique, S.A.	5,502	20	—	440	5,962
Fundial – Fundo de Investimento Imobiliário Fechado	8	—	—	—	8
Fundipar – Fundo de Investimento Imobiliário Fechado	31	—	—	—	31
Imorenda – Fundo de Investimento Imobiliário Fechado	41	—	—	—	41
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	87	—	—	—	87
Bank Millennium Group (Poland)	559	68	—	972	1,599
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	795	2	27	878	1,702
Millennium bcp - Prestação de Serviços, A.C.E.	—	—	2,877	—	2,877
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	—	—	18	—	18
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	23	—	—	—	23
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (em liquidação)	—	—	—	65	65
Predicapital – Fundo de Investimento Imobiliário Fechado	10	—	—	—	10
SIBS, S.G.P.S., S.A.	118	—	—	—	118
UNICRE - Instituição Financeira de Crédito, S.A.	—	2	23	—	25
	45,334	10,596	2,960	60,613	119,503

As at 31 December 2023, the balances with subsidiaries and associates included in Expenses items of the income statement, are as follows:

(Thousands of euros)

	Interest and similar expense	Commissions expense	Other operating loss	Other administrative costs	Losses on financial operations	Total
Banco ActivoBank, S.A.	20,772	8,577	—	12	17,695	47,056
Banco Millennium Atlântico, S.A.	347	4	—	—	—	351
Banque BCP, S.A.S.	3,814	—	—	—	—	3,814
BCP África, S.G.P.S., Lda.	—	—	—	—	101	101
BIM - Banco Internacional de Moçambique, S.A.	4,875	15	—	—	—	4,890
Fundial – Fundo de Investimento Imobiliário Fechado	11	—	—	—	—	11
Fundipar – Fundo de Investimento Imobiliário Fechado	4	—	—	—	—	4
Imorenda – Fundo de Investimento Imobiliário Fechado	1	—	—	—	—	1
Imosotto acumulação – Fundo de Investimento Imobiliário Fechado	12	—	—	—	—	12
Bank Millennium Group (Poland)	610	22	12	—	—	644
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	489	2	1	111	2,796	3,399
Millennium bcp - Prestação de Serviços, A.C.E.	—	—	—	3,328	—	3,328
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	—	—	—	18	—	18
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	5	—	—	—	—	5
Predicapital – Fundo de Investimento Imobiliário Fechado	2	—	—	—	—	2
SIBS, S.G.P.S., S.A.	25	—	—	—	—	25
UNICRE - Instituição Financeira de Crédito, S.A.	—	1	—	24	—	25
	30,967	8,621	13	3,493	20,592	63,686

As at 31 December 2024, the Guarantees granted, Revocable and Irrevocable credit facilities and Other revocable commitments to subsidiaries and Associates, are as follows:

(Thousands of euros)

	Guarantees granted	Revocable credit facilities	Irrevocable credit facilities	Other revocable commitments	Total
Banco ActivoBank, S.A.	—	—	2,620,000	—	2,620,000
Banco Millennium Atlântico, S.A.	1,898	—	—	—	1,898
Bichorro – Empreendimentos Turísticos e Imobiliários S.A.	—	—	—	10	10
BIM - Banco Internacional de Moçambique, S.A.	2,999	—	—	—	2,999
Fundial – Fundo de Investimento Imobiliário Fechado	729	—	—	—	729
Finalgarve- Sociedade de Promoção Imobiliária Turística, S.A.	10,733	200	—	—	10,933
Fundo Turismo Algarve, FCR	—	—	1,611	—	1,611
Bank Millennium Group (Poland)	5,821	—	—	9,505	15,326
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	12	—	—	—	12
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	—	70	—		70
SIBS, S.G.P.S., S.A.	50	7,500	—	—	7,550
UNICRE - Instituição Financeira de Crédito, S.A.	—	9,480	—	—	9,480
	22,242	17,250	2,621,611	9,515	2,670,618

As at 31 December 2023, the Guarantees granted, Revocable and Irrevocable credit facilities and Other revocable commitments to subsidiaries and Associates, are as follows:

(Thousands of euros)

	Guarantees granted	Revocable credit facilities	Irrevocable credit facilities	Other revocable commitments	Total
Banco ActivoBank, S.A.	—	—	850,000	—	850,000
Banco Millennium Atlântico, S.A.	4,074	—	—	—	4,074
BIM - Banco Internacional de Moçambique, S.A.	7,840	—	—	—	7,840
Finalgarve- Sociedade de Promoção Imobiliária Turística, S.A.	10,733	200	—	—	10,933
Fundial – Fundo de Investimento Imobiliário Fechado	729	—	—	—	729
Bank Millennium Group (Poland)	5,874	—	—	9,588	15,462
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	12	—	—	—	12
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A. (Group)	85	70	—	16,284	16,439
SIBS, S.G.P.S., S.A.	—	7,500	—	—	7,500
UNICRE - Instituição Financeira de Crédito, S.A.	—	1,758	—	—	1,758
	29,347	9,528	850,000	25,872	914,747

Under the scope of the Bank's insurance mediation activities, the remunerations from services rendering are analysed as follows:

(Thousands of euros)

	2024	2023
Life insurance		
Saving products	24,197	24,114
Mortgage and consumer loans	34,437	19,943
Others	—	1
	58,634	44,058
Non - Life insurance		
Accidents and health	28,198	23,559
Motor	4,423	4,000
Multi-Risk Housing	10,323	8,384
Others	2,039	1,813
	44,983	37,756
	103,617	81,814

The remuneration for insurance intermediation services were received through bank transfers and resulted from insurance intermediation with with Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Ageas Portugal - Companhia de Seguros, S.A. (Millenniumbcp Ageas Group) The Bank does not collect insurance premiums on behalf of Insurance Companies, or performs any movement of funds related to insurance contracts. Thus, there is no other asset, liability, income or expense to be reported on the activity of insurance mediation exercised by the Bank, other than those already disclosed.

The receivable balances from insurance intermediation activity, by nature, are analysed as follows:

(Thousands of euros)

	2024	2023
Funds receivable for payment of life insurance commissions	16,041	10,409
Funds receivable for payment of non-life insurance commissions	12,552	9,534
	28,593	19,943

The commissions received by the Bank result from the insurance mediation contracts and investment contracts, under the terms established in the contracts. The mediation commissions are calculated given the nature of the contracts subject to mediation, as follows:

- insurance contracts – use of fixed rates on gross premiums issued;
- investment contracts – use of fixed rates on the responsibilities assumed by the insurance company under the commercialization of these products.

D) Transactions with the Pension Fund

The balances with the Pension Fund included in items of the balance sheet are as follows:

(Thousands of euros)

	2024	2023
Liabilities		
Deposits from customers and other funds	10,191	55,080
Non-subordinated debt securities issued	10,655	9,075
Other liabilities	—	231
	20,846	64,386

During 2024 and 2023, there were no transactions related to other financial instruments between the Bank and the Pension Fund.

The balances with the Pension Fund included in income and expense items of the separate income statement, are as follows:

(Thousands of euros)

	2024	2023
Income		
Commissions	1,049	1,073
Expenses		
Interest and similar expense	229	102
Other administrative costs	57	57
	286	159

The balance Other administrative costs corresponds to rents incurred under the scope of Fund's properties which the tenant is the Bank.

As at 31 December 2024, the guarantees granted by the Bank to the Pension Fund amount to EUR 5,000 (31 December 2023: EUR 5,000) and in other revocable commitments amount to EUR 5,000,000.

47. Solvency

The Bank's own funds are determined according to the established regulation, in particular, according to Directive 2013/36/EU and Regulation (EU) 575/2013, approved by the European Parliament and the Council (CRD IV / CRR).

Total capital includes tier 1 and tier 2. Tier 1 comprises common equity tier 1 (CET1) and additional tier 1.

Common equity tier 1 includes: (i) paid-up capital, share premium, reserves and retained earnings deducted of any foreseeable charges or dividends ; ii) and deductions related to own shares and loans to finance the acquisition of shares of the Bank, the shortfall of value adjustments and provisions to expected losses concerning risk-weighted exposure amounts calculated according to the IRB approach, other intangible assets and the additional value adjustments necessary for the prudent valuation requirements applied to all assets at fair value, adjustments related to minimum commitment with collective investments undertakings, insufficient coverage for non-performing exposures and with the amount of securitisation positions, eligible for deduction as an alternative to a 1 250 % risk weight. Reserves and retained earnings are adjusted by the reversal of unrealised gains and losses on cash-flow hedge transactions and on financial liabilities valued at fair value through profits and losses, to the extent related to own credit risk. In addition, the deferred tax assets arising from unused tax losses carried forward are deducted, as well as the deferred tax assets arising from temporary differences relying on the future profitability and the interests held in financial institutions and insurers of at least 10%, in this case only in the amount that exceeds the thresholds of 10% and 15% of the common equity tier 1, when analysed on an individual and aggregated basis, respectively. The irrevocable payment commitments for the Single Resolution Fund, the fair value of the collateral for irrevocable commitments from the Deposits Guarantee Fund and the additional coverage for non-performing exposures, are also deducted, due to a SREP (Supervisory Review and Evaluation Process) recommendation.

Additional tier 1 comprises preference shares, hybrid instruments and perpetual bonds representing subordinated debt, that are compliant with the issue conditions established in the Regulation.

Tier 2 includes the subordinated debt that is compliant with the Regulation. Additionally, Tier 2 instruments held in financial institutions and insurers of at least 10% are deducted.

Until the end of 2024, the Bank gradually recognised the impacts of the introduction of IFRS 9, in accordance with the provisions of article 473-A of the CRR.

According to the legislation in force, the capital requirements applicable to the Bank as at 31 December 2024 are as follows:

2024 Minimum Capital Requirements

		of which:		
BCP Separate	**Total**	**Pilar 1**	**Pilar 2**	**Buffers (*)**
CET1	7.05%	4.50%	0.00%	2.55%
T1	8.55%	6.00%	0.00%	2.55%
Total	10.55%	8.00%	0.00%	2.55%

(*) Capital conservation buffer (CCB) and institution specific countercyclical capital buffer (CCyB)

The Bank meets all the requirements and other recommendations issued by the supervisor on this matter.

The Bank has adopted the methodologies based on internal rating models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of both its retail portfolio and its corporate portfolio. The Bank has adopted the advanced approach (internal model) for the coverage of trading portfolio's general market risk and for exchange rate risks and the standard method was used for the purposes of operating risk coverage.

The own funds and the capital requirements determined according to the methodologies CRD IV / CRR previously referred , are the following:

(Thousands of euros)

	2024	2023
Common equity tier 1 (CET1)		
Share capital	3,000,000	3,000,000
Share Premium	16,471	16,471
Reserves and retained earnings	2,660,001	2,448,446
Regulatory adjustments to CET1	208,211	255,013
	5,884,683	5,719,930
Tier 1		
Capital Instruments	400,000	400,000
	6,284,683	6,119,930
Tier 2		
Subordinated debt	992,236	1,014,615
Others	10,292	15,241
	1,002,528	1,029,856
Total own funds	7,287,211	7,149,786
RWA - Risk weighted assets		
Credit risk	23,263,034	24,812,492
Market risk	1,394,261	954,722
Operational risk	2,821,978	2,672,657
CVA	21,668	23,011
	27,500,941	28,462,882
Capital ratios		
CET1	21.4%	20.1%
Tier 1	22.9%	21.5%
Tier 2	3.6%	3.6%
	26.5%	25.1%

The amounts include the accumulated net income.

48. Risk management

The Bank is subject to several risks during the course of its business.

The Bank's risk-management policy is designed to permanently ensure an adequate relationship between its own funds and the business it develops, as well as the corresponding evaluation of the risk/return profile by business line. Under this scope, the monitoring and control of the main types of financial risks (e.g. credit, market, operational) or non-financial risks (e.g. legal and compliance, reputational) to which the Bank's business is subject to, including the impact of the ESG risk drivers (environmental, social and governance).

The Bank implemented a regular process for identifying and assessing the risks to which its activity is exposed, which conclusions are presented to the management bodies and influence the update of the Group’s risk appetite and risk strategy.

Internal organisation

Banco Comercial Português Board of Directors is responsible for the definition of the risk strategy and policies, including the approval of the principles and rules of the highest level to be followed in risk management of the Bank, as well as the guidelines dictating the allocation of capital to the business lines.

The Board of Directors, through the Audit Committee and Risk Assessment Committee, ensures the existence of adequate risk control and of risk-management systems at Bank level and for each entity. The Board of Directors also approves the risk-tolerance level acceptable to the Bank, proposed by its Executive Committee, hearing the Risk Assessment Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that these are compatible with the goals and strategies approved for the business. Other commissions regularly monitor specific risks, namely the Compliance and Operational Risks Commission, the Credit and Non-performing Assets Monitoring Commission, the Pension Funds Risk Monitoring Commission, the Operational Resilience Commission (with a focus on information technologies and cybernetics) and the Sustainability Commission.

The Chief Risk Officer is responsible for the control of risks in all Group entities, for the identification of all risks to which the Bank activity is exposed and for the proposal of measures to improve risks control. The Chief Risk Officer also ensures that risks are monitored on an overall basis and that there is alignment of concepts, practices and goals in risk management. The activity of every entity included within the Banco Comercial Português consolidation perimeter is governed by the principles and decisions established centrally by the Board of Directors and the main subsidiaries are provided with Risk Office structures which are established in accordance with the risks inherent to their activity. A Risk Control Commission has been set up at each relevant subsidiary, responsible for the control of risks at local level, in which the Chief Risk Officer takes part.

As Head of the Compliance Office, the Compliance Officer is responsible for ensuring that regulatory requirements are complied with, as well as the ethical values of the organization, fulfilling all the attributions that are legally conferred to it, ensuring the existence of an internal control culture, thus contributing to the mitigation of the risk of attributing sanctions or significant asset or reputational damages to the Group Entities, including the compliance with the regulatory framework on the prevention and combating money laundering and terrorism financing.

Risk assessment

Credit Risk

Credit granting is based on a prior classification of the customers’ risk and on a thorough assessment of the level of protection provided by the underlying collateral. In order to do so, a single risk-notation system has been introduced, the Rating Master Scale, based on the expected probability of default, allowing greater discrimination in the assessment of the customers and better establishment of the hierarchies of the associated risk.

The Rating Master Scale also identifies those customers that show a worsening credit capacity and, in particular, those classified as being in default. All rating and scoring models used by the Bank have been duly calibrated for the Rating Master Scale. The protection-level concept has been introduced as a crucial element of evaluation of the effectiveness of the collateral in credit-risk mitigation, leading to a more active collateralization of loans and to a better adequacy of pricing regarding the risk incurred.

The gross Bank's exposure to credit risk (original exposure) is presented in the following table:

(Thousands of euros)

Risk items	2024	2023
Central Governments or Central Banks (*)	13,361,597	13,015,646
Regional Governments or Local Authorities	1,222,977	1,141,756
Administrative and non-profit Organisations	4,132,630	730,672
Other Credit Institutions	2,252,343	2,238,005
Retail and Corporate customers	49,450,991	48,994,006
Other items (**)	6,885,652	9,456,327
	77,306,190	75,576,412

Note: gross exposures of impairment and amortisation. Includes securitization positions.

(*) In 2024 includes DTA's (EUR 1,727,669,342).
(**) In 2023 DTA's were included in Other items.

The evaluation of the risk associated to the loan portfolio and quantification of the respective losses expected considers the following methodological notes:

a) Collaterals and Guarantees

On the risk evaluation of an operation or of a group of operations, the mitigation elements of credit risk associated to those operations are considered in accordance with the rules and internal procedures that fulfil the requirements defined by the regulations in force, also reflecting the experience of the loans recovery areas and the Legal Department opinions with respect to the entailment of the various mitigation instruments.

The collaterals and the relevant guarantees can be aggregated in the following categories:

- financial collaterals, real estate collaterals or other collaterals;
- receivables;
- first demand guarantees, issued by banks or other entities with Risk Grade 108 or better on the Rating Master Scale;
- personal guarantees, when the persons are classified with Risk Grade 108 or better;
- credit derivatives.

The financial collaterals accepted are those that are traded in a recognised stock exchange, i.e., on an organized secondary market, liquid and transparent, with public bid-ask prices, located in countries of the European Union, United Kingdom, United States, Japan, Canada, Hong Kong or Switzerland.

In this context, it is important to refer that the Bank's shares and subordinated bonds are not accepted as financial collaterals of new credit operations and are only accepted for the reinforcement of guarantees of existing credit operations, or in restructuring process associated to credit recoveries.

Regarding guarantees and credit derivatives, it can be applied the substitution principle by replacing the Risk Grade of the customer by the Risk Grade of the guarantor, (if the Risk of Grade Degree of the guarantor is better than the customer's), when the protection is formalized through:

- State, Financial Institutions or Mutual Guarantee Societies guarantees exist;
- personal guarantees (or, in the case of Leasing, there is a recovery agreement of the provider);
- credit derivatives;
- formalization of the clause of the contracting party in leasing contracts in which it is an entity that is in a relationship of dominion or group with the lessee.

An internal level of protection is attributed to all credit operations at the moment of the credit granting decision, considering the credit amount as well as the value and type of the collaterals involved. The protection level corresponds to the loss reduction in case of default that is linked to the various collateral types, considering their market value and the amount of the associated exposure.

In the case of financial collaterals, adjustments are made to the protection value by the use of a set of haircuts, in order to reflect the price volatility of the financial instruments.

In the case of real estate mortgages, the initial appraisal of the real estate value is done during the credit analysis and before decision process.

Either the initial evaluations or the subsequent reviews carried out are performed by external expert valuers and the ratification process is centralized in the Appraisals Unit, which is independent of the customers areas.

In any case, they are the subject to a written report, in a standardized digital format, based on a group of predefined methods that are aligned with the sector practices – income, replacement cost and/or market comparative - mentioning the obtained value, for both the market value and for purposes of the mortgage guarantee, depending on the type of the real estate. The evaluations have a declaration/certification of an expert valuer since 2008, as requested by Regulation (EU) 575/2013 and Law 153/2015 of 14 September and are ratified by the Appraisals Unit.

Regarding residential real estate, after the initial valuation and in accordance with Notice no. 5/2006 of Banco de Portugal and e CRR 575/2013, the Bank monitors the respective values through market indexes. If the index is lower than 0.9, the Bank revaluates choosing one of the following two methods:

i) - depreciation of the property by direct application of the index, if the amount owed does not exceed EUR 300,000;

ii) - review of the property value by external valuators, depending on the value of the credit operation, and in accordance wit the established standards from ECB and Banco de Portugal.

For all non-residential real estate, the Bank also monitors its values through market indexes and to the regular valuation reviews with the minimum periodicities in accordance with the Regulation (EU) 575/2013, in the case of offices, commercial spaces, warehouses and industrial premises.

For all real estate (residential or non-residential) for which the monitoring result in significant devaluation of the real estate value (more than 10%), a valuation review is subsequently carried out by an expert valuer, preserving the referred i) above.

For the remaining real estate (land or countryside buildings for example) there are no market indexes available for the monitoring of appraisal values, after the initial valuations. Therefore, for these cases and in accordance with the minimum periodicity established for the monitoring and reviewing of this type of real estate, valuation reviews are carried out by expert valuers.

The indexes currently used are supplied to the Bank by an external specialized entity that, for more than a decade, has been collecting and processing the data upon which the indexes are built.

In the case of financial collaterals, their market value is daily and automatically updated, through the IT connection between the collaterals management system and the relevant financial markets data.

b) Risk grades

Credit granting is based on the previous risk assessment of customer and also on a rigorous assessment of the protection level provided by the underlying collaterals. For this purpose, a single risk grading system is used - the Rating Master Scale - based on Probability of Default (PD), allowing for a greater discriminating power in customers' assessment and for a better hierarchy of the associated risk. The Rating Master Scale also allows to identify customers that show signs of degradation in their credit capacity and, in particular, those that are classified in a default situation. All rating systems and models used by the Group were calibrated for the Rating Master Scale.

Aiming at an adequate assessment of credit risk, the Group defined a set of macro segments and segments which are treated through different rating systems and models that relate the internal risk grades and the customers' PD, ensuring a risk assessment that considers the customers' specific features in terms of their respectively risk profiles.

The assessment made by these rating systems and models result in the risk grades of the Master Scale, that has eighteen grades, where the last three correspond to relevant downgrades of the customers' credit quality and are referred to by "procedural risk grades": 123, 124 and 125, that correspond, in this order, to situations of increased severity in terms default, as risk grade 125 is a Default situation.

The non-procedural risk grades are attributed by the rating systems through automatic decision models or by the Rating Division – a unit which is independent from the credit analysis and decision areas and bodies- and are reviewed/updated periodically or whenever this is justified by events.

The models within the various rating systems are regularly subject to validation, made by the Models Validation and Monitoring Office, which is independent from the units that are responsible for the development and maintenance of the rating models.

The conclusions of the validations by the Models Validation and Monitoring Office, as well the respective recommendations and proposal for changes and/or improvements, are analysed and ratified by a specific Validation Committee, composed in accordance to the type of model analysed. The proposals for models' changes originated by the Validation Committee are submitted to the approval of the Risk Committee.

The following table lists the equivalence between the internal rating levels (Rating Master Scale) and the external ratings of the international rating agencies:

	External ratings			
Internal risk grade (*)	Fitch	S&P	Moody's	DBRS
101	AAA	AAA	Aaa	AAA
102	AA+	AA+	Aa1	AA (high)
102	AA	AA	Aa2	AA
103	AA-	AA-	Aa3	AA (low)
103	A+	A+	A1	A (high)
104	A	A	A2	A
105	A-	A-	A3	A (low)
105	BBB+	BBB+	Baa1	BBB (high)
106	BBB	BBB	Baa2	BBB
107	BBB-	BBB-	Baa3	BBB (low)
108	BB+	BB+	Ba1	BB (high)
109	BB	BB	Ba2	BB
111	BB-	BB-	Ba3	BB (low)
112	B+	B+	B1	B (high)
114	B	B	B2	B
115	Lower B	Lower B	Lower B2	Lower B

(*) Customers with GR 110 and GR 113 correspond to BB- and B- from S&P, respectively, or another equivalent.

c) Impairment and Write-offs

The credit impairment calculation as at 31 December 2024 and 2023 integrates the general principles defined in International Financial Reporting Standards (IFRS 9) and the guidelines issued by the Banco de Portugal through a Circular Letter "CC/2018/00000062", in order to align the calculation process used in the Bank with the best international practices in this area.

As at 31 December 2024, the financial instruments subject to impairment requirements under IFRS 9 (do not include equity instruments according to accounting policy 1.B1.1.2.), analysed by stage, are detailed in the following tables:

(Thousands of euros)

	2024				
	Gross exposure				
Category	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Financial assets at amortised cost					
Loans and advances to credit institutions (note 18)	334,922	—	—	—	334,922
Loans and advances to customers (note 19)	30,138,456	5,005,655	944,336	11,715	36,100,162
Debt instruments (note 20)	13,988,535	68,499	4,449	—	14,061,483
Debt instruments at fair value					
through other comprehensive income (note 21) (*)	5,752,338	—	—	—	5,752,338
Guarantees and other commitments (note 40) (**)	12,280,693	978,508	307,296	1,940	13,568,437
Total	62,494,944	6,052,662	1,256,081	13,655	69,817,342

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.B1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

(Thousands of euros)

	2024				
	Impairment losses				
Category	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Financial assets at amortised cost					
Loans and advances to credit institutions (note 18)	81	—	—	—	81
Loans and advances to customers (note 19)	156,149	179,735	522,458	—	858,342
Debt instruments (note 20)	18,580	641	3,233	—	22,454
Guarantees and other commitments (note 35)	5,876	10,696	87,307	—	103,879
Total	180,686	191,072	612,998	—	984,756

(Thousands of euros)

	2024				
	Net exposure				
Category	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Total**
Financial assets at amortised cost					
Loans and advances to credit institutions (note 18)	334,841	—	—	—	334,841
Loans and advances to customers (note 19)	29,982,307	4,825,920	421,878	11,715	35,241,820
Debt instruments (note 20)	13,969,955	67,858	1,216	—	14,039,029
Debt instruments at fair value					
through other comprehensive income (note 21) (*)	5,752,338	—	—	—	5,752,338
Guarantees and other commitments (note 40) (**)	12,274,817	967,812	219,989	1,940	13,464,558
Total	62,314,258	5,861,590	643,083	13,655	68,832,586

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.B1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

As at 31 December 2023, the financial instruments subject to impairment requirements under IFRS 9 (does not include equity instruments according to accounting policy 1.B1.1.2.), analysed by stage, are detailed in the following tables:

(Thousands of euros)

	2023				
	Gross exposure				
Category	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 18)	370,569	—	—	—	370,569
Loans and advances to customers (note 19)	29,687,596	5,500,631	1,081,810	12,245	36,282,282
Debt instruments (note 20)	11,534,219	62,872	5,105	—	11,602,196
Debt instruments at fair value through other comprehensive income (note 21) (*)	4,678,370	—	—	—	4,678,370
Guarantees and other commitments (note 40) (**)	11,567,418	1,218,842	322,855	2,560	13,111,675
Total	57,838,172	6,782,345	1,409,770	14,805	66,045,092

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.B1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

(Thousands of euros)

	2023				
	Impairment losses				
Category	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 18)	160	—	—	—	160
Loans and advances to customers (note 19)	164,574	207,636	599,927	—	972,137
Debt instruments (note 20)	15,583	797	1,525	—	17,905
Guarantees and other commitments (note 35)	7,195	10,773	91,648	—	109,616
Total	187,512	219,206	693,100	—	1,099,818

(Thousands of euros)

	2023				
	Net exposure				
Category	Stage 1	Stage 2	Stage 3	POCI	Total
Financial assets at amortised cost					
Loans and advances to credit institutions (note 18)	370,409	—	—	—	370,409
Loans and advances to customers (note 19)	29,523,022	5,292,995	481,883	12,245	35,310,145
Debt instruments (note 20)	11,518,636	62,075	3,580	—	11,584,291
Debt instruments at fair value through other comprehensive income (note 21) (*)	4,678,370	—	—	—	4,678,370
Guarantees and other commitments (note 40) (**)	11,560,223	1,208,069	231,207	2,560	13,002,059
Total	57,650,660	6,563,139	716,670	14,805	64,945,274

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.B1.5.1.2.

(**) Includes the balances of guarantees granted, irrevocable credit facilities and revocable commitments

The maximum exposure to credit risk of financial assets not subject to impairment requirements is analysed as follows:

(Thousands of euros)

	2024	2023
Financial assets held for trading (note 21)		
Debt instruments	1,131,866	333,000
Derivatives	311,947	319,884
Financial assets designated at fair value through profit or loss		
Debt instruments (note 21)	33,894	32,004
Financial assets not held for trading mandatorily at fair value through profit or loss		
Debt instruments (note 21)	437,000	480,964
Hedging derivatives (note 22)	38,619	22,335
Total	1,953,326	1,188,187

Notes:
- In the case of financial assets, excluding derivatives, it is considered that its credit risk exposure is equal to its book value;
- In the case of derivatives, the maximum exposure to credit risk is its market value, plus its potential risk ("add-on").

During 2024 the changes occurred in Loans and advances to customers are as follows:

(Thousands of euros)

	2024				
	Financial assets at amortised cost - Loans and advances to customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross amount as at 1 January	29,687,596	5,500,631	1,081,810	12,245	36,282,282
Changes in gross book value					
Transfer from Stage 1 to Stage 2	(1,418,662)	1,418,662	—	—	—
Transfer from Stage 1 to Stage 3	(146,569)	—	146,569	—	—
Transfer from Stage 2 to Stage 1	1,501,777	(1,501,777)	—	—	—
Transfer from Stage 2 to Stage 3	—	(289,775)	289,775	—	—
Transfer from Stage 3 to Stage 1	12,027	—	(12,027)	—	—
Transfer from Stage 3 to Stage 2	—	77,582	(77,582)	—	—
Write-offs	(610)	(1,007)	(28,969)	(177)	(30,763)
Net balance of new financial assets and derecognised financial assets and other changes	502,897	(198,661)	(455,240)	(353)	(151,357)
Gross amount at the end of the year	30,138,456	5,005,655	944,336	11,715	36,100,162

During 2024, the changes occurred in Loans and advances to customers - impairment losses are as follows:

(Thousands of euros)

	2024				
	Financial assets at amortised cost - Loans and advances to customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment losses as at 1 January	164,574	207,636	599,927	—	972,137
Change in impairment losses					
Transfer to Stage 1	38,417	(36,411)	(2,006)	—	—
Transfer to Stage 2	(8,296)	23,419	(15,123)	—	—
Transfer to Stage 3	(2,237)	(21,599)	23,836	—	—
Changes occurred due to changes in credit risk	(46,457)	7,813	124,424	—	85,780
Write-offs	(610)	(1,007)	(28,969)	(177)	(30,763)
Changes due to new financial assets and derecognised financial assets and other variations	10,758	(116)	(179,631)	177	(168,812)
Impairment losses at the end of the year	156,149	179,735	522,458	—	858,342

During 2023, the changes occurred in Loans and advances to customers are as follows:

(Thousands of euros)

	2023				
	Financial assets at amortised cost - Loans and advances to customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Gross amount as at 1 January	31,140,191	5,757,791	1,343,189	19,183	38,260,354
Changes in gross book value					
Transfer from Stage 1 to Stage 2	(1,498,609)	1,498,609	—	—	—
Transfer from Stage 1 to Stage 3	(122,550)	—	122,550	—	—
Transfer from Stage 2 to Stage 1	1,334,471	(1,334,471)	—	—	—
Transfer from Stage 2 to Stage 3	—	(291,013)	291,013	—	—
Transfer from Stage 3 to Stage 1	15,564	—	(15,564)	—	—
Transfer from Stage 3 to Stage 2	—	219,522	(219,522)	—	—
Write-offs	(647)	(1,097)	(103,462)	(275)	(105,481)
Net balance of new financial assets and derecognised financial assets and other changes	(1,180,824)	(348,710)	(336,394)	(6,663)	(1,872,591)
Gross amount at the end of the year	29,687,596	5,500,631	1,081,810	12,245	36,282,282

During 2023, the changes occurred in Loans and advances to customers - impairment losses are as follows:

(Thousands of euros)

	2023				
	Financial assets at amortised cost - Loans and advances to customers				
	Stage 1	Stage 2	Stage 3	POCI	Total
Impairment losses as at 1 January	132,051	204,176	589,298	—	925,525
Change in impairment losses					
Transfer to Stage 1	33,596	(31,380)	(2,216)	—	—
Transfer to Stage 2	(6,404)	104,438	(98,034)	—	—
Transfer to Stage 3	(1,347)	(16,268)	17,615	—	—
Changes occurred due to changes in credit risk	(5,266)	(58,620)	267,645	—	203,759
Write-offs	(647)	(1,097)	(103,462)	(275)	(105,481)
Changes due to new financial assets and derecognised financial assets and other variations	12,591	6,387	(70,919)	275	(51,666)
Impairment losses at the end of the year	164,574	207,636	599,927	—	972,137

Financial assets modified during the period that have not resulted in derecognition (with impairment losses based on expected lifetime losses) are analysed as follows:

(Thousands of euros)

Financial assets modified	2024	2023
Amortised cost before changes	140,461	331,370
Impairment losses before changes	(11,491)	(36,292)
Net amortised cost before changes	128,970	295,078
Net gain / (loss) arising on changes	(2,214)	(4,846)
Net amortised cost after changes	126,756	290,232

The financial assets changed since the initial recognition at a time when the impairment loss was measured based on the expected credit losses lifetime, are analysed as follows:

(Thousands of euros)

Financial assets changed	2024	2023
Amortised cost of financial assets for which credit losses expected to go from "lifetime" to 12 months	63,016	94,672

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by segment and stage, are as follows:

(Thousands of euros)

	2024									
		Stage 2				Stage 3				
Segment	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Individuals-Mortgage	17,070,172	2,006,353	141,690	58,190	2,206,233	182,044	88,703	270,747	3,951	19,551,103
Individuals-Other	3,713,722	612,571	26,577	18,659	657,807	46,427	77,175	123,602	3,217	4,498,348
Financial Companies	2,406,458	40,387	5	17	40,409	13,035	15	13,050	—	2,459,917
Non-financial companies - Corporate	8,329,199	558,489	1,570	—	560,059	107,499	9,701	117,200	1,455	9,007,913
Non-financial companies - SME-Corporate	7,537,759	1,601,316	21,848	6,989	1,630,153	476,022	76,808	552,830	1,605	9,722,347
Non-financial companies -SME-Retail	4,966,308	904,782	19,992	14,651	939,425	87,849	90,357	178,206	3,427	6,087,366
Non-financial companies -Other	443,958	—	—	—	—	—	—	—	—	443,958
Other loans	12,275,030	16,680	335	1,561	18,576	446	—	446	—	12,294,052
Total	56,742,606	5,740,578	212,017	100,067	6,052,662	913,322	342,759	1,256,081	13,655	64,065,004
Impairment losses										
Individuals-Mortgage	5,677	13,858	1,730	1,072	16,660	22,685	12,070	34,755	—	57,092
Individuals-Other	15,869	24,158	3,288	3,778	31,224	17,722	36,019	53,741	—	100,834
Financial Companies	21,527	2,072	1	2	2,075	12,448	9	12,457	—	36,059
Non-financial companies - Corporate	22,776	18,010	20	—	18,030	78,713	8,331	87,044	—	127,850
Non-financial companies - SME-Corporate	31,682	53,945	3,815	2,132	59,892	275,797	38,521	314,318	—	405,892
Non-financial companies -SME-Retail	68,430	57,458	1,974	2,197	61,629	64,183	46,383	110,566	—	240,625
Non-financial companies -Other	16	—	—	—	—	—	—	—	—	16
Other loans	14,709	1,269	14	279	1,562	117	—	117	—	16,388
Total	180,686	170,770	10,842	9,460	191,072	471,665	141,333	612,998	—	984,756
Net exposure										
Individuals-Mortgage	17,064,495	1,992,495	139,960	57,118	2,189,573	159,359	76,633	235,992	3,951	19,494,011
Individuals-Other	3,697,853	588,413	23,289	14,881	626,583	28,705	41,156	69,861	3,217	4,397,514
Financial Companies	2,384,931	38,315	4	15	38,334	587	6	593	—	2,423,858
Non-financial companies - Corporate	8,306,423	540,479	1,550	—	542,029	28,786	1,370	30,156	1,455	8,880,063
Non-financial companies - SME-Corporate	7,506,077	1,547,371	18,033	4,857	1,570,261	200,225	38,287	238,512	1,605	9,316,455
Non-financial companies -SME-Retail	4,897,878	847,324	18,018	12,454	877,796	23,666	43,974	67,640	3,427	5,846,741
Non-financial companies -Other	443,942	—	—	—	—	—	—	—	—	443,942
Other loans	12,260,321	15,411	321	1,282	17,014	329	—	329	—	12,277,664
Total	56,561,920	5,569,808	201,175	90,607	5,861,590	441,657	201,426	643,083	13,655	63,080,248
% of impairment coverage										
Individuals-Mortgage	0.03%	0.69%	1.22%	1.84%	0.76%	12.46%	13.61%	12.84%	0.00%	0.29%
Individuals-Other	0.43%	3.94%	12.37%	20.25%	4.75%	38.17%	46.67%	43.48%	0.00%	2.24%
Financial Companies	0.89%	5.13%	20.00%	11.76%	5.13%	95.50%	60.00%	95.46%	0.00%	1.47%
Non-financial companies - Corporate	0.27%	3.22%	1.27%	0.00%	3.22%	73.22%	85.88%	74.27%	0.00%	1.42%
Non-financial companies - SME-Corporate	0.42%	3.37%	17.46%	30.51%	3.67%	57.94%	50.15%	56.86%	0.00%	4.17%
Non-financial companies -SME-Retail	1.38%	6.35%	9.87%	15.00%	6.56%	73.06%	51.33%	62.04%	0.00%	3.95%
Non-financial companies -Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other loans	0.12%	7.61%	4.18%	17.87%	8.41%	26.23%	0.00%	26.23%	0.00%	0.13%
Total	0.32%	2.97%	5.11%	9.45%	3.16%	51.64%	41.23%	48.80%	0.00%	1.54%

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by segment and stage, are as follows:

(Thousands of euros)

	2023									
		Stage 2				Stage 3				
Segment	Stage 1	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Individuals-Mortgage	16,430,187	1,849,517	159,725	66,338	2,075,580	164,251	72,257	236,508	4,349	18,746,624
Individuals-Other	3,497,834	439,110	31,733	11,956	482,799	44,770	64,809	109,579	2,643	4,092,855
Financial Companies	2,234,494	52,296	34	—	52,330	46,841	10	46,851	—	2,333,675
Non-financial companies - Corporate	7,969,160	534,495	—	—	534,495	158,238	24,534	182,772	2,209	8,688,636
Non-financial companies - SME-Corporate	7,309,477	2,242,109	11,852	3,501	2,257,462	546,260	67,930	614,190	2,959	10,184,088
Non-financial companies -SME-Retail	5,279,369	1,255,022	34,659	14,128	1,303,809	137,306	82,563	219,869	2,645	6,805,692
Non-financial companies -Other	469,347	—	—	—	—	—	—	—	—	469,347
Other loans	9,969,934	75,870	—	—	75,870	1	—	1	—	10,045,805
Total	53,159,802	6,448,419	238,003	95,923	6,782,345	1,097,667	312,103	1,409,770	14,805	61,366,722
Impairment losses										
Individuals-Mortgage	6,032	11,875	2,228	2,087	16,190	25,104	10,665	35,769	—	57,991
Individuals-Other	9,281	16,115	3,573	2,903	22,591	18,953	30,831	49,784	—	81,656
Financial Companies	23,410	1,359	3	—	1,362	34,559	6	34,565	—	59,337
Non-financial companies - Corporate	22,227	22,924	—	—	22,924	80,617	18,829	99,446	—	144,597
Non-financial companies - SME-Corporate	42,344	77,297	1,474	712	79,483	305,367	45,829	351,196	—	473,023
Non-financial companies -SME-Retail	74,904	69,191	3,164	3,249	75,604	85,903	36,437	122,340	—	272,848
Non-financial companies -Other	45	—	—	—	—	—	—	—	—	45
Other loans	9,269	1,052	—	—	1,052	—	—	—	—	10,321
Total	187,512	199,813	10,442	8,951	219,206	550,503	142,597	693,100	—	1,099,818
Net exposure										
Individuals-Mortgage	16,424,155	1,837,642	157,497	64,251	2,059,390	139,147	61,592	200,739	4,349	18,688,633
Individuals-Other	3,488,553	422,995	28,160	9,053	460,208	25,817	33,978	59,795	2,643	4,011,199
Financial Companies	2,211,084	50,937	31	—	50,968	12,282	4	12,286	—	2,274,338
Non-financial companies - Corporate	7,946,933	511,571	—	—	511,571	77,621	5,705	83,326	2,209	8,544,039
Non-financial companies - SME-Corporate	7,267,133	2,164,812	10,378	2,789	2,177,979	240,893	22,101	262,994	2,959	9,711,065
Non-financial companies -SME-Retail	5,204,465	1,185,831	31,495	10,879	1,228,205	51,403	46,126	97,529	2,645	6,532,844
Non-financial companies -Other	469,302	—	—	—	—	—	—	—	—	469,302
Other loans	9,960,665	74,818	—	—	74,818	1	—	1	—	10,035,484
Total	52,972,290	6,248,606	227,561	86,972	6,563,139	547,164	169,506	716,670	14,805	60,266,904
% of impairment coverage										
Individuals-Mortgage	0.04%	0.64%	1.39%	3.15%	0.78%	15.28%	14.76%	15.12%	0.00%	0.31%
Individuals-Other	0.27%	3.67%	11.26%	24.28%	4.68%	42.33%	47.57%	45.43%	0.00%	2.00%
Financial Companies	1.05%	2.60%	8.82%	0.00%	2.60%	73.78%	60.00%	73.78%	0.00%	2.54%
Non-financial companies - Corporate	0.28%	4.29%	0.00%	0.00%	4.29%	50.95%	76.75%	54.41%	0.00%	1.66%
Non-financial companies - SME-Corporate	0.58%	3.45%	12.44%	20.34%	3.52%	55.90%	67.47%	57.18%	0.00%	4.64%
Non-financial companies -SME-Retail	1.42%	5.51%	9.13%	23.00%	5.80%	62.56%	44.13%	55.64%	0.00%	4.01%
Non-financial companies -Other	0.01%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.01%
Other loans	0.09%	1.39%	0.00%	0.00%	1.39%	0.00%	0.00%	0.00%	0.00%	0.10%
Total	0.35%	3.10%	4.39%	9.33%	3.23%	50.15%	45.69%	49.16%	0.00%	1.79%

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by sector of activity and stage, are as follows:

(Thousands of euros)

	2024									
		Stage 2				Stage 3				
Sector of activity	*Stage 1*	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Loans to individuals	20,783,894	2,618,924	168,267	76,849	2,864,040	228,470	165,879	394,349	7,168	24,049,451
Non-financial companies - Trade	3,538,935	551,103	5,360	5,824	562,287	36,517	38,783	75,300	789	4,177,311
Non-financial companies - Construction	2,132,426	338,216	3,822	3,526	345,564	242,180	24,101	266,281	2,155	2,746,426
Non-financial companies - Manufacturing industries	4,140,780	627,610	14,096	5,139	646,845	95,926	60,094	156,020	924	4,944,569
Non-financial companies -Other activities	2,069,600	278,508	3,306	2,048	283,862	23,352	11,112	34,464	104	2,388,030
Non-financial companies - Other services	9,395,480	1,269,152	16,827	5,104	1,291,083	273,398	42,775	316,173	2,515	11,005,251
Other Services /Other activities	14,681,491	57,065	339	1,577	58,981	13,479	15	13,494	—	14,753,966
Total	56,742,606	5,740,578	212,017	100,067	6,052,662	913,322	342,759	1,256,081	13,655	64,065,004
Impairment losses										
Loans to individuals	21,546	38,016	5,018	4,850	47,884	40,407	48,089	88,496	—	157,926
Non-financial companies - Trade	20,146	18,372	877	927	20,176	12,395	18,150	30,545	—	70,867
Non-financial companies - Construction	10,001	6,362	739	1,069	8,170	111,797	14,931	126,728	—	144,899
Non-financial companies - Manufacturing industries	32,020	41,044	2,646	1,089	44,779	37,216	29,884	67,100	—	143,899
Non-financial companies -Other activities	6,463	13,476	276	527	14,279	9,361	6,937	16,298	—	37,040
Non-financial companies - Other services	54,271	50,160	1,271	717	52,148	247,925	23,333	271,258	—	377,677
Other Services /Other activities	36,239	3,340	15	281	3,636	12,564	9	12,573	—	52,448
Total	180,686	170,770	10,842	9,460	191,072	471,665	141,333	612,998	—	984,756
Net exposure										
Loans to individuals	20,762,348	2,580,908	163,249	71,999	2,816,156	188,063	117,790	305,853	7,168	23,891,525
Non-financial companies - Trade	3,518,789	532,731	4,483	4,897	542,111	24,122	20,633	44,755	789	4,106,444
Non-financial companies - Construction	2,122,425	331,854	3,083	2,457	337,394	130,383	9,170	139,553	2,155	2,601,527
Non-financial companies - Manufacturing industries	4,108,760	586,566	11,450	4,050	602,066	58,710	30,210	88,920	924	4,800,670
Non-financial companies -Other activities	2,063,137	265,032	3,030	1,521	269,583	13,991	4,175	18,166	104	2,350,990
Non-financial companies - Other services	9,341,209	1,218,992	15,556	4,387	1,238,935	25,473	19,442	44,915	2,515	10,627,574
Other Services /Other activities	14,645,252	53,725	324	1,296	55,345	915	6	921	—	14,701,518
Total	56,561,920	5,569,808	201,175	90,607	5,861,590	441,657	201,426	643,083	13,655	63,080,248
% of impairment coverage										
Loans to individuals	0.10%	1.45%	2.98%	6.31%	1.67%	17.69%	28.99%	22.44%	0.00%	0.66%
Non-financial companies - Trade	0.57%	3.33%	16.36%	15.92%	3.59%	33.94%	46.80%	40.56%	0.00%	1.70%
Non-financial companies - Construction	0.47%	1.88%	19.34%	30.32%	2.36%	46.16%	61.95%	47.59%	0.00%	5.28%
Non-financial companies - Manufacturing industries	0.77%	6.54%	18.77%	21.19%	6.92%	38.80%	49.73%	43.01%	0.00%	2.91%
Non-financial companies -Other activities	0.31%	4.84%	8.35%	25.73%	5.03%	40.09%	62.43%	47.29%	0.00%	1.55%
Non-financial companies - Other services	0.58%	3.95%	7.55%	14.05%	4.04%	90.68%	54.55%	85.79%	0.00%	3.43%
Other Services /Other activities	0.25%	5.85%	4.42%	17.82%	6.16%	93.21%	60.00%	93.17%	0.00%	0.36%
Total	0.32%	2.97%	5.11%	9.45%	3.16%	51.64%	41.23%	48.80%	0.00%	1.54%

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit facilities and revocable commitments, analysed by sector of activity and stage, are as follows:

(Thousands of euros)

	2023									
		Stage 2				Stage 3				
Sector of activity	*Stage 1*	No delays	Days past due <= 30 days	Days past due > 30 days	Total	Days past due <= 90 days	Days past due > 90 days	Total	POCI	Total
Gross Exposure										
Loans to individuals	19,928,021	2,288,627	191,458	78,294	2,558,379	209,021	137,066	346,087	6,992	22,839,479
Non-financial companies - Trade	3,356,020	629,130	7,075	2,830	639,035	67,456	24,717	92,173	604	4,087,832
Non-financial companies - Construction	1,896,298	516,635	4,650	1,294	522,579	265,458	17,317	282,775	4,141	2,705,793
Non-financial companies - Manufacturing industries	4,061,561	826,933	12,102	7,033	846,068	109,811	59,229	169,040	560	5,077,229
Non-financial companies -Other activities	2,084,476	353,599	5,212	816	359,627	54,778	10,204	64,982	50	2,509,135
Non-financial companies - Other services	9,628,998	1,705,329	17,473	5,656	1,728,458	344,301	63,560	407,861	2,458	11,767,775
Other Services /Other activities	12,204,428	128,166	33	—	128,199	46,842	10	46,852	—	12,379,479
Total	53,159,802	6,448,419	238,003	95,923	6,782,345	1,097,667	312,103	1,409,770	14,805	61,366,722
Impairment losses										
Loans to individuals	15,313	27,990	5,800	4,990	38,780	44,057	41,496	85,553	—	139,646
Non-financial companies - Trade	19,758	23,513	585	864	24,962	35,350	11,910	47,260	—	91,980
Non-financial companies - Construction	14,106	11,805	687	431	12,923	90,270	12,767	103,037	—	130,066
Non-financial companies - Manufacturing industries	47,957	56,021	1,757	1,773	59,551	44,020	30,899	74,919	—	182,427
Non-financial companies -Other activities	9,375	18,115	590	151	18,856	38,024	6,251	44,275	—	72,506
Non-financial companies - Other services	48,324	59,957	1,020	742	61,719	264,222	39,268	303,490	—	413,533
Other Services /Other activities	32,679	2,412	3	—	2,415	34,560	6	34,566	—	69,660
Total	187,512	199,813	10,442	8,951	219,206	550,503	142,597	693,100	—	1,099,818
Net exposure										
Loans to individuals	19,912,708	2,260,637	185,658	73,304	2,519,599	164,964	95,570	260,534	6,992	22,699,833
Non-financial companies - Trade	3,336,262	605,617	6,490	1,966	614,073	32,106	12,807	44,913	604	3,995,852
Non-financial companies - Construction	1,882,192	504,830	3,963	863	509,656	175,188	4,550	179,738	4,141	2,575,727
Non-financial companies - Manufacturing industries	4,013,604	770,912	10,345	5,260	786,517	65,791	28,330	94,121	560	4,894,802
Non-financial companies -Other activities	2,075,101	335,484	4,622	665	340,771	16,754	3,953	20,707	50	2,436,629
Non-financial companies - Other services	9,580,674	1,645,372	16,453	4,914	1,666,739	80,079	24,292	104,371	2,458	11,354,242
Other Services /Other activities	12,171,749	125,754	30	—	125,784	12,282	4	12,286	—	12,309,819
Total	52,972,290	6,248,606	227,561	86,972	6,563,139	547,164	169,506	716,670	14,805	60,266,904
% of impairment coverage										
Loans to individuals	0.08%	1.22%	3.03%	6.37%	1.52%	21.08%	30.27%	24.72%	0.00%	0.61%
Non-financial companies - Trade	0.59%	3.74%	8.27%	30.53%	3.91%	52.40%	48.19%	51.27%	0.00%	2.25%
Non-financial companies - Construction	0.74%	2.28%	14.77%	33.31%	2.47%	34.01%	73.73%	36.44%	0.00%	4.81%
Non-financial companies - Manufacturing industries	1.18%	6.77%	14.52%	25.21%	7.04%	40.09%	52.17%	44.32%	0.00%	3.59%
Non-financial companies -Other activities	0.45%	5.12%	11.32%	18.50%	5.24%	69.41%	61.26%	68.13%	0.00%	2.89%
Non-financial companies - Other services	0.50%	3.52%	5.84%	13.12%	3.57%	76.74%	61.78%	74.41%	0.00%	3.51%
Other Services /Other activities	0.27%	1.88%	9.09%	0.00%	1.88%	73.78%	60.00%	73.78%	0.00%	0.56%
Total	0.35%	3.10%	4.39%	9.33%	3.23%	50.15%	45.69%	49.16%	0.00%	1.79%

As at 31 December 2024, the exposure by type of financial instrument, internal rating and by stage, is analysed as follows:

(Thousands of euros)

	2024							
	Gross Exposure							
	Higher quality	Average quality	Lower quality	Procedural RG	Not classified (without risk grade)	Total	Impairment losses	Net exposure
Financial assets at amortised cost								
stage 1	36,800,289	6,204,678	1,456,946	–	–	44,461,913	174,810	44,287,103
stage 2	1,377,932	1,447,865	1,753,315	287,818	207,224	5,074,154	180,376	4,893,778
stage 3	–	–	–	948,785	–	948,785	525,691	423,094
POCI	2,386	2,109	1,007	6,181	32	11,715	–	11,715
	38,180,607	7,654,652	3,211,268	1,242,784	207,256	50,496,567	880,877	49,615,690
Debt instruments at fair value through other comprehensive income (*)								
stage 1	5,662,398	–	–	–	89,940	5,752,338	–	5,752,338
	5,662,398	–	–	–	89,940	5,752,338	–	5,752,338
Guarantees and other commitments (**)								
stage 1	9,322,127	2,443,148	515,418	–	–	12,280,693	5,876	12,274,817
stage 2	141,955	319,427	333,877	21,436	161,813	978,508	10,696	967,812
stage 3	–	–	–	307,296	–	307,296	87,307	219,989
POCI	–	–	–	1,940	–	1,940	–	1,940
	9,464,082	2,762,575	849,295	330,672	161,813	13,568,437	103,879	13,464,558
Total	53,307,087	10,417,227	4,060,563	1,573,456	459,009	69,817,342	984,756	68,832,586

ote: Higher quality (RG 101-107); Average quality (RG 108-111); Lower quality (RG 112-115); Procedural RG (RG 123/124/125).
(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.B1.5.1.2.
(**) The gross exposure includes the guarantees granted, irrevocable credit facilities and revocable commitments (note 40).

As at 31 December 2023, the exposure by type of financial instrument, internal rating and by stage, is analysed as follows:

(Thousands of euros)

	2023							
	Gross Exposure							
	Higher quality (RG 1-6)	Average quality (RG 7-9)	Lower quality (RG 10-12)	Procedural (RG 13/14/15)	Not classified (without risk grade)	Total	Impairment losses	Net exposure
Financial assets at amortised cost								
stage 1	32,568,690	6,430,831	2,592,863	–	–	41,592,384	180,317	41,412,067
stage 2	976,945	1,240,904	2,766,627	224,359	354,668	5,563,503	208,433	5,355,070
stage 3	–	–	–	1,086,915	–	1,086,915	601,452	485,463
POCI	1,789	2,307	1,131	6,903	115	12,245	–	12,245
	33,547,424	7,674,042	5,360,621	1,318,177	354,783	48,255,047	990,202	47,264,845
Debt instruments at fair value through other comprehensive income (*)								
stage 1	4,500,984	66,280	–	50	111,057	4,678,371	–	4,678,371
	4,500,984	66,280	–	50	111,057	4,678,371	–	4,678,371
Guarantees and other commitments (**)								
stage 1	7,694,187	2,862,588	1,010,643	–	–	11,567,418	7,195	11,560,223
stage 2	116,790	284,609	633,018	11,826	172,599	1,218,842	10,773	1,208,069
stage 3	–	–	–	322,855	–	322,855	91,648	231,207
POCI	–	–	–	2,560	–	2,560	–	2,560
	7,810,977	3,147,197	1,643,661	337,241	172,599	13,111,675	109,616	13,002,059
Total	45,859,385	10,887,519	7,004,282	1,655,468	638,439	66,045,093	1,099,818	64,945,275

(*) For financial assets at fair value through other comprehensive income, impairment is recorded in accordance with the requirements indicated in the accounting policy 1.B1.5.1.2.
(**) The gross exposure includes the guarantees granted, irrevocable credit facilities and revocable commitments (note 40).

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit lines and revocable commitments subject to individual and collective impairment, by segment, are presented in the following tables:

(Thousands of euros)

	2024					
	Gross Exposure			Impairment losses		
Segment	Individual	Collective	Total	Individual	Collective	Total
Individuals - Mortgage	5,817	19,545,286	19,551,103	2,656	54,436	57,092
Individuals - Other	2,364	4,495,984	4,498,348	1,504	99,330	100,834
Financial Companies	12,658	2,447,259	2,459,917	12,297	23,762	36,059
Non-financial companies-Corporate	104,590	8,903,323	9,007,913	80,999	46,851	127,850
Non-financial companies-SME-Corporate	345,086	9,377,261	9,722,347	253,906	151,986	405,892
Non-financial companies-SME-Retail	29,452	6,057,914	6,087,366	60,227	180,398	240,625
Non-financial companies-Other	—	443,958	443,958	—	16	16
Other loans	—	12,294,052	12,294,052	—	16,388	16,388
Total	499,967	63,565,037	64,065,004	411,589	573,167	984,756

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit lines and revocable commitments subject to individual and collective impairment, by segment, are presented in the following tables:

(Thousands of euros)

	2023					
	Gross Exposure			Impairment losses		
Segment	Individual	Collective	Total	Individual	Collective	Total
Individuals - Mortgage	2,762	18,743,862	18,746,624	1,871	56,120	57,991
Individuals - Other	2,291	4,090,564	4,092,855	1,483	80,173	81,656
Financial Companies	46,370	2,287,305	2,333,675	34,439	24,898	59,337
Non-financial companies-Corporate	168,924	8,519,712	8,688,636	94,789	49,808	144,597
Non-financial companies-SME-Corporate	455,196	9,728,892	10,184,088	306,907	166,116	473,023
Non-financial companies-SME-Retail	82,480	6,723,212	6,805,692	76,847	196,001	272,848
Non-financial companies-Other	—	469,347	469,347	—	45	45
Other loans	—	10,045,805	10,045,805	—	10,321	10,321
Total	758,023	60,608,699	61,366,722	516,336	583,482	1,099,818

The columns Gross exposure and Collective impairment losses of the previous tables include loans subject to individual analysis for which the Bank has concluded that there is no objective evidence of impairment.

As at 31 December 2024, financial assets at amortised cost, guarantees granted, irrevocable credit lines and revocable commitments subject to individual and collective impairment, by sector of activity, are presented in the following tables:

(Thousands of euros)

	2024					
	Gross Exposure			Impairment losses		
Sector of activity	Individual	Collective	Total	Individual	Collective	Total
Loans to individuals	8,181	24,041,270	24,049,451	4,160	153,766	157,926
Non-financial companies-Trade	6,688	4,170,623	4,177,311	5,417	65,450	70,867
Non-financial companies-Construction	184,565	2,561,861	2,746,426	109,573	35,326	144,899
Non-financial companies-Manufacturing industry	39,573	4,904,996	4,944,569	24,503	119,396	143,899
Non-financial companies-Other activities	15,446	2,372,584	2,388,030	10,326	26,714	37,040
Non-financial companies-Other services	232,857	10,772,394	11,005,251	245,313	132,364	377,677
Other Services/Other activities	12,657	14,741,309	14,753,966	12,297	40,151	52,448
Total	499,967	63,565,037	64,065,004	411,589	573,167	984,756

As at 31 December 2023, financial assets at amortised cost, guarantees granted, irrevocable credit lines and revocable commitments subject to individual and collective impairment, by sector of activity, are presented in the following tables:

(Thousands of euros)

	2023					
	Gross Exposure			Impairment losses		
Sector of activity	Individual	Collective	Total	Individual	Collective	Total
Loans to individuals	5,052	22,834,427	22,839,479	3,354	136,292	139,646
Non-financial companies-Trade	36,612	4,051,220	4,087,832	28,083	63,897	91,980
Non-financial companies-Construction	206,074	2,499,719	2,705,793	87,074	42,992	130,066
Non-financial companies-Manufacturing industry	85,501	4,991,728	5,077,229	47,567	134,860	182,427
Non-financial companies-Other activities	45,769	2,463,366	2,509,135	36,149	36,357	72,506
Non-financial companies-Other services	332,644	11,435,131	11,767,775	279,670	133,863	413,533
Other Services/Other activities	46,371	12,333,108	12,379,479	34,439	35,221	69,660
Total	758,023	60,608,699	61,366,722	516,336	583,482	1,099,818

The columns Gross exposure and Collective impairment losses of the previous tables include loans subject to individual analysis for which the Bank has concluded that there is no objective evidence of impairment.

As at 31 December 2024, the following table includes the loans portfolio (including guarantees and commitments) by segment and by year of production (date of the beginning of the operations, in the portfolio at the date of balance sheet - it does not include restructured loans):

	2024					
Year of production	**Construction and Commercial Real Estate**	**Companies - Other Activities**	**Mortgage loans**	**Individuals - Other**	**Other loans**	**Total**
2014 and previous						
Number of operations	12,827	22,270	175,402	270,024	135	480,658
Amount (EUR '000)	769,798	2,240,590	5,958,011	689,481	183,329	9,841,209
Impairment constituted (EUR '000)	76,389	36,885	19,115	5,814	197	138,400
2015						
Number of operations	1,195	4,332	3,827	18,056	12	27,422
Amount (EUR '000)	64,396	388,301	210,364	46,260	677	709,998
Impairment constituted (EUR '000)	1,119	17,280	308	603	38	19,348
2016						
Number of operations	1,359	4,724	5,225	29,379	7	40,694
Amount (EUR '000)	106,672	857,924	300,394	70,928	16	1,335,934
Impairment constituted (EUR '000)	1,311	8,167	790	847	—	11,115
2017						
Number of operations	1,594	5,020	8,162	30,078	17	44,871
Amount (EUR '000)	103,855	643,516	552,696	70,357	433	1,370,857
Impairment constituted (EUR '000)	4,322	10,445	910	1,143	5	16,825
2018						
Number of operations	3,162	8,257	11,561	91,934	54	114,968
Amount (EUR '000)	309,561	1,359,085	917,648	216,703	285,886	3,088,883
Impairment constituted (EUR '000)	4,401	12,128	1,489	3,483	111	21,612
2019						
Number of operations	5,124	10,188	12,784	300,366	32	328,494
Amount (EUR '000)	335,720	1,043,034	1,072,280	493,935	44,908	2,989,877
Impairment constituted (EUR '000)	4,511	27,675	1,365	7,615	56	41,222
2020						
Number of operations	6,182	19,570	11,753	78,260	49	115,814
Amount (EUR '000)	500,213	1,724,021	1,078,657	174,990	15,662	3,493,543
Impairment constituted (EUR '000)	5,209	27,375	1,167	4,378	21	38,150
2021						
Number of operations	6,106	13,988	17,324	101,857	15	139,290
Amount (EUR '000)	515,515	1,491,631	1,819,918	310,131	258,961	4,396,156
Impairment constituted (EUR '000)	6,663	27,140	1,251	7,964	779	43,797
2022						
Number of operations	6,646	15,267	16,915	172,772	13	211,613
Amount (EUR '000)	937,955	2,685,567	1,992,170	531,318	27,902	6,174,912
Impairment constituted (EUR '000)	8,744	39,422	1,955	17,164	20	67,305
2023						
Number of operations	7,090	16,253	16,459	193,145	21	232,968
Amount (EUR '000)	1,359,327	1,891,554	2,011,630	606,650	2,497	5,871,658
Impairment constituted (EUR '000)	14,174	24,508	1,518	18,724	6	58,930
2024						
Number of operations	10,738	29,553	24,278	296,940	1,286	362,795
Amount (EUR '000)	1,698,758	5,058,488	3,266,831	1,041,938	176,282	11,242,297
Impairment constituted (EUR '000)	8,348	186,657	2,105	27,089	2,028	226,227
Total						
Number of operations	62,023	149,422	303,690	1,582,811	1,641	2,099,587
Amount (EUR '000)	6,701,770	19,383,711	19,180,599	4,252,691	996,553	50,515,324
Impairment constituted (EUR '000)	135,191	417,682	31,973	94,824	3,261	682,931

In the year of the current production, are included operations that, by their nature, are contractually subject to renewals. In these cases, the date of the last renewal is considered, namely for overdraft operations, secured current account and factoring operations.

As at 31 December 2023, the following table includes the loans portfolio (including guarantees and commitments) by segment and by year of production (date of the beginning of the operations, in the portfolio at the date of balance sheet - it does not include restructured loans):

	2023					
Year of production	Construction and Commercial Real Estate	Companies - Other Activities	Mortgage loans	Individuals - Other	Other loans	Total
2013 and previous						
Number of operations	12,640	20,719	190,939	272,677	222	497,197
Amount (EUR '000)	838,587	2,447,308	6,639,101	669,624	12,716	10,607,336
Impairment constituted (EUR '000)	72,109	47,008	22,626	5,855	13	147,611
2014						
Number of operations	923	3,401	2,851	18,950	70	26,195
Amount (EUR '000)	52,036	326,504	133,722	43,748	182,421	738,431
Impairment constituted (EUR '000)	6,702	3,457	476	313	131	11,079
2015						
Number of operations	1,312	4,785	4,260	22,678	90	33,125
Amount (EUR '000)	63,013	490,100	244,780	50,527	6,522	854,942
Impairment constituted (EUR '000)	1,588	20,001	339	499	8	22,435
2016						
Number of operations	1,565	5,344	5,872	36,422	29	49,232
Amount (EUR '000)	128,743	1,013,870	354,329	82,632	909	1,580,483
Impairment constituted (EUR '000)	1,915	10,587	678	940	1	14,121
2017						
Number of operations	1,848	6,062	9,196	35,335	68	52,509
Amount (EUR '000)	136,680	797,507	651,361	86,242	8,959	1,680,749
Impairment constituted (EUR '000)	10,019	14,075	915	1,509	11	26,529
2018						
Number of operations	3,722	10,133	13,106	100,093	129	127,183
Amount (EUR '000)	344,251	1,525,516	1,085,122	255,308	295,019	3,505,216
Impairment constituted (EUR '000)	4,631	26,974	1,451	4,073	24	37,153
2019						
Number of operations	6,072	13,039	14,442	326,256	64	359,873
Amount (EUR '000)	440,893	1,176,776	1,260,352	530,269	73,516	3,481,806
Impairment constituted (EUR '000)	6,365	30,577	1,289	8,905	23	47,159
2020						
Number of operations	7,361	23,960	13,093	90,336	61	134,811
Amount (EUR '000)	762,151	2,509,472	1,251,675	229,576	67,946	4,820,820
Impairment constituted (EUR '000)	8,676	70,502	935	4,672	47	84,832
2021						
Number of operations	7,056	16,361	19,755	117,110	24	160,306
Amount (EUR '000)	735,584	1,885,415	2,157,000	402,778	285,511	5,466,288
Impairment constituted (EUR '000)	9,760	32,583	1,268	8,891	970	53,472
2022						
Number of operations	7,650	17,724	19,227	199,569	56	244,226
Amount (EUR '000)	1,306,991	3,420,751	2,372,354	683,438	74,882	7,858,416
Impairment constituted (EUR '000)	13,850	41,518	1,744	16,988	110	74,210
2023						
Number of operations	10,498	27,742	17,514	310,324	56	366,134
Amount (EUR '000)	1,749,960	4,681,708	2,202,731	991,496	5,381	9,631,276
Impairment constituted (EUR '000)	14,170	201,116	1,564	14,774	6	231,630
Total						
Number of operations	60,647	149,270	310,255	1,529,750	869	2,050,791
Amount (EUR '000)	6,558,889	20,274,927	18,352,527	4,025,638	1,013,782	50,225,763
Impairment constituted (EUR '000)	149,785	498,398	33,285	67,419	1,344	750,231

In the year of the current production, are included operations that, by their nature, are contractually subject to renewals. In these cases, the date of the last renewal is considered, namely for overdraft operations, secured current account and factoring operations.

As at 31 December 2024, the following table includes the fair value of the collaterals (not limited by the value of the collateral) associated to the loans portfolio:

	2024					
	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)
< 0,5 M€						
Number	7,278	2,502	7,730	8,769	231,139	189
Amount (EUR '000)	946,445	129,091	1,162,819	450,308	36,681,460	9,428
>= 0,5 M€ and < 1 M€						
Number	1,001	50	1,068	124	5,991	4
Amount (EUR '000)	690,749	32,862	736,316	79,225	3,911,228	2,532
>= 1 M€ and < 5 M€						
Number	726	45	830	80	1,222	—
Amount (EUR '000)	1,532,862	77,475	1,661,204	153,499	1,949,000	—
>= 5 M€ and < 10 M€						
Number	115	2	95	10	23	—
Amount (EUR '000)	806,830	10,213	669,635	74,979	148,552	—
>= 10 M€ and < 20 M€						
Number	62	—	49	11	3	—
Amount (EUR '000)	871,743	—	694,955	148,259	35,893	—
>= 20 M€ and < 50 M€						
Number	19	—	39	3	2	—
Amount (EUR '000)	535,375	—	1,169,622	63,454	45,216	—
>= 50 M€						
Number	9	—	11	4	—	—
Amount (EUR '000)	724,928	—	886,425	879,137	—	—
Total						
Number	9,210	2,599	9,822	9,001	238,380	193
Amount (EUR '000)	6,108,932	249,641	6,980,976	1,848,861	42,771,349	11,960

(*) The fair value of real estate collateral relates to the PVT included in valuations.
(**) Includes, namely, securities, deposits and fixed assets pledges.

As at 31 December 2023, the following table includes the fair value of the collaterals (not limited by the value of the collateral) associated to the loans portfolio:

	2023					
	Construction and Commercial Real Estate		Companies - Other Activities		Mortgage loans	
Fair Value	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)	Real Estate (*)	Other real Collateral (**)
< 0,5 M€						
Number	7,257	2,431	7,851	8,646	238,380	235
Amount (EUR '000)	927,938	118,553	1,156,717	425,814	36,433,823	13,759
>= 0,5 M€ and < 1 M€						
Number	765	58	963	124	5,460	5
Amount (EUR '000)	532,118	40,050	672,196	81,972	3,565,159	2,833
>= 1 M€ and < 5 M€						
Number	721	40	867	70	1,088	1
Amount (EUR '000)	1,493,665	70,934	1,738,214	138,371	1,720,485	1,121
>= 5 M€ and < 10 M€						
Number	118	1	111	9	16	—
Amount (EUR '000)	824,216	5,424	780,968	70,311	102,113	—
>= 10 M€ and < 20 M€						
Number	49	—	58	9	2	—
Amount (EUR '000)	669,052	—	833,796	135,562	21,129	—
>= 20 M€ and < 50 M€						
Number	27	—	44	2	—	—
Amount (EUR '000)	736,280	—	1,306,757	46,125	—	—
>= 50 M€						
Number	4	—	12	4	—	—
Amount (EUR '000)	263,193	—	917,618	855,609	—	—
Total						
Number	8,941	2,530	9,906	8,864	244,946	241
Amount (EUR '000)	5,446,462	234,961	7,406,266	1,753,764	41,842,709	17,713

(*) The fair value of real estate collateral relates to the PVT included in valuations.
(**) Includes, namely, securities, deposits and fixed assets pledges.

As at 31 December 2024, the following table includes the LTV (loan-to-value) ratio by segments Construction and Commercial Real Estate, Companies - Other Activities and Mortgage loans:

(Thousands of euros)

	2024				
Segment/Ratio	**Number of properties**	**Stage 1**	**Stage 2**	**Stage 3**	**Impairment**
Construction and Commercial Real Estate					
Without associated collateral	n.a.	1,307,775	233,567	58,420	69,238
<60%	20,927	1,434,777	151,116	28,835	19,531
>=60% and <80%	1,840	268,088	45,853	15,050	7,958
>=80% and <100%	310	57,449	34,797	979	1,936
>=100%	927	53,482	18,018	34,352	31,849
Companies - Other Activities					
Without associated collateral	n.a.	7,394,942	1,050,788	198,861	381,769
<60%	9,821	1,194,180	402,131	30,819	19,299
>=60% and <80%	1,905	364,795	171,674	24,430	13,391
>=80% and <100%	1,445	265,445	44,389	3,715	7,231
>=100%	1,492	215,088	150,887	175,527	160,820
Mortgage loans					
Without associated collateral	n.a.	382,968	4,735	101	479
<60%	208,822	8,355,838	976,093	145,389	22,185
>=60% and <80%	82,117	6,025,295	810,549	84,793	12,354
>=80% and <100%	23,154	2,044,269	367,948	33,573	8,960
>=100%	2,875	97,456	34,191	7,946	4,088

As at 31 December 2023, the following table includes the LTV (loan-to-value) ratio by segments Construction and Commercial Real Estate, Companies - Other Activities and Mortgage loans:

(Thousands of euros)

	2023				
Segment/Ratio	**Number of properties**	**Stage 1**	**Stage 2**	**Stage 3**	**Impairment**
Construction and Commercial Real Estate					
Without associated collateral	n.a.	1,209,363	318,028	51,397	62,772
<60%	20,964	1,112,668	298,212	21,036	19,226
>=60% and <80%	2,832	316,024	121,112	9,285	12,236
>=80% and <100%	221	73,085	24,002	1,153	2,958
>=100%	720	71,495	52,854	46,946	29,966
Companies - Other Activities					
Without associated collateral	n.a.	8,040,467	1,300,089	200,833	404,130
<60%	10,521	1,139,582	459,490	78,216	56,989
>=60% and <80%	2,644	478,269	229,981	58,371	32,423
>=80% and <100%	691	102,466	113,784	33,600	21,354
>=100%	1,767	301,711	153,179	252,776	204,568
Mortgage loans					
Without associated collateral	n.a.	41,125	1,462	139	307
<60%	213,399	8,150,322	961,852	102,817	17,011
>=60% and <80%	85,799	5,995,891	745,990	83,490	15,519
>=80% and <100%	25,534	1,985,104	314,672	39,391	12,878
>=100%	3,617	112,522	45,893	12,352	6,467

The following table includes the fair value and the net book value of the properties classified as Non-current assets held for sale (note 24) and as Other assets (note 28), by type of asset:

(Thousands of euros)

	Assets arising from recovered loans			
	2024		2023	
Asset	Appraised value	Book value	Appraised value	Book value
Land				
Urban	54,052	25,842	80,524	49,778
Rural	1,459	735	4,622	2,188
Buildings under construction				
Commercials	790	—	790	529
Mortgage loans	2,310	—	2,474	1,438
Constructed buildings				
Retail	17,060	9,253	29,086	14,509
Mortgage loans	21,731	12,055	47,872	31,510
Others	630	423	756	522
	98,032	48,308	166,124	100,474

Credit Portfolio Monitoring Process

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

The importance of this approach is reinforced by the uncertainty that has marked the activity in recent years, where it stands out in the current context the potential impacts resulting from multiple geopolitical conflicts, instability in several relevant European countries, particularly with political uncertainties, a more modest level of economic growth and budgetary pressures, as well as the potential changes resulting from the new leadership in the United States, particularly with regard to measures affecting international trade.

The main guidelines of the credit portfolio monitoring approach can be characterized as presented below:

- Global and transversal: Analysis of the entire credit portfolio of the Bank, being excluded from the monitoring process only customers with a better risk profile (in the case of retail) or with exposures of a lower size (in the case of retail and corporate).

- Specialized: Monitoring by the Credit Division in coordination with the Rating Division and the Specialized Recovery Division for the corporate segment and by the Credit Division and Retail Recovery Division for individuals and small businesses.

- Segmented: Prioritization of approach/analysis recurrence based on risk signs, in order to gather additional information and agree on appropriate and sustainable financial restructuring solutions in a timely manner.

- Prospective: Use of predictive models, in order to anticipate potential future defaults, avoiding a reactive approach.

- Standardized: Both in terms of risk models and monitoring, and in terms of credit solutions for which it is possible to identify pre-defined alternatives (retail segments).

- Convenient and innovative: Making the restructuring journey simpler and more convenient both in terms of credit solutions and channels, extending the restructuring offer to the App for consumer credit and mortgages.

Specifically in the corporate segment, the process of portfolio follow-up and monitoring can be generically characterized as described below, having as a fundamental component the attribution of credit strategies, among pre-defined options, with review periods differentiated according to the level of risk associated to the strategy attributed:

1. Customer Assessment and presentation of Indicative Credit Strategy by the Rating Division (for customers with ratings assigned by corporate rating models);

2. Approval, by the competent credit decision levels, of a credit strategy for each customer, taking into consideration the Indicative Credit Strategy from the Rating Division, the information received from the area that follows the customer and the inputs received as a result of the customer interaction process;

3. Decision, negotiation and formalisation of the operations that will ensure that the approved strategy is pursued and the approved credit limits are met (Credit Division, Areas that follow the customer and Operations Division);

4. Monitoring the Credit Strategy and the evolution of the customer's activity (Credit Division and the Areas that follow the custome);

5. Monitoring of the credit portfolio and effectiveness of the portfolio monitoring process and credit strategy attribution (Risk Office), based on a set of KPIs, (e.g. percentage of the credit portfolio with valid risk strategy; evolution of credit exposure to customers with a reduction strategy; adequacy of the credit strategy to the customer's performance);

6. In the attribution of the customer's credit strategy, besides the intrinsic factors of the customer, more transversal factors are taken into consideration, such as the evaluation of the sectorial risk (periodically reviewed with the support of the Economic Studies Division) and taking into consideration the attribution of a ESG rating regarding the customers with most relevant exposures;

7. The occurrence of effective and/or potential risk events (signs of default/delinquency; breach of contractual covenants; severe alteration in sector risk; alteration in the corporate/shareholder structure), trigger an extraordinary/anticipated revision of the strategy.

As part of this monitoring process and with an impact on other complementary procedures adopted, the Bank defines a list of sectors considered to be more vulnerable to the macroeconomic environment and climate impacts, which is reviewed periodically (at least annually), supporting a set of reports on the evolution of the risk profile of the exposures associated with these sectors.

Additional measures with impact on the Impairment level

i. Updating macroeconomic scenarios and the parameters of the collective impairment model

Taking into consideration the evolution of the economic context and outlook, involving a progressive normalization of inflation levels and interest rates, the macroeconomic scenarios used in the collective impairment analysis model in Portugal were updated in December 2024, based on three scenarios (Central Scenario, Optimistic and Pessimistic) prepared by the Bank's Economic Studies Area.

The referred scenarios, which are used in the Bank for several purposes other than the impairment calculation, took into consideration the existing projections of reputed entities.

The tables below systematise the projections for 2024 and 2025 considered for Portugal concerning the central scenarios with regard to some of the critical variables used in the calculation of collective impairment.

Update of main macroeconomic scenario assumptions (Base Scenario)

	December 2023 Scenario		December 2024 Scenario		Difference	
Variable	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**
Unemployment rate	7.15%	7.33%	6.37%	6.40%	-0.78%	-0.92%
3 months Euribor Rate	3.18%	2.11%	3.58%	2.11%	0.40%	0.00%
Public Consumption growth Rate	0.99%	0.85%	1.07%	1.11%	0.09%	0.26%
Imports of Goods and Services growth Rate	2.79%	4.07%	5.17%	4.73%	2.38%	0.66%

The following tables describe the weightings assigned to the different macroeconomic scenarios considered at the end of 2023 and 2024, which can be considered as conservative:

Weightings of the macroeconomic scenarios considered

	Weightings	
Scenario	**Dec 2023**	**Dec 2024**
Central	60 %	60 %
Upside	10 %	10 %
Downside	30 %	30 %

A simulation of an additional one percentage point worsening in the evolution of the key indicators for the collective impairment estimate was carried out, which translates into the impacts shown in the table below, based on the collective impairment of the portfolio on an individual basis as at 31 December 2024, which amounted to EUR 461 million (this figure does not include the impairment amounts calculated by the overlays methodology described in point ii. of this section).

Sensitivity analysis on the calculation of collective impairment (December 2024)

Variable	Estimated impact (% variation)
100 bp Unemployment Rate aggravation	2.55 %
100 bp 3 months Euribor aggravation	9.18 %
100 bp Public Consumption yoy evolution Rate aggravation	1.62 %
100 bp Imports yoy evolution Rate aggravation	0.08 %

ii. Impairment overlays

In order to incorporate an additional level of conservatism in the impairment values, the Bank defined and implemented a methodology of complementary of identification of significant increase in credit risk situations and potential signs of impairment.

This approach adopts differentiated criteria in relation to the base methodologies in force, with distinct processes having been adopted for the calculation of overlays for the corporate and individual customers segments.

The overlays currently in force seek in particular to address the uncertainty that continues to prevail, associated with a context of multiple geopolitical conflicts, instability in several relevant European countries, constraints on economic growth and potential measures affecting international trade.

This positioning is in line with the guidelines on this matter issued by the supervisors in what regards the identification and measurement of credit risk in contexts of uncertainty, so that the release of overlays initially constituted in the context of the pandemic should be carried out with prudence and taking into account the possible need for new overlays to respond to the current context.

The exercise carried out reflected, in terms of impairment value, in the calculation of the estimated impact arising from potential migrations of customers with higher risk to Stage 2 and Stage 3, based on the various factors considered in the analysis. It should be noted that the most significant impact occurred in the corporate segment. The methodology developed by the Bank was considered for the calculation and recording of impairment at the reference date of the accounts, without affecting the classification of credit exposures by stages in the Bank's loan portfolio.

The application of overlay impairments and the respective methodology is approved by the Risk Committee.

As a result of the implementation of this methodology, the Bank calculated an additional impairment to that resulting from the collective analysis model, therefore with characteristics of overlays, whose amount on 31 December 2024 was approximately EUR 98.4 million in Portugal (EUR 98.6 million in December 2023).

Government measures to mitigate the impacts on mortgage contracts and support in the access to financing for the purchase of own and permanent housing

Decree-Law 20-B/2023

Decree-Law 20-B/2023, a Portuguese Government regulation of 22 March 2023, embodied the legislative package "Mais Habitação", providing extraordinary support to families, namely through the creation of support for borrowers of credit agreements for permanent own housing in the form of a temporary subsidy of the interest component, in situations where the index rate exceeds a certain threshold.

As at 31 December 2024 the date on which the period for signing up at the request of customers ended, loans with subsidies already processed amounted to exposures of approximately EUR 479 million, with an average monthly subsidy of EUR 59.

Decree-Law 91/2023

Also with regard to the promotion of support measures for borrowers of mortgage loan contracts, it is worth noting the publication of Decree-Law 91/2023, a Portuguese government decree of 11 October 2023, which allows to fix the instalment over a period of 24 months, taking into account an interest rate benchmark defined in the decree-law.

By 31 March 2024, the date on which the period for signing up at the request of customers ended, the Bank had implemented this measure in what regards around 2,000 contracts.

Decree-Law 44/2024

With the aim to support the purchase of own permanent houses by young people up to the age of 35, Decree-Law no. 44/2024, was published by the Portuguese government on 10 July, which involves the granting of a partial personal State guarantee to bank loans granted within this purpose and scope.

Real Estate risk

Real estate risk materialises through losses associated with changes in the value of assets held by the Bank or, indirectly, through funds and/or real estate companies.

The Bank detains a real estate portfolio, that comes from repossessed assets linked with recovery processes of non-performing exposures, that is subject to fluctuations and risks in the real estate market and the obligations arising from ownership of the properties.

As a credit institution operating in the financial market, the Bank does not operate directly in the real estate sector, neither as a sales agent nor as an operator in the rental segment.

In this context, the management of this portfolio is based on the following objectives:

• Minimize the risks associated with the real estate portfolio;

• Minimize management costs, maintenance and sale of properties;

• Maximize the financial results from the sale of foreclosed assets;

• Mitigate the portfolio's impact on the Bank's cost of capital and liquidity.

Within this framework, the Bank should optimize the outflow of foreclosed assets from the real estate portfolio, developing appropriate commercial strategies and exploring the distribution channels that are expected to be most effective at any given time to sell the different types of properties held by the Bank.

By managing this portfolio, the following risks were identified and monitored by the Bank:

- Price risk – Risk associated with the devaluation of the property due to unfavourable developments in the real estate market, whether due to a decrease in demand or strong pressure on property sales;

- Liquidity risk - Inherent to the nature of real estate assets and the impact on the Bank's liquidity position and respective financial costs of holding the property;

- Operational risk - associated with the processes of acquiring, maintaining and selling properties, which can result in costs or lost revenue (includes the risks of vandalization and deterioration of properties);

- Compliance risk - compliance with legal standards from the property acquisition process, to the requirements to be observed in its sale, including the responsibility associated with your status as owner;

- Fiscal risk – associated with possible tax contingencies relating to properties owned by the Bank and monitoring the administrative and judicial processes;

- Reputational risk - related to the risks mentioned above, but also with the image projected by the Bank in the way it manages its operations in the real estate market.

The risks associated above are mitigated by the Bank through the existence of a team specialized in the management of this type of assets; a set of internal policies and standards that regulate the asset management processes on the balance sheet; and an insurance policy.

The portfolio of real estate assets has been progressively reduced by the Bank over the last few years.

Market risk

Market risks represent potential losses arising from changes in interest or exchange rates and/or in the prices of various financial instruments, taking into account not only the correlations among these instruments but also their respective volatilities.

For profitability analysis and quantification and control of market risks, the following management areas are defined for each Group entity:

- Trading: Management of positions aimed at achieving short-term gains through sale or revaluation. These positions are actively managed, tradable without restrictions, and can be frequently and accurately valued. These include securities and derivatives resulting from sales activities.
- Funding: Management of institutional funding (wholesale funding) and money market positions,
- Investment: Management of all positions in securities intended to be held to maturity or for an extended period, as well as positions not tradable on liquid markets,
- Commercial: Management of positions arising from commercial activities with customers,
- Structural: Management of balance sheet items or operations which, due to their nature, are not directly related to any of the management areas referred to above,
- ALM: Assets and Liabilities Management.

The definition of these management areas allows for an effective separation between the trading and banking books, as well as a proper allocation of each transaction to the most appropriate management area, according to its context and strategy.

To ensure that the risk levels incurred in the Group's portfolios align with predefined risk tolerance levels, various market risk limits are established, at least on an annual basis, applicable to all portfolios of the relevant management areas. These limits are monitored daily (or intra-daily, for financial market areas) by the Risk Office.

Stop-loss limits are also set for portfolios in the financial market areas – Trading and Funding – based on multiples of the defined risk limits. The objective is to cap potential losses in these areas. If these limits are reached, a mandatory review of the underlying business strategy and assumptions associated with the positions in question is triggered

Market risks of the prudential trading book (1)

For the daily measurement of generic market risk, which includes interest rate risk, exchange rate risk, equity risk and the price risk of credit default swap (indexes), the Bank uses a Value-at-Risk (VaR) model, with a 10-business-day time horizon and a 99% confidence level.

Additionally, the Bank uses an integrated market risk measure that covers all relevant risk sub-types. This measure incorporates generic, specific, non-linear and commodity risks. Each sub-type is measured individually using appropriate risk models, and the integrated measure is calculated without considering any diversification across the four sub-types (worst-case scenario approach).

For non-linear risk, the Bank applies an internally developed methodology that replicates the effect of the main non-linear elements of option positions on portfolios results, similar to the VaR approach, using the same time horizon and confidence level.

Specific and commodity risks are measured using standard methodologies defined in applicable regulations, with an appropriate adjustment of the time horizon.

The following table presents the amounts at risk for the Trading Book, measured using approaches described above:

(Thousands of euros)

	2024	Max of global risk in the period	Min of global risk in the period	2023
Generic Risk (VaR)	681	3,211	595	880
Interest Rate Risk	250	763	263	464
FX Risk	543	2,744	459	479
Equity Risk	287	283	253	500
Diversification effects	(399)	(579)	(380)	(563)
Specific Risk	—	8	—	623
Global Risk	681	3,219	595	1,503

Several validation processes are conducted over time to ensure the internal VaR model is appropriate for assessing the risk in the Bank's positions, with different scopes and frequency, including back testing, diversification effects estimation, and analysis of the comprehensiveness of risk factors.

In addition to VaR, the Bank continuously tests a broad range of stress scenarios, the results of which are analysed to identify risk concentrations not captured by the VaR model.

(1) Trading Book - positions allocated to the Trading Management Area (and not, specifically, to the accounting trading Book)

Interest rate risk

Interest rate risk from Banking Book operations is evaluated through a monthly risk sensitivity analysis, covering all operations in the Bank's individual Balance Sheet, categorised by exposure currency. Market interest rate fluctuations impact the Bank's net interest income in both the short and long term, as well as its economic value.

Key sources of this risk include Repricing Risk, from timing mismatches in asset and liability repricing; Yield Curve Risk, due to shifts in the interest rate environment affecting future cash flow valuations; Basis Risk, arising from unequal variations in reference rates with the same repricing period; and Credit Spread Risk, reflecting changes in credit spreads that impact asset and liability fair values.

Additionally, behavioural factors such as assumptions for non-maturing deposits, early repayments of consumer and mortgage loans, and withdrawal assumptions for term deposits contribute to Interest Rate Risk in the Banking Book (IRRBB).

In order to identify the exposure of the Bank's banking book to these risks, the monitoring of the interest rate risk takes into consideration the financial characteristics of each of the relevant contracts, with the respective expected cash-flows (principal and interest, without the spread component but including costs for liquidity, capital, operational and other) being forecasted according to the repricing dates, thus allowing for the calculation of the impact on economic value resulting from alternative scenarios of change of market interest rate curves.

The Bank measures interest rate risk exposure using standardised sensitivity scenarios, typically assessing the impact of parallel shifts of ±100 and ±200 basis points on the economic value of the Banking Book. These analyses are complemented by the Supervisory Outlier Tests (SOTs), which assess exposure to IRRBB in the context of SREP, identifying potential adverse impacts on EVE under shock scenarios.

The following tables show the expected impact on the banking book economic value of parallel shifts of the yield curve by ±100 and ±200 basis points, for each of the main currencies in which the Bank holds material positions:

(Thousands of euros)

	2024			
Currency	-200 bp(*)	- 100 bp (*)	+ 100 bp	+ 200 bp
CHF	(718)	(443)	419	809
EUR	(62,470)	(18,173)	4,532	(10,810)
PLN	(137)	(65)	60	116
USD	(6,420)	(3,056)	2,783	5,301
	(69,745)	(21,737)	7,794	(4,584)

(*) Decrease in rates scenario, limited to non-negative rates (which implies effective variations of lesser amplitude than 100 b.p., especially in shorter periods).

(Thousands of euros)

	2023			
Currency	-200 bp(*)	- 100 bp (*)	+ 100 bp	+ 200 bp
CHF	(1,070)	(520)	491	954
EUR	(38,207)	(17,866)	15,357	26,801
PLN	152	77	(78)	(157)
USD	4,002	1,985	(1,955)	(3,879)
	(35,123)	(16,324)	13,815	23,719

(*) Decrease in rates scenario, limited to non-negative rates (which implies effective variations of lesser amplitude than 100 b.p., especially in shorter periods).

Foreign exchange and equity risk in the banking book

The foreign exchange risk of the banking book is internally transferred to the Trading area, in accordance with the Bank's risk specialization model for the management of balance sheet foreign exchange risk. Structural foreign exchange exposures, including those resulting from financial holdings in subsidiaries, are not transferred and may be hedged using market operations, in accordance with the defined strategy for structural foreign exchange risk management. This strategy aims at hedging against volatility in the CET1 ratio stemming from changes in exchange rates.

As at 31 December 2024, the Group 's financial investments denominated in foreign currency were not hedged.

On an individual basis hedge accounting is made for hedge investments on investments subsidiaries, by applying Fair Value Hedge.

Regarding equity risk, the Bank holds a limited number of low-risk positions, primarily within the investment portfolio, mainly resulting from foreclosure or payment-in-kind processes. These positions are managed by a specialized unit within the Group, with the associated risk monitored through metrics and limits set for market risk control.

Liquidity risk

The assessment of the Bank's liquidity risk is carried out on a regular basis using indicators set by the supervisory authorities and other internal metrics for which exposure limits are also defined.

The monitoring of the liquidity position of the Bank's operations in short-term time horizons (up to 3 months) is based on two internally defined indicators (immediate liquidity and quarterly liquidity). These indicators are calculated on a daily basis, taking into account the impact in the liquidity buffers available to discount with the respective central banks at the reference date of future estimated cash flows for each of the respective time horizon (3 days or 3 months) considering the set of transactions intermediated by the market areas, including in this context transactions with customers of the Corporate and Private networks, which, due to their size, must be quoted by the Trading Room. The remaining buffer in each time bucket is then compared to the amount of customer deposits, being the indicators assessed against exposure limits defined in the Bank's regulations.

In parallel, the evolution of the Bank's liquidity position is calculated on a regular basis identifying all the factors that justify the variations that occur. This analysis is submitted to the Capital and Assets and Liabilities Committee (CALCO) for appraisal, to enable the decision making that leads to the maintenance of financing conditions adequate to the continuation of the business.

In addition, the Risk Commission is responsible for controlling the liquidity risk. This control is reinforced through the monthly execution of stress tests, to characterize the Bank's risk profile and to ensure that the Group and each of its subsidiaries fulfil its obligations in the event of a liquidity crisis. These tests are also used to support the liquidity contingency plan and management decisions.

In 2024, BCP SA increased customer balance sheet funds by 4.2%, a growth based mainly on the retail segment, and which allowed the Bank to effectively defend its deposits market share.

The above trend, combined with a slight decrease in the credit portfolio and the profitability generated by the Bank resulted in the strengthening of the liquidity position in relation to 31 December 2023, reflected in the favorable evolution of the regulatory and internal liquidity risk indicators defined in the scope of the Bank's Risk Appeals Statement (RAS).

With regard to the medium-long term financing structure, BCP executed two market transactions, both refinancing in advance, under advantageous cost conditions, existing issues by others in the same instrument. Thus, in January it issued EUR 400,000,000 of AT1 perpetual debt, refinancing an issue of equal amount, and in October it issued senior preferred notes in the amount of EUR 500,000,000, refinancing an issue of EUR 350,000,000.

The favourable evolution of the BCP's commercial gap from a liquidity perspective, the reinforcement of the credit portfolios discountable at the ECB and the cash flow generated by the activity contributed, among other less relevant factors, to the growth of the liquidity buffer at the ECB for a historic maximum of EUR 30,183,691,000 in December 2024, EUR 5,165,991,000 more than in December 2023.

The eligible pool of assets for funding operations in the European Central Bank, net of haircuts, is detailed as follows:

(Thousands of euros)

	2024	2023
European Central Bank	15,437,781	14,677,769

The evolution of the ECB's Monetary Policy Pool, the net borrows at the ECB and liquidity buffer is analysed as follows:

(Thousands of euros)

	2024	2023
Collateral eligible for ECB, after haircuts:		
The pool of ECB monetary policy (i)	15,437,781	14,677,769
Outside the pool of ECB monetary policy	14,252,046	9,110,706
	29,689,827	23,788,475
Net borrowing at the ECB (ii)	(493,864)	(1,229,225)
Liquidity buffer (iii)	30,183,691	25,017,700

i) Corresponds to the amount reported in COLMS (Banco de Portugal application).
ii)Includes as at 31 December 2024 the amount of deposits with the Banco de Portugal and other liquidity with the Eurosystem (EUR 493,864,000) in excess over the minimum cash reserves (EUR 488,303,000).
iii) Collateral eligible for ECB, after haircuts, less net financing at the ECB.

The refinancing risk of medium and long-term instruments will remain at very low levels over the next three years, with annual refinancing needs with no material expression, considering the current magnitude of the BCP's liquidity buffer.

Loans to Deposits ratio

As at 31 December 2024, the loan-to-deposit ratio, according to Banco de Portugal Instruction No. 16/2004 (current version), reached 74%, while on 31 December 2023 this ratio stood at 77%.

Operational Risk

The operational risk management system is framed by the "3 Lines of Defence" Corporate Governance model and is based on an integrated structure of end-to-end processes, considering that a vision which is transversal to the functional units of the organisational structure is the most suitable approach for the perception of risks and to estimate the effects of the corrective measures introduced for their mitigation. Furthermore, these processes model also underlies other strategic initiatives related to the management of this risk such as the actions to improve operating efficiency and the management of business continuity. Hence, the most relevant subsidiaries have their own process's structure, which is periodically adjusted according to business evolution, in order to ensure suitable coverage of the business activities (or business support activities) developed.

The responsibility for the day-to-day processes' management lies with the 1st Line of Defence: the process owners (seconded by process managers), whose mission is to characterise the operational losses captured under their processes, to monitor the respective Key Risk Indicators (KRI), to perform the Risks Self-Assessment (RSA) exercises, as well as to identify and implement suitable actions to mitigate operational risk exposures, thus contributing to the strengthening of control mechanisms and the improvement of the internal control environment. The periodic revision of the main processes in each geography is ensured by local structure units.

The Risk Management function (materialised in the Risk Office) and the Compliance function (materialised in the Compliance Office) represent the 2nd Line of Defence which is responsible for proposing and developing approaches for managing this risk, supervising their implementation and challenging the 1st Line of Defence regarding the risk levels incurred. The Internal Audit function embodies the 3rd Line of Defence and supervises the appropriate fulfilment of the functions and activities of the remaining two lines of defence.

In 2024, the usual operational risk management activities continued to be executed by the various players involved in the management of this risk, aiming at an efficient and systematic identification, evaluation, mitigation and control of exposures, as well as at the appropriate reporting tasks, either to the Bank's management bodies or within regulatory duties. The results of the RSA exercises evidence a robust control environment, demonstrating the Bank's commitment to operational risk management through the continuous development of improvement actions that help mitigate exposures to this risk. Regarding the operational losses registered, it should be highlighted that their pattern was not different from what is usual and expected, with a higher frequency of losses of low amounts, without concentration in significant amounts.

The monitoring of KRI has allowed to identify opportunities for improvement that, together with the RSA exercises and the process of identification and registration of losses, provide for an effective management of this risk.

The Bank's mobilisation to reinvent the banking experience, based on the digitization and use of new technologies, entails relevant challenges in the management of operational risk, which include the reinforcement of the security of digital banking channels, the reinforcement of mechanisms for the prevention and detection of potential fraud, proper management of personal data and compliance with the information duties legally provided for in sales through digital banking channels.

Covenants

The contractual terms of instruments of various wholesale funding instruments encompass obligations assumed by entities belonging to the Bank as borrowers or issuers, concerning general duties of societary conduct, maintenance of banking activity and the inexistence of special guarantees constituted for the benefit of other creditors ("negative pledge"). These terms essentially reflect the internationally adopted standards for each types of debt instruments used by the Bank.

The terms of the Bank's intervention in rated securitization transactions involving its own assets are subject to changes in case the Bank triggers certain rating criteria. The criteria established in each transaction results mainly from the analysis performed at the moment that the transaction was structured, being usually applied by each rating agency in a standardised way to the securitization transactions involving the same type of assets.

Regarding the Covered Bond Programs of Banco Comercial Português, there are no relevant covenants related to a possible downgrade.

Hedging accounting

The detailed information of the strategies, hedge transactions, hedged items and hedging instruments applied by the Bank, is shown in a table below:

Strategy	Description of hedge transactions	Hedged items	Hedging instruments
Cash flow volatility hedge of the flows generated by the portfolio of EUR floating rate mortgage loans (a)	Bank hedges the risk of the volatility of interest payments from floating rate mortgages.The volatility of cash flows results from interest rate risk	Floating rate mortgage loans	IRS transactions
Fair value hedge of fixed rate mortgage loans (a)	Bank hedges changes in the fair value of cash flows of fixed rate mortgage loans due to changes in market interest rates	Fixed rate mortgage loans	IRS transactions
Fair value hedge of fixed rate debt instruments (a)	Bank hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at amortised cost	IRS transactions
Fair value hedge of fixed rate debt instruments in EUR (a)	Bank hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at fair value through other comprehensive income	IRS transactions
Fair value hedge of fixed rate issued debt instruments in EUR (a)	Bank hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate Issued debt	IRS transactions
Fair value hedge of fixed rate deposits in EUR (a)	Bank hedges changes in the fair value of fixed rate deposits due to changes in market interest rates	Term deposits	IRS transactions
Fair value hedge of fixed rate deposits in EUR (macro hedge) (a)	Bank hedges changes in the fair value of fixed rate deposits due to changes in market interest rates	Repayable demand deposits without maturity	IRS transactions
Fair value hedge of fixed rate debt instruments in USD (a)	Bank hedges changes in the fair value of fixed rate bonds due to changes in market interest rates	Fixed rate debt securities, classified as Financial assets at fair value through other comprehensive income or amortised cost	CIRS transactions

(a) - Strategy applied in 2024 and 2023.

As at 31 December 2024, the table below includes the detail of the hedging instruments used in the Bank's hedging strategies and accounted at the Balance sheet item - Hedging derivatives:

(Thousands of euros)

	2024			
	Hedging instruments			
		Book value		
Type of hedging	Nocional	Assets	Liabilities	Change in fair value (A)
Fair value hedge				
Interest rate risk				
Interest rate swaps	21,348,155	16,898	8,540	45,326
Interest rate risk				
Currency and interest rate swap	376,647	19,313	—	(253)
	21,724,802	36,211	8,540	45,073
Cash flows hedging				
Interest rate risk				
Interest rate swaps	11,390,000	2,408	830	463,343
Total	33,114,802	38,619	9,370	508,416

(A) Changes in fair value used to calculate the ineffectiveness of the hedge

As at 31 December 2023, the table below includes the detail of the hedging instruments used in the Bank's hedging strategies and accounted at the Balance sheet item - Hedging derivatives:

(Thousands of euros)

	2023			
	Hedging instruments			
		Book value		
Type of hedging	Nocional	Assets	Liabilities	Change in fair value (A)
Fair value hedge				
Interest rate risk				
Interest rate swaps	9,538,749	19,892	7,856	(52,976)
Interest rate risk				
Currency and interest rate swap	348,464	2,279	6,272	856
	9,887,213	22,171	14,128	(52,120)
Cash flows hedging				
Interest rate risk				
Interest rate swaps	9,650,000	164	8,408	1,248,954
Total	19,537,213	22,335	22,536	1,196,834

(A) Changes in fair value used to calculate the ineffectiveness of the hedge

As at 31 December 2024, the table below includes the detail of the hedged items:

(Thousands of euros)

	2024							
	Hedged items							
							Cash flow hedge reserve / Currency translation reserve	
Type of hedging	Balance sheet item	Book value		Cumulative value of the adjustments		Change in fair value (A)	Hedging relationships in effect	Hedging relationships discontinued
		Assets	Liabilities	Assets	Liabilities			
Fair value hedge								
Interest rate risk								
Interest rate swaps	(B)	879,845	–	(11,565)	–	8,706	n.a.	n.a.
	(H)	8,999,175	–	(32,878)	–	(372)	n.a.	n.a.
	(C)	2,345,301	–	(54,876)	–	34,499	n.a.	n.a.
	(D)	–	–	–	–	–	n.a.	n.a.
	(E)	–	5,746,700	–	114,152	(51,234)	n.a.	n.a.
	(F)	–	1,491,652	–	(17,774)	(14,251)	n.a.	n.a.
	(G)	–	1,062,003	–	(17,808)	(24,023)	n.a.	n.a.
Foreign exchange risk								
Currency and interest rate swap		–	376,648	–	(81)	137	n.a.	n.a.
		12,224,321	8,677,003	(99,319)	78,489	(46,538)	n.a.	n.a.
Cash flows hedging								
Interest rate risk								
Interest rate swaps	(B)	11,390,000	–	–	–	(463,343)	3,380	(877,187)
Total		23,614,321	8,677,003	(99,319)	78,489	(509,881)	3,380	(877,187)

(A) Fair value changes used to calculate the ineffectiveness of the hedge

(B) Financial assets at amortised cost - Loans and advances to customers

(C) Financial assets at fair value through other comprehensive income

(D) Financial liabilities at amortised cost - Deposits from credit institutions and other funds

(E) Financial liabilities at amortised cost - Deposits from customers and other funds

(F) Financial liabilities at amortised cost - Non-subordinated debt securities issued

(G) Financial liabilities at amortised cost - Subordinated debt

(H) Debt securities held not associated with credit operations

As at 31 December 2023, the table below includes the detail of the hedged items:

(Thousands of euros)

Type of hedging	Balance sheet item	Book value – Assets	Book value – Liabilities	Cumulative value of the adjustments – Assets	Cumulative value of the adjustments – Liabilities	Change in fair value (A)	Cash flow hedge reserve / Currency translation reserve – Hedging relationships in effect	Cash flow hedge reserve / Currency translation reserve – Hedging relationships discontinued
	2023 – Hedged items							
Fair value hedge								
Interest rate risk								
Interest rate swaps	(B)	268,571	–	(24,592)	–	23,332	n.a.	n.a.
	(H)	1,599,095	–	(21,780)	–	55,434	n.a.	n.a.
	(C)	2,005,223	–	(115,194)	–	76,707	n.a.	n.a.
	(D)	–	10,000	–	(221)	221	n.a.	n.a.
	(E)	–	1,462,350	–	88,729	(48,419)	n.a.	n.a.
	(F)	–	1,329,345	–	(34,224)	(32,636)	n.a.	n.a.
	(G)	–	1,037,079	–	(41,831)	(30,208)	n.a.	n.a.
Foreign exchange risk								
Currency and interest rate swap		–	348,464	–	51	(173)	n.a.	n.a.
		3,872,889	4,187,238	(161,566)	12,504	44,258	n.a.	n.a.
Cash flows hedging								
Interest rate risk								
Interest rate swaps	(B)	9,650,000	–	–	–	(1,248,954)	(459,963)	(808,471)
Total		13,522,889	4,187,238	(161,566)	12,504	(1,204,696)	(459,963)	(808,471)

(A) Fair value changes used to calculate the ineffectiveness of the hedge
(B) Financial assets at amortised cost - Loans and advances to customers
(C) Financial assets at fair value through other comprehensive income
(D) Financial liabilities at amortised cost - Deposits from credit institutions and other funds
(E) Financial liabilities at amortised cost - Deposits from customers and other funds
(F) Financial liabilities at amortised cost - Non-subordinated debt securities issued
(G) Financial liabilities at amortised cost - Subordinated debt
(H) Debt securities held not associated with credit operations

The reconciliation of each equity component and an analysis of other comprehensive income attributable to hedge accounting, is as follows:

(Thousands of euros)

	Cash flow hedge reserve – 2024	Cash flow hedge reserve – 2023
Balance as at 1 January	(1,268,434)	(1,701,273)
Amounts recognised in other comprehensive income:		
Cash flow hedge		
Changes in fair value of interest rate swaps	463,343	1,248,954
Hedge breakage	(68,716)	(816,115)
Balance at the end of the year	(873,807)	(1,268,434)

As at 31 December 2024, the table below includes information on the effectiveness of hedging relationships, as well as impacts on results and other comprehensive income:

(Thousands of euros)

	2024					
				Amounts reclassified from reserves to results for the following reasons:		
Type of hedging	Income statement item (A)	Gains / (losses) recognised in Other comprehensive income	Hedging ineffectiveness recognised in Income statement (A)	Income statement item (B)	Cash flows that were being hedged (C)	Hedged item with an impact on results
Fair value hedge						
Interest rate risk						
Interest rate swaps	(D)	n.a.	(1,349)		n.a.	n.a.
Foreign exchange risk						
Currency and interest rate swap	(D)	n.a.	(116)		n.a.	n.a.
		n.a.	(1,465)		n.a.	n.a.
Cash flows hedging						
Interest rate risk						
Interest rate swaps		—	—	(E)	(344,971)	—
		—	—		(344,971)	—
Total		—	(1,465)		(344,971)	—

(A) Income Statement item in which the ineffectiveness of the hedge was recognised

(B) Income Statement item in which the reclassified amount was recognised

(C) but which are no longer expected to occur

(D) Gains/(losses) on hedge accounting

(E) Interest and similar income

As at 31 December 2023, the table below includes information on the effectiveness of hedging relationships, as well as impacts on results and other comprehensive income:

(Thousands of euros)

	2023					
				Amounts reclassified from reserves to results for the following reasons:		
Type of hedging	Income statement item (A)	Gains / (losses) recognised in Other comprehensive income	Hedging ineffectiveness recognised in Income statement (A)	Income statement item (B)	Cash flows that were being hedged (C)	Hedged item with an impact on results
Fair value hedge						
Interest rate risk						
Interest rate swaps	(D)	n.a.	(8,545)		n.a.	n.a.
Foreign exchange risk						
Currency and interest rate swap	(D)	n.a.	683		n.a.	n.a.
		n.a.	(7,862)		n.a.	n.a.
Cash flows hedging						
Interest rate risk						
Interest rate swaps		—	—	(E)	(45,947)	—
		—	—		(45,947)	—
Total		—	(7,862)		(45,947)	—

(A) Income Statement item in which the ineffectiveness of the hedge was recognised

(B) Income Statement item in which the reclassified amount was recognised

(C) but which are no longer expected to occur

(D) Gains/(losses) on hedge accounting

(E) Interest and similar income

As at 31 December 2024, the table below shows the detail of hedging instruments by maturity:

(Thousands of euros)

	2024					
	Remaining period				Fair value	
Type of hedging	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps						
Notional	463,500	83,500	20,801,155	21,348,155	16,898	8,540
Fixed interest rate (average)	-0.35%	-0.14%	2.23%	2.17%		
Fair value hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap	96,576	280,071	—	376,647	19,313	—
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	1,205,000	2,090,000	8,095,000	11,390,000	2,408	830
Total derivatives traded by:						
OTC Market	1,765,076	2,453,571	28,896,155	33,114,802	38,619	9,370

As at 31 December 2023, the table below shows the detail of hedging instruments by maturity:

(Thousands of euros)

	2023					
	Remaining period				Fair value	
Type of hedging	Up to 3 months	3 months to 1 year	Over 1 year	Total	Assets	Liabilities
Fair value hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps						
Notional	7,750	508,735	9,022,264	9,538,749	19,892	7,856
Fixed interest rate (average)	3.56%	6.17%	1.77%	2.03%		
Fair value hedging derivatives related to currency risk changes:						
OTC Market:						
Currency and interest rate swap	140,291	208,173	—	348,464	2,279	6,272
Cash flow hedging derivatives related to interest rate risk changes:						
OTC Market:						
Interest rate swaps	—	1,600,000	8,050,000	9,650,000	164	8,408
Total derivatives traded by:						
OTC Market	148,041	2,316,908	17,072,264	19,537,213	22,335	22,536

Climate risks - Integration of ESG Factors in Risk Management

In its risk classification,the Bank recognises that issues associated with climate and environmental dimensions, as well as social and governance aspects, act as factors impacting traditional risk categories. These risk factors are not considered separately; in fact, they are seen as elements that can positively or negatively affect the financial performance and solvency of the Bank's customers and counterparties. This way, their impacts materialise through traditional risk categories: credit, market, liquidity, operational, and reputational.

Within this context, and with the goal of promoting the integration of ESG factors into risk management, the Bank has implemented a set of processes and methodologies to identify, assess, manage, and monitor the impact of ESG factors on overall risk, in accordance with the framework and policies already established for other financial and non-financial risks.

Governance Model

The sustainability governance model and the risks arising from ESG factors follow a structure based on three lines of defence which, under the leadership of the Board of Directors (and its specialized committees and the Executive Committee), ensure its adequate assessment and management.

The Executive Committee is responsible for ensuring that ESG policies and strategies are followed, through the mobilization of resources and the execution of necessary operational and business actions. The Sustainability Commission assists the Executive Committee in integrating sustainability principles into decision-making and management processes, being responsible for evaluating and approving initiatives of the Sustainability Master Plan, as well as making necessary adjustments and monitoring their implementation.

Within the Board of Directors (BoD) committees, the Corporate Governance, Ethics and Sustainability Committee (CGESC) is responsible for recommending to the Board the adoption of policies in line with ethical principles and social responsibility, and with best practices in corporate governance and sustainability.

It also monitors the progress of the Sustainability Master Plan and the Corporate Social Responsibility Plan, and issues opinions on the annual governance and sustainability reports. The Risk Assessment Committee (RAC) advises the Board on identifying, managing and controlling ESG risk factors, monitoring the Bank's risk appetite and performance, and supervising the adequacy of the ESG internal control system, focusing on the effectiveness of the risk management system to handle ESG risk drivers and any related reputational risk cases the Bank may be directly or indirectly associated with.

Identification of ESG risks

Climate change and environmental degradation factors are elements that can affect economic activity, through the mitigation and adaptation efforts of economic agents toward sustainable use of resources, the transition to a circular economy, pollution prevention and control, and biodiversity protection/restoration, including marine biodiversity and resources (cf. EU Taxonomy).

The materialization of these risks fundamentally stems from the Bank's portfolio exposure to customers, counterparties, and invested assets whose performance may be affected by or contribute to the negative impacts of climate change and other environmental factors. These factors may generate negative financial impacts, which are identified and assessed through key dimensions:

- Physical Risk Factors: arising from the physical effects of climate change and environmental degradation. They are categorized as acute risks, arising from extreme weather events like wildfires or floods, and chronic risks, from gradual changes in climate patterns or ecosystem degradation.

- Transition Risk Factors: are the risks of any negative financial impact resulting from the ongoing or future efforts to transition to a low-carbon and environmentally sustainable economy. This can result from technological changes, public policy impacts, or behavioural changes in demand for goods or services (including banking services).

- Biodiversity and Nature-Related Risk Factors: the degradation of natural capital, which in this context encompasses environmental risks. Natural capital refers to the world's stocks of natural assets, including geology, soil, air, water, and all living organisms, as well as the organization and distribution of ecosystems. Its degradation undermines nature's ability to provide ecosystem services (food, raw materials, freshwater, etc.) on which human society, economies, and other species depend. The degradation of natural capital can have chronic and acute economic effects.

- The materialization of social risks is also evaluated, considering issues related to the rights, well-being, and interests of people and communities, and including factors like human rights, inequality, health, diversity, inclusion, labour relations, workplace health and safety, human capital, and communities.

In addition, the Bank identifies governance risk factors through issues related to leadership, executive remuneration, shareholder rights, anti-corruption and anti-bribery practices, conflict of interest management and prevention, internal control quality and independent audits, transparency, and good tax practices, among others.

To assess the potential impact of these factors on its risk profile, the Bank has developed a methodology for assessing the materiality of ESG risk factors.

Management and Monitoring Principles

The management, monitoring and control of ESG risk factors follow a different logic compared to traditional risks, which are based on short-term horizons. In contrast, ESG risk factors will materialise over longer time horizons, so the establishment of strategy and risk appetite follows different time frames. For example, evaluating physical risk factors (acute) may determine a more short-term focused strategy (e.g., establishing additional mitigation measures in credit policies and insurance policies), while transition risk factors justify a more structural approach, based on information collection, customer evaluation, and long-term performance monitoring. With this perspective, the Bank's management of ESG impacts follows these principles:

- Establishing a corporate responsible financing policy that excludes or conditions the Bank's operations in sectors and/or activities with greater environmental and social impact;

- Integrating the strategy for managing risks arising from ESG factors into the Bank's overall sustainability plan, guiding the integration of the ESG dimension into business processes, setting objectives, schedules and a control model to ensure compliance;

- Transparency in communication: the Bank publicly discloses its sustainability objectives and main practices and the management of ESG impact factors, allowing all stakeholders to evaluate the robustness of its approach, including exposure to risks arising from ESG factors;

- Regular monitoring of exposure to risks arising from ESG factors through established management information routines for each risk category;

- Internal standardization of ESG references through a corporate taxonomy that identifies and classifies exposures that demonstrably promote the economic transition;

- Focus on credit risk management through models that promote the integration of the ESG dimension into the risk assessment of the Bank’s main companies/customers, ensuring that business decisions incorporate an evaluation of the main ESG impact factors;

- Collecting and structuring information using public sources and information provided directly by customers to improve knowledge of customers’ environmental performance and possible financial impacts associated with any limitations in that performance.

The implementation of these principles is promoted through an internal policy for managing risks arising from ESG factors, which establishes the following main risk tools:

- Regular assessment of the materiality of risks arising from ESG factors to confirm alignment with risk appetite and the need for mitigation actions;

- Risk assessment methodologies arising from ESG factors integrated into credit risk assessment models;

- Portfolio-level risk classification methodologies to identify sectors, companies and exposures most subject to transition and/or physical and/or nature-related risk factors;

- Quantification models for financed greenhouse gas (GHG) emissions, promoting strategic discussions on managing these emissions and their alignment (in time) with the Paris Agreement targets;

- Sensitivity analyses and stress tests focusing on climate risks.

49. Contingent liabilities and other commitments

In accordance with accounting policy 1.U3, the main contingent liabilities and other commitments under IAS 37 are the following:

1. In 2012, the Competition Authority ("AdC") filed an administrative offence proceedings for alleged practices restricting competition (proceedings PRC 2012/9). On 6 March 2013, it carried out measures of search and seizure at Banco Comercial Português, S.A. ("BCP" or "Bank") and other credit institutions facilities, where it seized documents relevant to the investigation of an alleged exchange of sensitive commercial information between credit institutions in the national market.

The proceedings was subject to justice secrecy by decision of the AdC, considering that the interests of the investigation and the rights of the procedural parties would not be specifically compatible with the publicity of the proceedings. On 2 June 2015, the Bank was notified of an infringement notice ("NI") adopted by the AdC in the context of the investigation of proceedings PRC 2012/9, accusing it of participating, together with 14 other credit institutions, in an exchange of sensitive commercial information, regarding the offer of credit products in retail banking, namely home loan, consumer loan and corporate loan.

On 9 September 2019, the AdC adopted a final decision in this proceedings, and convicted the Bank to pay a EUR 60 million fine on the grounds that it had participated in a system of sharing confidential information between competitors regarding home loan, consumer loan and corporate loan. BCP disagrees with the Decision, which it considers having a set of serious defects, both in fact and in law, and appealed against it to the Competition Court on 21 October 2019, requesting that it be annulled and that the appeal be given suspensive effect. On 8 May 2020, the appeal was admitted. On 21 December 2020, BCP submitted, which the Competition Court accepted, a bank guarantee issued by the Bank itself as a way of fulfilling the bail. By order of 1 March 2021, the Competition Court granted suspensive effect to the judicial objection appeal as to the sentencing decision. By order of 20 March 2021, the Competition Court ordered the lifting of the justice secrecy and informed the appellants that the trial will, in principle, begin in September 2021.

On 28 April 2022, the CRSC ruled within proceedings Proc. n.º 225/15.4YUSTR-W, regarding the judicial objection appeal as to the decision of the Competition Authority of September 2019 (PRC/2012/09).

In this extensive ruling, the CRSC lists the facts given as proven, both in the administrative phase and in the trial, however, at this stage, the CRSC has not yet concluded that the facts have been proven are legally based, nor, consequently, that fines should be imposed, and the CRSC has instead chosen to make a reference for a preliminary ruling to the Court of Justice of the European Union (CJEU) to answer two questions referred for a preliminary ruling, requesting that this reference follow further terms in the form of an expedited procedure in view of the limitation risk. It should be noted that the CJEU is not responsible for judging the case, but only for interpreting the rules of Community law by answering in abstract to the questions referred to it by the national court.

The CJEU rejected the CRSC's request for an expedited procedure and for priority to be given in the examination of this proceedings.

On 29 July 2024, the CJEU delivered its judicial ruling in which it gave the following interpretation on the questions referred by the CRSC:

"Article 101(1), TFEU to be interpreted as meaning that a comprehensive reciprocal and monthly exchange of information between competing credit institutions, carried out on highly concentrated markets with high barriers to entry, and which regards the conditions applicable to transactions carried out on those markets, in particular spreads and risk variables, current and future ones, as well as the individualised production values of the participants in that exchange, to the extent that, at least, those spreads thus exchanged are those that those institutions intend to apply in the future, must be qualified as a restriction of competition by object."

After the judicial Ruling, the proceedings returned to the CRSC, which issued an order on 30 July 2024, notifying the Banks (i) of the appointment of 18 September 2024 for oral arguments, of an optional nature, limited to the content of the CJEU Ruling; and (ii) the designation of 20 September 2024 for the reading of the Ruling, in the part relating to the Law and the section.

On 20 September 2024, the CRSC issued its Final Ruling in which it deemed that an offence by object committed by the Appellants BPN/BIC, BBVA, BPI, BCP, BES, Popular/Santander, Santander, Barclays, Caixa Agrícola, Montepio, CGD and UCI, embodied in an exchange of sensitive information between competitors, was verified in the case files.

In its Ruling, the CRSC confirmed the EUR 60 million fine imposed by the AdC on the Bank.

On 14 October 2024, the Bank filed its appeal with the Lisbon Court of Appeal (TRL), which, by decision issued on 10 February 2025 by its Intellectual Property, Competition and Supervision Section, decided, by majority, to declare the pending administrative offence proceedings against the Defendant companies in relation to the practice of the aforementioned administrative offence to be barred and ordered the timely filing of the case.

In summary, the TRL considered that the facts occurred between 2002 and March 2013, applying the 2012 Competition Law, which provides for the maximum limitation period for administrative offence proceedings of 10 years and 6 months, and not applying the 2022 Competition Law, which provides for a longer period of suspension of the limitation period for administrative offence proceedings (either because the legislator so determined, or because it is more unfavourable than the 2012 Competition Law).

Moreover, the reference for a preliminary ruling (made by the TCRS to the CJEU) does not suspend (autonomously) the limitation period.

The TRL also considered that the limitation occurred on 1 September 2023 or, at the limit, applied to the so-called Covid-19 laws, on 11 February 2024.

A possible procedural reaction from the Public Prosecutor's Office and/or the Competition Authority is awaited.

1-A. In relation to this administrative offence proceeding of the Competition Authority PRC/2012/09, and in view of the alleged damage caused by the targeted and defendant Banks to bank customers, resulting from the alleged sharing of confidential information between the Banks relating to home loan, consumer loan and corporate loan, three declaratory popular actions of conviction were filed against the Bank and several other banking institutions.

These proposed popular actions aim to compensate consumers and companies affected by alleged harm caused by the alleged anti-competitive practice. Actions vary depending on the group of consumers and companies represented and the damages calculated.

It should be noted that the decision issued by the Lisbon Court of Appeal on 10 February 2025, which decided to declare the administrative offence proceedings PRC/2012/09 barred, does not extinguish these popular actions, which will now fully continue as "stand alone", not taking advantage of the presumption of evidence produced in this case.

1-A.1. On 11 March 2024, BCP, along with 8 banking institutions, was summoned, to plead a "popular declaratory action of conviction in the form of a common proceeding aimed at the protection of competition, consumer rights, and diverse and/or collective interests associated with the consumption of goods and services", an action brought by Ius Omnibus Association, which is under no. 2/24.1YQSRT in the Competition, Regulation and Supervision Court, entirely based on the alleged competition offence in home and consumer loan transactions declared in the AdC's Ruling of 9 September 2019 (PRC/2012/09), a ruling that was subject to a judicial objection appeal by BCP, an objection that has not yet been definitively judged.

In this case, the Plaintiff makes the following main claims:

1. To be declared that, from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101(2) of the TFEU and (subsequently) article 2 of Decree-Law no. 371/393 and article 4 of Law no. 18/2003, by exchanging strategic, non-public, current and future information, with its competitors, in a disaggregated, individualised and regular manner, namely, on their respective offers of home loan and consumer loan;

2. To be declared that this Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Alternatively to section 2, to be declared that the Defendants' practice has led to their unjust enrichment at the expense of the impoverishment of all the consumers represented;

4. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question in the amount resulting from the sum of several factors.

5. To be declared the nullity of the clause(s) that fix the spread rate in home loan agreements and consumer loan agreements entered into by consumers represented during the relevant period, the aforementioned clause(s) being consequently reduced in the part corresponding to the unlawful overprice, in agreements whose validity exceeds the date of the final judgment, and in which the Defendants are lenders, because they were entered into by them or by subsequent termination of the contractual position.

As the deadline for the pleading is running, the Bank was notified on 9 May 2024 that an order had been issued ordering the suspension of the proceedings until the final judgment to be rendered in proceeding no. 225/15.4YUSTR-W (the judicial objection appeal of the administrative offence proceeding PRC/2012/09), before this Competition, Regulation and Supervision Court.

1-A.2. On 8 April 2024, BCP, along with 9 banking institutions, was summoned to oppose another case brought by Ius Omnibus Association against the banks, under no. 6/24.4YQSTR, also related to the aforementioned Ruling of the AdC of 9 September 2019 (PRC/2012/09), this case being related to the corporate credit segment.

In this case, the Plaintiff makes the following main claims:

1. To be declared that from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101 of the TFEU and (successively) article 2 of Decree-Law No. 371/393 and article 4 of Law No. 18/2003, by exchanging strategic, non-public, current and future information with their competitors, in a disaggregated, individualised, and regular manner, namely, on their respective credit offers to companies;

2. To be declared that the Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question, associated with the credits to the companies entered into between the Defendants and companies in Portugal, in the period from May 2005 to September 2012, with regard to the overprice that was passed on by the companies to the represented consumers, and charged directly by the Defendants, in a global amount to be fixed and determined considering several factors.

On 18 November 2024, the Bank filed its opposition with the Competition, Regulation and Supervision Court.

1-A.3. On 24 April 2024, BCP, along with 9 banking institutions, was summoned to oppose an action brought by Association of Portuguese Micro, Small and Medium Enterprises (AMPEMEP) against the banks, under no. 10/24.2YQSRT, also related to the aforementioned AdC' Decision of 9 September 2019 (PRC/2012/09), this case also being related to the corporate credit segment.

In this case, the Plaintiff makes the following main claims:

1. To be declared that from May 2002 to March 2013, the Defendants violated, in a single and continuous practice, article 101 of the TFEU and (successively) article 2 of Decree-Law No. 371/393 and article 4 of Law No. 18/2003, by exchanging strategic, non-public, current and future information with their competitors, in a disaggregated, individualised, and regular manner, namely, on their respective credit offers to companies;

2. To be declared that this Defendants' practice has caused damage to the diverse or collective protection interests of the consumption of goods and services and of competition, and to the individual homogeneous interests of the consumers represented;

3. Based on civil liability, or, alternatively, by restitution of the undue, the Defendants be sentenced to compensate/return in full all the consumers represented in this lawsuit for the damage suffered/overprice paid as a result of the anti-competitive practices in question, associated with the credits to the companies entered into between the Defendants and companies in Portugal, in the period from May 2005 to September 2012, with regard to the overprice that was passed on by the companies to the represented consumers, and charged directly by the Defendants, in a global amount to be fixed and determined considering several factors.

On 17 December 2024, the Bank filed its opposition with the Competition, Regulation and Supervision Court.

In view of the similarity of the object and parts of these 3 popular actions, the possibility of joining them was raised, and BCP was notified, in the context of proceeding no. 6/24.4YQSTR (point 1-A.2.above) to rule on the joinder to this action of proceeding no. 10/24.2YQSTR (point 1-A.3.above).

The Bank has already ruled on this issue, requesting the opposite, that is, that proceeding no. 6/24.4YQSTR be joined to proceeding no. 10/24.2YQSTR instead, requesting that the logical precedence relationship between this proceeding and that one be declared, and that the Judge in charge of proceeding no. 10/24.2YQSTR be granted the decision to join proceeding no. 6/24.4YQSTR.

There is still no decision on this matter, and these two cases are ongoing and running autonomously.

2. On 7 June 2022, the Bank was notified by the Court to contest a lawsuit brought by Fundação José Berardo and José Manuel Rodrigues Berardo against Banco Comercial Português, S.A., Caixa Geral de Depósitos, S.A., Novo Banco, S.A. and Banco Espírito Santo, S.A., in liquidation.

In this lawsuit, the Plaintiffs allege that they incurred in a mistake regarding the endogenous situation of the defendant banks and the financial system, without which they would have sold the pledged shares and paid their loans. If this is not the case, the plaintiffs request the defendant banks to be ordered to pay compensation to Fundação José Berardo for damages caused by breach of contract, since the moment when they should have been sold in execution of the pledge due to failure to verify coverage ratios until the moment when they were sold, that is, the difference between the price at which the pledged shares would have been sold on the dates of coverage ratios default and the price at which they were actually sold, plus interest and all other loan charges since those dates, in any case the global amount of compensation not being less than EUR 800,000,000. In any case, the plaintiffs ask the defendant banks to be jointly condemned to pay José Manuel Rodrigues Berardo compensation for moral damages, in the already calculated amount of EUR 100,000,000 and also in the amount that is settled as soon as the full extent of the damages is known.

In the meantime, through Order No. 8765/2022 of Mr. Secretary of State for the Presidency of the Council of Ministers, published in Republic Diary, Series 2, part C, of 19 July 2022, the Plaintiff of this lawsuit, Fundação José Berardo, was declared extinct. This decision was legally contested by the José Berardo Foundation, and in April 2023, the Administrative and Fiscal Court of Funchal cancel the decision that ordered its extinction. Dissatisfied, the Portuguese State appealed against this latter and is awaiting the outcome.

The lawsuit was contested on 27 September 2022 and is awaiting subsequent terms.

Nothing relevant to the judgment on the merit of the case happened. The lawsuit is suspended until the motions submitted by FJB in the execution filed by the Banks (8489/19.8T8LSB) have been definitively judged.

The Bank does not anticipate that this lawsuit may result in any responsibility that could have impact on the respective financial statements.

3. On 1 October 2015, a set of entities connected to a group with debts in default to BCP amounting to EUR 170 million, resulting from a loan agreement signed in 2009 - debts already fully provisioned in the Bank's accounts -, filed against BCP, after receiving the Bank's notice for mandatory payment, a lawsuit requesting that:

a) the court declares that two of the defendants are mere fiduciary owners of 340,265,616 BCP shares, since they acted pursuant to a request made by the Bank for the making of the respective purchases, and also that the court orders the cancellation of the registration of those shares in the name of those companies;

b) the court declares the nullity of the financing agreement established between the plaintiffs and the Bank, due to relative simulation;

c) the court sentences the Bank, in accordance with the legal regime of the mandate without representation, to become liable for the amounts due to the institution, abstaining from requesting those amounts to the plaintiffs and to refund them the cost they incurred while complying with that mandate, namely, EUR 90,483,816.83 regarding Banco Espírito Santo, S.A. (BES) and EUR 52,021,558.11 regarding Caixa Geral de Depósitos, S.A. (CGD), plus default interests;

d) the amount of the lawsuit determined by the plaintiffs is EUR 317,200,644.90;

e) the Bank opposed and presented a counter claim, wherein it requests the conviction, namely, of a plaintiff company in the amount of EUR 185,169,149.23 for the loans granted, plus default interests and stamp tax.

The court issued a curative act and already ascertained the factual basis that are proven and that must be proven.

The expertise was carried out and the expert report submitted.

In November 2022 the Bank complained about the Experts' Report: (i) they considered documents that the Court had ordered to be removed from the proceedings, which had not been done due to the Court's inertia, (ii) they considered written notes on documents, that may have been written by the entities that initiated the process, and (iii) they did not consider much information that was contained in the statements, and (iv) they made errors in the calculation of interest and the amount of financing granted. In view of the experts' new reply, BCP claimed all the expertise, in March 2023. For the Court's final decision, BCP added, in June this year, a set of documents supporting its position.

4. Resolution Fund

Resolution measure of Banco Espírito Santo, S.A.

On 3 August 2014, with the purpose of safeguarding the stability of the financial system, Banco de Portugal applied a resolution measure to Banco Espírito Santo, S.A. (BES) in accordance with the Article 145-C (1.b) of the Decree-law no. 298/92, of 31 December 1992, as amended (the "Banking Law"), which entailed, *inter alia*, the partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. (Novo Banco), incorporated on that date by a decision issued by Banco de Portugal. Within the scope of this process, the Resolution Fund made a capital contribution to Novo Banco amounting to EUR 4,900 million, becoming, on that date, the sole shareholder. Further, in accordance with information published on the Resolution Fund's website, the Resolution Fund borrowed EUR 4,600 million, of which EUR 3,900 million were granted by the Portuguese State and EUR 700 million by a group of credit institutions, including the Bank.

As announced on 29 December 2015, Banco de Portugal transferred to the Resolution Fund the liabilities emerging from the "*eventual negative effects of future decisions regarding the resolution process that may result in liabilities or contingencies*".

On 7 July 2016, the Resolution Fund declared that it would analyse and evaluate the diligences to be taken, following the publication of the report on the result of the independent evaluation, made to estimate the level of credit recovery for each category of creditors under a hypothetical scenario of a normal insolvency process of BES on 3 August 2014.

In accordance with the applicable law, when the BES liquidation process is over, if it is verified that the creditors, whose credits were not transferred to Novo Banco, would take on a higher loss than the one they would hypothetically take if BES had gone into liquidation right before the application of the resolution measure, such creditors shall be entitled to receive the difference from the Resolution Fund.

On 31 May 2019, the Liquidation Committee of BES presented a list of all the acknowledged and a list of the non-acknowledged creditors before the court and the subsequent terms of the proceedings. These lists detail that the total acknowledged credits, including capital, remunerative and default interest amounts to EUR 5,056,814,588, of which EUR 2,221,549,499 are common credits and EUR 2,835,265,089 are subordinated claims, and no guaranteed or privileged claims exist. Both the total number of acknowledged creditors and the total value of the acknowledged credits and their ranking will only be ultimately determined upon the definitive judicial judgment of the verification and ranking of credits to be given in the liquidation proceedings.

According to the Resolution Fund’s Annual Report of 2023, "in 2019, the Resolution Fund was informed that the credits (it) claimed had not been recognised by the Liquidation Commission of BES – In Liquidation, whilst the Resolution Fund filed an objection to the list of creditors with the Lisbon District Court, requesting that the credits it claimed be recognised. The challenge was upheld and the Liquidation Committee of BES – In Liquidation appealed. In 2023, the Lisbon Court of Appeal issued a judgment dismissing the appeal of the Liquidation Commission of BES - In Liquidation, and in favour of the position defended by the Resolution Fund, confirms the decision of the Court of First Instance and the recognition of the credits claimed by the Resolution Fund as privileged credits. The Liquidation Commission of BES - In Liquidation, filed an appeal for review before the Supreme Court of Justice, which issued a judgment in July 2023, which has already become final, recognising, and classifying as privileged the credits claimed by the Resolution Fund for the total amount of EUR 1,242,568.9 thousand".

Following the resolution measure of BES, a significant number of lawsuits against the Resolution Fund was filed and is underway. According to note 22 of the Resolution Fund’s Annual Report of 2023, *“Legal actions related to the application of resolution measures have no definitive legal precedents, which makes it impossible to use case law in its evaluation, as well as to obtain a reliable estimate of the associated contingent financial impact. (…) The Resolution Fund, supported by legal advice of the attorneys for these actions, and in light of the legal and procedural information available so far, considers that there is no evidence to cast doubt on their belief that the probability of success is higher than the probability of failure”.*

According to note 24 of the Resolution Fund’s Annual Report of 2023, *"In addition to the Portuguese courts, it is important to take into account the litigation of Novo Banco, S.A., in other jurisdictions, being noteworthy, for its materiality and respective procedural stage, the litigation in the Spanish jurisdiction. Regarding litigation in the Spanish jurisdiction, during the years 2018 to 2023, twelve (decisions) have become final and unappealable condemning Novo Banco, Spanish branch, as well as four sentences in relation to which due compensation has been requested from the Resolution Fund”.*

On 31 March 2017, Banco de Portugal communicated the sale of Novo Banco, where it states the following: *"Banco de Portugal today selected Lone Star to complete the sale of Novo Banco. The Resolution Fund has consequently signed the contractual documents of the transaction. Under the terms of the agreement, Lone Star will inject a total of EUR 1,000 million in Novo Banco, of which EUR 750 million at completion and EUR 250 million within a period of up to 3 years. Through the capital injection, Lone Star will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital”.*

The terms agreed also included a Contingent Capital Agreement (CCA), under which the Resolution Fund, as a shareholder, undertakes to make capital injections if certain cumulative conditions are met related to the performance of a specific portfolio of assets and to the capital ratios of Novo Banco going forward.

If these conditions are met, the Resolution Fund may be called upon to make a payment to Novo Banco for the lesser of the accumulated losses in the covered assets and the amount necessary to restore the capital ratios at the agreed levels. Any capital injections to be carried out pursuant to this contingent mechanism are limited to an absolute cap. The terms agreed also provide for mechanisms to safeguard the interests of the Resolution Fund, to align incentives as well as monitoring mechanisms, notwithstanding the limitations arising from State Aid rules.

On 18 October 2017, following the resolution of the Council of Ministers no.151-A/2017 of 2 October 2017, Banco de Portugal communicated the conclusion of the sale of Novo Banco to Lone Star, with an injection by the new shareholder of EUR 750 million, followed by a further capital increase of EUR 250 million by the end of 2017. Upon completion of the transaction, the status of Novo Banco as a bridge institution ceased, fully complying with the purposes of the resolution of BES.

On 26 February 2018, the European Commission published the non-confidential version of its decision regarding the approval of State aid underlying Novo Banco's sale process. This statement identifies the three support measures by the Resolution Fund and the Portuguese State that are part of the sale agreement associated with a total gross book value of around EUR [10-20] billion(1) that revealed significant uncertainties regarding adequacy in provisioning(2):

(i) Contingent Capital Agreement (CCA) which allows Lone Star to reclaim, from the Resolution Fund, funding costs, realised losses and provisions related to an ex-ante agreed portfolio of existing loan stock, up to a maximum of EUR 3.89 billion, subject to a capital ratio trigger (CET1 below 8%-13%) as well as to some additional conditions(1)(2)(3);

(ii) Underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount necessary (but no more than EUR 400 million). The amount that can be reclaimed by the Resolution Fund under the CCA is subject to the cap of EUR 3.89 billion(2);

(iii) In case the Supervisory Review and Evaluation Process ("SREP") total capital ratio of Novo Banco falls below the SREP total capital requirement, the Portuguese State will provide additional capital in certain conditions and through different instruments(2). According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, *"the risk of triggering the additional capital mechanism (capital backstop), up to EUR 1.6 billion, provided for in the commitments made by the Portuguese State to ensure the viability of NB, exists"*.

On 9 September 2020, BCP informed that it has decided not to continue with the legal proceeding before the General Court of the European Union with a view to partially annul the European Commission's decision regarding its approval of the CCA of Novo Banco.

According to a statement issued by the Resolution Fund on 13 February 2023, "the Ministry of Finance has disclosed that the European Commission intends to consider the restructuring process of Novo Banco as completed. The information disclosed today confirms the successful restructuring of Novo Banco, resulting from the combined execution of the restructuring plan agreed in 2017, under the sale transaction conducted by Banco de Portugal, and the sale agreements, namely the CCA, under which the Resolution Fund transferred to Novo Banco EUR 485 million, less than the maximum amount set in the contract (EUR 3,890 million). The completion of the restructuring of Novo Banco, is also another indicator that Novo Banco should not need to request any further payment to the Resolution Fund under the CCA, without prejudice to the ongoing litigation or that still may occur regarding the amounts already requested by Novo Banco in relation to past years and that the Resolution Fund considers that are not due.

On the same day, Banco de Portugal issued the following statement "The conclusion of the Novo Banco restructuring process also results in the end of the backstop mechanism, which provided for the possibility, which was always considered remote, of the Portuguese State providing extraordinary support to Novo Banco in extreme scenarios. This mechanism protected Novo Banco and the national financial system from more adverse scenarios, which did not materialise. With the end of the backstop, the financial risk for the Portuguese State is eliminated".

(1) Exact value not disclosed by the European Commission for confidentiality reasons

(2) As referred to in the respective European Commission Decision

(3) According to 2018 Novo Banco's earnings institutional presentation, the "minimum capital condition" is (i) CET1 or Tier 1 < CET1 or Tier 1 SREP requirement plus a buffer for the first three years (2017-2019); (ii) CET1 < 12%

On 9 December 2024, the Resolution Fund announced in a statement that it had signed an agreement ending the Contingent Capitalization Agreement (CCA) signed in 2017 as part of the Novo Banco sale. This agreement brings forward by around a year the end of the CCM, which until now had been scheduled for the end of 2025, definitively extinguishing any possibility of Novo Banco requesting further payments from the Resolution Fund. The main terms and conditions of the agreement to bring forward the end of the MCC include:

- Immediate termination of the CCA, bringing forward the maturity of the contract, scheduled for the end of 2025, which implies, in particular, that no new payment requests can be made by Novo Banco, that operations relating to the assets covered by the Agreement no longer require the Resolution Fund's opinion, and that the Monitoring Committee is also extinguished, and that the impediment to the distribution of dividends by Novo Banco, which was stipulated in the MCC, ceases.

- The existing payment obligations between the parties as a result of the CCA, as well as all litigation and disputes related to the implementation of the agreement, are settled - without any transfer of funds.

- The Resolution Fund's contingent liabilities associated with the alleged breach of the “Business Warranties” assumed in the Novo Banco sale agreement are extinguished, namely with the waiver of the compensation claims preliminarily presented by Nani Holdings, which amounted to around EUR 60 million.

- The mechanism whereby the stake in Novo Banco held by Nani Holdings is not diluted in the event of capital increases because of the application and under the terms of the Special Regime Applicable to Deferred Tax Assets is extinguished.

The agreement allows for a significant reduction in the Resolution Fund's liabilities (in excess of EUR 73 million in net terms, based on the amounts claimed by Novo Banco), as well as allowing for the extinction of potentially significant contingencies. Thus, all the Resolution Fund's obligations relating to the CCA are definitively closed. The amount paid by the Resolution Fund was therefore EUR 485 million below the maximum amount provided for in the contract (EUR 3,890 million) and EUR 936 million below the aggregate amount of losses “covered” by the contingent capitalization mechanism (EUR 4,341 million, as at 30/06/2024).

With the expiry of the Contingent Capitalization Agreement, it is definitively confirmed that the payments made by the Resolution Fund will be limited to the EUR 3,405 million that the Resolution Fund considered to be due, between 2018 and 2021.

According to a statement issued by the Banco de Portugal on 9 December 2024 on the end of the contingent capitalization agreement signed in the context of the sale of Novo Banco, “The CCA and the management of the assets that comprised it were subject to numerous internal and external audits, as provided for in the original Agreement, carried out by independent entities hired for this purpose. To this was added the monitoring carried out by the supervisory authorities and others with powers to do so within the legal framework in force, including the European Central Bank and the Court of Auditors.”

According to Novo Banco’s 1st half 2024 Annual Report (note 28), Novo Banco adhered to the Special Regime applicable to Deferred Tax Assets under Law No. 61/2014, of 26 August (REAID), according to which, the deferred tax assets recorded until 31 December 2015 can be converted into tax credits when the taxable entity reports an annual net loss, in accordance to the proportion of the amount of the said net loss to total equity at the individual company level, A special reserve was established with an amount identical to the tax credit approved, increased by 10%. The conversion rights are securities that entitle the State to require Novo Banco to increase its share capital by incorporating the amount of the special reserve and consequently issuing and delivering free of charge ordinary shares. The shareholders have the right to acquire the conversion rights attributed to the Portuguese State.

According to the Resolution Fund's 2022 Annual Report, under the terms of the sale of Novo Banco, the 75% of the share capital of Novo Banco held by Nani Holdings would not be affected by the dilution associated with the REAID.

According to the Resolution Fund's 2023 Annual Report, under REAID, Novo Banco, S. A., carried out three capital increases by incorporation of reserves, through the rights conversion that had been attributed to the State as a result of the conversion, into tax credits, of Novo Banco's deferred tax assets with reference to the 2015 to 2019 tax periods.

According to Novo Banco's financial report for the 1st half of 2024, Novo Banco carried out another capital increase following the conversion of the conversion rights granted by the State for the 2020 fiscal year, fully subscribed by the Resolution Fund.

According to Novo Banco's financial report for the 1st half of 2024, the Resolution Fund had by 30 June 2024 a stake of 13.54%, the Directorate-General for Treasury and Finance 11.46% and Lone Star 75%.

Resolution measure of Banif – Banco Internacional do Funchal, S.A.

On 19 December 2015, the Board of Directors of Banco de Portugal announced that Banif *"was failing or likely to fail"* and started an urgent resolution process of the institution through the partial or total sale of its activity, which was completed on 20 December 2015 through the sale to Banco Santander Totta S.A. (BST) of the rights and obligations of Banif, formed by the assets, liabilities, off-balance sheet items and assets under management. The largest portion of the assets that were not sold, were transferred to an asset management vehicle denominated Oitante, S.A. (Oitante) specifically created for that purpose, having the Resolution Fund as the sole shareholder. For that matter, Oitante issued bonds representing debt in the amount of EUR 746 million. The Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee. The operation also involved State aid, of which EUR 489 million were provided by the Resolution Fund, which was funded by a loan granted by the State.

On 12 January 2021, Banco de Portugal was informed that the Administrative and Fiscal Court of Funchal dismissed a lawsuit involving several disputes associated to Banif's resolution measures applied by Banco de Portugal. In its decision, the Court determined the legality and maintenance of Banco de Portugal's measures.

On 4 July 2022, Oitante - 100% owned by the Resolution Fund - completed the process of repayment of the bonds issued in connection with the resolution of BANIF. Oitante's debt, which initially amounted to EUR 746 million, was thus fully repaid. With the repayment of the debt, the Resolution Fund's responsibility as guarantor also ceases, as well as the Portuguese State's responsibility as provider of a counter-guarantee.

According to the Resolution Fund (press release dated 27 December 2024), Oitante has already paid a total of EUR 55.4 million after the payment of a dividend of 15.7 million delivered during the year. With this new distribution, the amount delivered by Oitante to the Resolution Fund totals EUR 150 million since the company was set up. The amounts received and to be received by the Resolution Fund, given its 100% participation in Oitante's capital, contribute to reducing the losses of Euro 489 million incurred by this Fund in the resolution of BANIF and will be used to repay the debts of the Resolution Fund.

On 16 January 2023, the Liquidation Committee of Banif announced a list of all the acknowledged and a list of the non-acknowledged creditors. According to the Resolution Fund's 2023 Annual Report, the Resolution Fund holds a claim on Banif of EUR 489 million, which has a higher claim ranking provided for in article 166-A of the RGICSF. Under the judicial liquidation process of Banif, which was initiated following the resolution, the independent evaluator estimates that the level of recovery of the financial support made available by the Resolution Fund, as having a higher ranking at the end of the liquidation, is expected to be 7.6%.

Liabilities and financing of the Resolution Fund

Pursuant to the resolution measures applied to BES and Banif, the Resolution Fund incurred on loans and assumed other responsibilities and contingent liabilities resulting from:

- The State loans, on 31 December 2021, included the amounts made available (i) in 2014 for the financing of the resolution measure applied to BES (EUR 3,900 million); (ii) to finance the absorption of Banif's losses (EUR 353 million); (iii) under the framework agreement concluded with the State in October 2017 for the financing of the measures under the CCA (EUR 430 million plus EUR 850 million of additional funding requested in 2019 and EUR 850 million made available in 2020);

- Other funding received:

- in 2014 by seven domestic institutions in the amount of EUR 700 million, in which the Bank participates, within the scope of BES resolution measure;
- in 2021 by seven domestic credit institutions, including BCP, to finance payments due under the CCA up to a maximum of EUR 429 million;

- The underwriting by the Resolution Fund of a Tier 2 instrument to be issued by Novo Banco up to the amount of EUR 400 million did not take place as the instruments were placed with third party investors as disclosed by Novo Banco on 29 July 2018;

- Effects of the application of the principle that no creditor of the credit institution under resolution may assume a loss greater than the one it would take if that institution did not go into liquidation;

- Negative effects resulting from the resolution process that result in additional liabilities or contingencies for Novo Banco, which must be neutralized by the Resolution Fund;

- Legal proceedings filed against the Resolution Fund;

- Guarantee granted to secure the bonds issued by Oitante, S.A.;

- CCA allows Lone Star to claim, from the Resolution Fund, funding costs, realised losses and provisions related to the aforementioned ex-ante portfolio of existing loan stock agreed upon the sale process to Lone Star up to EUR 3.89 billion under the aforementioned conditions, among which a reduction of Novo Banco's CET1 below 8%-13%;

- In case the Supervisory Review and Evaluation Process (SREP) total capital ratio of Novo Banco falls below the SREP total capital requirement, the State will provide additional capital in certain conditions and through different instruments as referred to in the respective European Commission Decision.

To meet a payment from the Resolution Fund to Novo Banco, as per to Resolution no. 63-A/2021 of 27 May 2021 of the Council of Ministers and Order from the Minister of State and Finance, of 31 May 2021 - intended to provide the Resolution Fund with the financial resources necessary to meet any obligations arising from the Contingent Capitalization Agreement in the years 2021 and 2022 – rendering a new loan from the State to the Resolution Fund, a number of national financial institutions offered to finance the Resolution Fund, increasing up to EUR 475 million the direct financing of banks to the Resolution Fund and waiving a Portuguese State loan to the Resolution Fund.

According to the Resolution Fund's 2023 Annual Report from the maximum amount of EUR 475 million. The Resolution Fund used EUR 429 million, which corresponds to the payment made to Novo Banco in 2021. The loan matures in 2046 and bears interest at a rate corresponding to the sovereign cost of funding for the period between the contract date (31 May 2021) and 31 December 2026, plus a margin of 15 b.p. The interest rate will be reviewed on 31 December 2026 and, after that, every five-years. The payment obligations arising from this loan benefit from a pari passu treatment with the payment obligations of the loans entered into with the Portuguese State on 7 August 2014 and 31 December 2015 and with the Portuguese credit institutions on 28 August 2014. The funding costs of the Resolution Fund (from the State and from banks) will continue to be exclusively borne by periodic revenues, corresponding to the contributions paid by the banking sector.

According to note 24 of the Resolution Fund's 2023 Annual Report, the Resolution Fund considers that, to date, there are no elements that allow a reliable estimate of the potential financial effect of these potential liabilities.

By a public statement on 28 September 2016, the Resolution Fund and the Ministry of Finance communicated the agreement based on a review of the terms of the EUR 3,900 million loan originally granted by the State to the Resolution Fund in August 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the ability of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Minister of Finance also announced that increases in the liabilities arising from the materialization of future contingencies will determine the maturity adjustment of State and bank loans to the Resolution Fund, required from to maintain the contributory effort required from the banking sector at prevailing levels at that time.

According to the statement of the Resolution Fund of 21 March 2017:

- *"The conditions of the loans obtained from the Fund to finance the resolution measures applied to Banco Espírito Santo, S.A. and to Banif – Banco Internacional do Funchal, S.A. were changed. These loans amount to EUR 4,953 million, of which EUR 4,253 million were granted by the Portuguese State and EUR 700 million were granted by a group of banks"*;

- *"Those loans are now due in December 2046, without prejudice to the possibility of early repayment based on the use of the Resolution Fund's revenues. The revision of the loan's terms aimed to ensure the sustainability and financial balance of the Resolution Fund. The terms allow the Resolution Fund to fully meet its liabilities based on regular revenues and without the need for special contributions or any other type of extraordinary contributions"*.

According to the audit report on the management of Novo Banco conducted by the Court of Auditors and released on 12 July 2022, *"the repayment of the EUR 2,130 million loans granted by the Portuguese State to the Resolution Fund will not end in 2046, as expected, rather in 2056 (without payments under the CCA after 2021) or in 2059 (with the use of the CCA cap). (...) In other, more pessimistic scenarios, these loans will still be being repaid in 2062"*.

On 2 October 2017, by Resolution no. 151-A/2017, of the Council of Ministers of the Portuguese State, as the ultimate guarantor of financial stability, was authorised to enter into a framework agreement with the Resolution Fund, to make available the necessary financial resources to the Resolution Fund, if and when the State deemed necessary, to satisfy any contractual obligations that may arise from the sale of the 75% stake in Novo Banco. The above-mentioned resolution further set out that the framework agreement should be subject to a time period that is consistent with the undertakings of the Resolution Fund and should preserve the Resolution Fund's capacity to satisfy said obligations in due time.

As at 31 December 2023, the Resolution Fund's own resources had a negative equity of EUR 6,735.1 million, as opposed to EUR 6,974.7 million at the end of 2022, according to the latest 2023 Annual Report of the Resolution Fund.

To repay the loans obtained and to meet other liabilities that it may take on, the Resolution Fund receives proceeds from the initial and regular contributions from the participating institutions (including the Bank) and from the contribution over the banking sector (created under Law no. 55-A/2010). It is also provided for the possibility of the member of the Government responsible for the area of Finance to determine, by ordinance that the participating institutions make special contributions, in the situations provided for in the applicable legislation, particularly if the Resolution Fund does not have resources to satisfy its obligations.

Pursuant to Decree-Law no. 24/2013 of 19 February, which establishes the method for determining the initial, periodic and special contributions to the Resolution Fund, provided for in the Banking Law, the Bank has been paying, since 2013, its mandatory contributions set out in the aforementioned decree-law.

On 3 November 2015, the Banco de Portugal issued Circular Letter no. 085/2015/DES, under which it is clarified that the periodic contribution to the Resolution Fund should be recognised as an expense at the time of the occurrence of the event which creates the obligation to pay the contribution, i.e. on the last day of April of each year, as stipulated in Article 9 of the referred Decree-Law no. 24/2013, of 19 February, thus the Bank is recognising as an expense the contribution to the Resolution Fund in the year in which it becomes due.

Decree-Law no. 24/2013 of 19 February further sets out that Banco de Portugal has the authority to determine, by way of instruction ("instrução"), the applicable yearly rate based on objective incidence of periodic contributions. The instruction of Banco de Portugal no. 18/2024, published on 16 December 2024, set the base rate for 2025 for the determination of periodic contributions to the Resolution Fund at 0.049% (0.032% in 2024).

According to Article 5 (e) of the Regulation of the Resolution Fund, approved by the Ministerial Order no. 420/2012, of 21 December, the Resolution Fund may submit to the member of the Government responsible for finance a proposal with respect to the determination of amounts, time limits, payment methods, and any other terms related to the special contributions to be made by the institutions participating in the Resolution Fund. According to public communications from both the Resolution Fund and from the Government, there is no indication that any such special contributions are foreseen.

The Resolution Fund issued, on 15 November 2015, a public statement declaring: *"...it is further clarified that it is not expected that the Resolution Fund will propose the setting up of a special contribution to finance the resolution measure applied to BES. Therefore, the potential collection of a special contribution appears to be unlikely"*.

In 2015, following the establishment of the Single Resolution Fund (SRF), the Group made an initial contribution in the amount of EUR 31,364 thousand. In accordance with the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the SRF, this amount was not transferred to the SRF but was used instead to partially cover for the disbursements made by the RF in respect of resolution measures prior to the date of application of this Agreement. This amount will have to be reinstated over a period of 8 years (started in 2016) through the periodic contributions to the SRF. The Single Resolution Fund does not cover undergoing situations with the National Resolution Fund as at 31 December 2015. In 2024, no contribution was made to the Single Resolution Fund attributable to the Group (BCP and ActivoBank) according to information from the SRB – Single Resolution Board of 15 February 2024, which states that the financial means available in the Single Resolution Fund at 31 December 2023 have already reached the target level of at least 1% of covered deposits held in the Member States participating in the Single Resolution Mechanism, as set in article 69, paragraph 1 of Regulation (EU) No. 806/2014.

In 2024, the Bank made regular contributions to the Portuguese Resolution Fund in the amount of EUR 6,406 thousand. The amount related to the contribution on the banking sector in Portugal, recorded in this period was EUR 32,571 thousand. These contributions were recognised as a cost in 2024, in accordance with IFRIC no. 21 – Levies.

It is not possible, on this date, to assess the effects on the Resolution Fund due to: (i) the sale of the shareholding in Novo Banco in accordance with the communication of Banco de Portugal dated 18 October 2017 and the information provided by the European Commission on this subject under the terms described above; (ii) the application of the principle that no creditor of the credit institution under resolution may take on a loss greater than the one it would take if that institution did not go into liquidation; and (iii) legal proceedings against the Resolution Fund.

5. Banco Comercial Português, S.A., Banco ActivoBank S.A. and Banco de Investimento Imobiliário, S.A. (company merged into Banco Comercial Português, S.A.) initiated an administrative proceeding to contest the resolution adopted by Banco de Portugal on 31 March 2017 to sell Novo Banco (NB), and also, as a precaution, the deliberation adopted by the Resolution Fund on the same date, as they foresee the sale of NB by resorting to a contingent capitalization agreement under which the Resolution Fund commits to inject capital in Novo Banco up to EUR 3,9 billion, under determined circumstances. In the proceedings, the claimants request the declaration of nullity or annulment of those acts.

The proceedings were filed based on the information contained in the Communication from Banco de Portugal dated 31 March 2017, of which the claimants were not notified. The proceedings were filed in court on 4 September 2017. Banco de Portugal and the Resolution Fund presented their arguments and, only very recently, Nani Holdings SGPS, S.A. did the same since, by delay of the court, this company was only very recently notified to act as a party in the proceedings.

In addition to opposing to it, the defendants invoke three objections (i) the illegitimacy of the claimants, (ii) the argument that the act performed by Banco de Portugal cannot be challenged and (iii) the material incompetence of the court. The opponent party invoked the issue of passive illegitimacy since Novo Banco was not notified as an opponent party.

The claimants replied to the arguments presented by the defendants and to the arguments presented by the opponent party. After the presentation of the arguments, Banco de Portugal attached to the proceedings what it called an evidence process (allegedly in compliance with the law) but most of the documents delivered were truncated in such a way that neither the court nor the claimants are able to obtain adequate knowledge thereof. That issue was already raised in the proceedings (requesting the court to order Banco de Portugal to deliver a true evidence process) but no decision thereon has been made yet.

Currently, the proceedings are prepared for confirmation of the decision accepting the formalities of the right of action (with the making of a decision on the specific objections invoked). In case the judge considers that Novo Banco is an opponent party, the judge must start by issuing a pre-confirmation in order to request the claimants to identify it. Afterwards, that Bank will be notified to present its opposition arguments.

The proceeding was sent to the judge on 23 September 2019 and the Bank is awaiting a decision. BCP added legal opinions to the records (Professors Mário Aroso de Almeida and Manuel Fontaine de Campos).

6. Following the restructuring process agreed with the Directorate-General for Competition (DGComp) and the Portuguese State, Group Banco Comercial Português implemented in 2014 a salary adjustment process for employees, with a temporary effect. Additionally, it was agreed between the Bank and the Unions that, in the years after the State intervention and if there are distributable profits, the Board of Directors and the Executive Committee would submit for approval of the Shareholders' General Meeting a proposal of distribution of profits to the employees, which allows the distribution of an accumulated total global amount at least equal to the total amount that was not received over the temporary term of the salary adjustment, as described in the clause no. 151-E of BCP's Collective Labour Agreement, effective between 2014 and 2017.

At the General Meeting held on 24 May 2023, the proposal submitted by the Board of Directors, the application of profits relating to the financial year of 2022 was approved, which included an extraordinary distribution to the employees to EUR 9,972,000, with the concrete determination of the amount to be attributed to each employee to be fixed by the Executive Committee to employees who, having not already been fully compensated with the results distributed in 2019, 2020 and 2022, remain in Bank on the date of payment of the remuneration of June 2023. This extraordinary distribution of results, together with those of 2019, 2020 and 2022 allowed the distribution to the employees already in the Bank in June 2023 of an accumulated amount equal to the total amount not received during the period of temporary salary adjustment indicated in the previous paragraph.

7. The Bank was subject to tax inspections for the years up to 2021. As a result of the inspections in question, corrections were made by the tax authorities, arising from the different interpretation of some tax rules. The main impact of these corrections occurred regarding IRC, including in terms of the tax loss carry forwards and, in the case of indirect tax, in the calculation of the Value-Added Tax (VAT) deduction pro rata used for the purpose of determining the amount of deductible VAT and at the Stamp Duty level. Most of additional liquidations/corrections made by the tax administration were the object of contestation by administrative and/or judicial means.

The Bank recorded provisions, current tax liabilities or deferred tax liabilities at the amount considered sufficient to offset the tax or tax loss carry forwards, as well as the contingencies related to the fiscal years not yet reviewed by the tax administration.

50. Provisions for legal risk related to foreign currency-indexed mortgage loans in Bank Millennium (Poland)

1. Court claims and current provisions for legal risk

On 31 December 2024, Bank Millennium had 21,854 loan agreements and additionally 2,223 loan agreements from former Euro Bank under individual ongoing litigations (excluding claims submitted by Bank Millennium against clients i.e. debt collection cases) concerning indexation clauses of FX mortgage loans submitted to the courts (52% loans agreements before the courts of first instance and 48% loans agreements before the courts of second instance) with the total value of claims filed by the plaintiffs amounting to PLN 4,576 million (EUR 1,070 million) and CHF 331.1 million (EUR 352.9 million) [(Bank Millennium portfolio: PLN 4,111.2 million (EUR 961.3 million) and CHF 320.1 million (EUR 341.2 million) and former Euro Bank portfolio: PLN 464.7 million (EUR 108.7 million) and CHF 11 million (EUR 11.7 million)]. The original value of the portfolio of CHF agreements granted (the sum of tranches paid to customers), taking into account the exchange rate as at the date of disbursement of loan tranches, amounted to PLN 19.4 billion (EUR 4.5 billion) for 109 thousand loan agreements (Bank Millennium portfolio: PLN 18.3 billion (EUR 4.3 billion) for 103.8 and former Euro Bank portfolio: PLN 1.1 billion (EUR 0.3 billion) for 5.2 thousand loan agreements). Out of 21,854 Bank Millennium's loan agreements in ongoing individual cases 431 are also part of class action. From the total number of individual litigations against the Bank approximately 3,600 or 16% were submitted by borrowers that had already naturally or early fully repaid the loan or were converted to polish zloty at the moment of submission and had not a settlement agreement. Approximately another 880 cases correspond to loans that were fully repaid during the proceedings (as court proceedings are lengthy).

The claims formulated by the clients in individual proceedings primarily concern the declaration of invalidity of the contract and payment for reimbursement of paid principal and interest instalments as undue performance, due to the abusive nature of indexation clauses, or maintenance of the agreement in PLN with interest rate indexed to CHF Libor.

In addition, Bank Millennium is a party to the group proceedings (class action) subject matter of which is to determine Bank's liability towards the group members based on unjust enrichment (undue benefit) ground in connection with the foreign currency mortgage loans concluded. It is not a payment dispute. The judgment in these proceedings will not directly grant any amounts to the group members. The number of credit agreements covered by these proceedings is 3,273. Out of 3,273 loan agreements in class action 431 are also part of ongoing individual cases, 1,563 concluded settlements and 29 received final verdicts (invalidation of loan agreement). On 24 May 2022 the court issued a judgment on the merits, dismissing the claim in full. On 13 December 2022 the claimant filed an appeal against the judgment of 24 May 2022. On 25 June 2024 an appeal hearing was held, at which the Bank filed a motion to amend the composition of the group and exclude those group members who had entered into an amicable settlement. The court required the plaintiffs' attorneys to take a written position on the current composition of the group. The date of the hearing will be set by the court ex officio.

The intense advertising campaign observed in the public domain affects the number of court disputes. Until the end of 2019, 1,984 individual claims were filed against Bank Millennium (in addition, 236 against former Euro Bank), in 2020 the number increased by 3,005 (265), in 2021 the number increased by 6,157 (423), in 2022 the number increased by 5,758 (408), in 2023 the number increased by 6,879 (646), while in 2024 the number increased by 5,902 (672).

Based on ZBP (the Polish Banking Association) data gathered from all banks having FX mortgage loans, vast majority of disputes were finally resolved against the banks. As far as Bank Millennium (including the former Euro Bank portfolio) is concerned, from 2015 until the end of 2024, 8,557 cases were finally resolved (8,450 in claims submitted by clients against the Bank and 107 in claims submitted by the Bank against clients i.e. debt collection cases) out of which 2,561 were settlements, 88 were remissions, 75 rulings were favourable for the Bank and 5,833 were unfavourable including both invalidation of loan agreements as well as conversions into PLN+LIBOR. Bank Millennium undertakes proper legal actions in order to secure repayment of initially disbursed capital of the loan.

The outstanding gross balance of the loan agreements under individual court cases and class action against Bank Millennium (including the former Euro Bank portfolio) on 31 December 2024 was CHF 1,197 million (EUR 1,275.8 million) [of which the outstanding amount of the loan agreements under the class action proceeding was CHF 86 million (EUR 91.7 million)].

If all Bank Millennium's originated loan agreements currently under individual and class action court proceedings would be declared invalid without any compensation for the use of capital, the pre-tax cost could reach PLN 7,087 million (EUR 1,646 million). Overall losses would be higher or lower depending on the final court jurisprudence in this regard and the consideration of additional costs in the court verdicts.

In the twelve months of 2024, Bank Millennium created PLN 1,979.2 million (EUR 459.8 million) of provisions for Bank Millennium originated portfolio and PLN 199.9 million (EUR 46.4 million) for former Euro Bank originated portfolio. The balance sheet value of provisions for Bank Millennium's portfolio at the end of December 2024 was PLN 7,724.1 million (EUR 1,806.1 million), and for the former Euro Bank portfolio, PLN 739.6 million (EUR 172.9 million).

The methodology developed by Bank Millennium of calculating provisions for legal risk involved with indexed loans is based on the following main parameters resulting from historical observations or expert assumptions:

(1) the number of ongoing cases (including class action agreements) and potential future lawsuits;

(2) as regards the number of future court cases, the Bank monitors customer behaviours, analyses their willingness to sue the Bank, including due to economic factors and applies the following assumptions:

a. regarding active loans (i.e., loans with an outstanding balance), the Bank estimates the percentage of customers covered by methodology in this group of clients at 88% of the total number of active loans (including expected number of amicable settlements);

b. regarding loans already fully repaid or converted to polish zloty, the Bank attributes a much lower probability of becoming the subject of a court case (the Bank assumes that approximately 24% of the repaid loans that had an economic justification for suing the Bank but were not covered by a prior settlement have sued or will decide to sue the Bank in the future).

(3) the amount of Bank's potential loss in the event of a specific court judgment (including statutory interest estimation);

(4) the probability of obtaining a specific court judgement calculated on the basis of statistics of judgments in cases where the Bank is a party;

(5) estimates involved with amicable settlements with clients, concluded in court or out of court:

a. the Bank assumes a 12% probability of success in concluding a settlement as part of negotiations conducted with clients in the course of court proceedings;

b. negotiations are conducted on a case-by-case basis and can be stopped at any time by the Bank;

c. due to significant negotiation efforts already made in the past, the probability of success in these negotiations in the future is decreasing, and at the same time most customers have already contacted the Bank regarding the possible conversion of loans into PLN, so at the moment the Bank adopts a conservative approach when taking into account the potential impact of this factor.

Bank Millennium is open to negotiate case by case favourable conditions for early repayment or conversion of loans to PLN. As a result of these negotiations, the number of active FX mortgage loans originated by Bank Millennium decreased by 25,883. As of the end of 2024, Bank Millennium had 24,573 active FX mortgage loans. Cost incurred in conjunctions with these negotiations totalled PLN 2,217 million (EUR 515 million). These costs are presented mainly under the headings "Result on exchange differences" and "Result on modification" in the BCP Group's consolidated income statement.

Taking into consideration the above-mentioned information regarding court cases (active and already closed after verdicts), realized settlements and assumptions regarding future number of court cases and settlements, as well as the historical number and original amount of loans granted, it can be said that the already materialized risk (reflected in the provisions and in the losses already booked through the P&L) accounts for 60% of the historical number of loans granted and for 73% of the original disbursed capital.

Legal risk from former Euro Bank portfolio is fully covered by Indemnity Agreement with Société Générale S.A.

Bank Millennium analysed the sensitivity of the amount of the provision to changes in specific methodology parameters:

Parameter	Scenario	Impact on loss
Change in the number of court cases adopted in the assumptions	In addition 1,000 new customers file a lawsuit against the Bank	PLN 188 million (EUR 43.7 million)
Change in costs incurred in connection with the judgment or settlement	Change in cost levels by 1% compared to the assumed	PLN 77 million (EUR 17.9 million)

On 8 December 2020, Mr. Jacek Jastrzębski, the Chairman of the Polish Financial Supervision Authority ('PFSA') proposed a 'sector' solution to address the sector risks related to FX mortgages. The solution would consist in offering banks' clients a voluntary possibility of concluding arrangements based on which a client would settle a CHF Mortgage Loan as if it was a PLN loan bearing interest at an appropriate WIBOR rate increased by the margin historically employed for such loans. The decision to generally implement this solution could imply the need of creating upfront provisions for the losses resulting from the conversion of CHF Mortgage Loans. Bank Millennium in practice has been using elements of the proposal of above system solution on many individual negotiations with FX mortgage borrowers, including in the course of court proceedings.

Due to the circumstances stemming from the CJEU which excludes demanding by the Bank amounts exceeding the return of disbursed capital, the possibility of successful implementation of a general offer of KNF solution is low.

It can reasonably be assumed that the legal issues relating to foreign currency mortgage loans will be further examined by the polish courts and the European Court of Justice which could potentially result in the further interpretations, that are relevant for the assessing of the risks associated with proceedings.

The issues related to the statute of limitations for the Bank Millennium's and the customer's restitutionary claims following the invalidation of a loan agreement remain an area that may be subject to further analysis in the jurisprudence of Polish courts. Legal interpretations in this subject may have an impact for the amount of provisions in the future.

There is a need for constant analysis of these matters. Bank Millennium will have to regularly review and may need to continue to create additional provisions for FX mortgage legal risk, taking into consideration not only the above mentioned developments, but also the negative verdicts in the courts regarding FX mortgage loans and important parameters, such as the number of new customer claims, including those relating to repaid loan agreements.

The assumptions for the draft act on special solutions for the examination of cases related to loan agreements denominated in or indexed to the Swiss franc concluded with consumers have been published on the website of the Chancellery of the Prime Minister.

According to the information provided, the second quarter of 2025 was indicated as the planned date of adoption of the draft by the Council of Ministers. Pursuant to the legislative procedure, after its adoption, the draft should be referred to the Polish Parliament, and then, if it is passed, it should be sent to the President for his signature and then published in the Journal of Laws.

The adoption of the act in the form implementing the announced assumptions may significantly accelerate the case adjudication time for cases regarding the validity of housing loan agreements indexed to CHF.

The Court of Justice of the European Union and the Polish Supreme Court rulings relevant to risk assessment

Jurisprudence of the Court of Justice of the European Union

On 3 October 2019, the Court of Justice of the European Union (the CJEU) issued the judgment in Case C-260/18 in connection with the preliminary questions formulated by the District Court of Warsaw in the case against Raiffeisen Bank International AG. The judgment of the CJEU, as regards the interpretation of European Union law made therein, is binding on domestic courts. The judgment in question interpreted Article 6 of Directive 93/13. In the light of the subject matter judgment the said provision must be interpreted in such a way that:

(i) the national court may invalidate a credit agreement if the removal of unfair terms detected in this agreement would alter the nature of the main subject-matter of the contract;

(ii) the effects for the consumer's situation resulting from the cancellation of the contract must be assessed in the light of the circumstances existing or foreseeable at the time when the dispute arose and the will of the consumer is decisive as to whether he wishes to maintain the contract;

(iii) Article 6 of the Directive precludes the filling-in of gaps in the contract caused by the removal of unfair terms from the contract solely on the basis of national legislation of a general nature or established customs;

(iv) Article 6 of the Directive precludes the maintenance of unfair terms in the contract if the consumer has not consented to the maintenance of such terms. It can be noticed the CJEU found doubtful the possibility of a credit agreement being performed further in PLN while keeping interest calculated according to LIBOR.

The CJEU judgment concerns only the situation where the national court has previously found the contract term to be abusive. It is the exclusive competence of the national courts to assess, in the course of judicial proceedings, whether a particular contract term can be regarded as abusive in the circumstances of the case.

On 29 April 2021, the CJEU issued the judgement in the case C-19/20 in connection with the preliminary questions formulated by the District Court in Gdańsk in the case against of ex-BPH S.A., the CJEU said that:

(i) it is for the national court to find that a term in a contract is unfair, even if it has been contractually amended by those parties. Such a finding leads to the restoration of the situation that the consumer would have been in in the absence of the term found to be unfair, except where the consumer, by means of amendment of the unfair term, has waived such restoration by free and informed consent. However, it does not follow from Council Directive 93/13 that a finding that the original term is unfair would, in principle, lead to annulment of the contract, since the amendment of that term made it possible to restore the balance between the obligations and rights of those parties arising under the contract and to remove the defect which vitiated it;

(ii) the national court may remove only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where the deterrent objective pursued by Council Directive 93/13 is ensured by national legislative provisions governing the use of that term, provided that that element consists of a separate contractual obligation, capable of being subject to an individual examination of its unfair nature. At the same time, provisions of the Directive preclude the referring court from removing only the unfair element of a term in a contract concluded between a seller or supplier and a consumer where such removal would amount to revising the content of that term by altering its substance;

(iii) the consequences of a judicial finding that a term if a contract concluded between a seller or supplier and a consumer is unfair are covered by national law and the question of continuity of the contract should be assessed by the national court of its own motion in accordance with an objective approach on the basis of those provisions;

(iv) the national court, finding that a term in a contract concluded between a seller or supplier and a consumer is unfair, shall inform the consumer, in the context of the national procedural rules after both parties have been heard, of the legal consequences entailed by annulment of the contract, irrespective of whether the consumer is represented by a professional representative.

On 18 November 2021, the Court of Justice of the European Union (CJEU) issued a judgment in case C-212/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Raiffeisen Bank International AG. The CJEU stated that:

(i) the content of the clause of the loan agreement concluded between the entrepreneur and the consumer fixing the purchase and sale price of the foreign currency to which the loan is indexed should, on the basis of clear and comprehensible criteria, enable the consumer who is reasonably well informed and sufficiently observant and rational to understand how the exchange rate of the foreign currency used to calculate the amount of the loan instalments is determined, so that the consumer is able to determine himself at any time the exchange rate used by the entrepreneur;

(ii) a national court which has found that a term of the agreement concluded between an entrepreneur and a consumer is unfair cannot interpret that term in order to mitigate its unfairness, even if such an interpretation would correspond to the common will of the parties.

On 10 June 2021, the Court of Justice of the European Union (CJEU) issued an order in case C-198/20 in connection with questions submitted by the District Court for Warsaw Wola in Warsaw in the case against Santander Bank Polska SA. The CJEU stated that the protection provided for in Council Directive 93/13/EEC is granted to all consumers, not just those who can be considered to be 'duly informed and reasonably observant and circumspect average consumer'.

On 8 September 2022, the Court of Justice of the European Union (CJEU) issued a judgment in joined cases C-80/21, C-81/21, C-82/21 in connection with questions submitted by the District Court for Warsaw Śródmieście in Warsaw in cases against Deutsche Bank SA and mBank SA. The CJEU stated that:

(i) a national court may find that the parts of a contractual term of the agreement concluded between a consumer and an entrepreneur which render it unfair are unfair, if such a deletion would not amount to a change in the content of that term that affects its substance, which is for the referring court to verify;

(ii) a national court cannot, after annulling an unfair term contained in an agreement concluded between a consumer and an entrepreneur which does not render the agreement invalid in its entirety, replace that term with a supplementary provision of the national law;

(iii) a national court may not, after having declared invalid an unfair term contained in an agreement concluded between a consumer and an entrepreneur which entails the invalidity of that agreement in its entirety, replace the contractual term which has been declared invalid either by interpretation of the parties' declaration of intent in order to avoid the cancellation of that agreement or by a provision of national law of a supplementary nature, even if the consumer has been informed of the effects of the invalidity of that agreement, and accepted them;

(iv) the ten-year limitation period for a consumer's claim seeking reimbursement of sums unduly paid to the entrepreneur in performance of an unfair term of a loan agreement does not start to run on the date of each performance made by the consumer if the consumer was not able on that date to assess on his own the unfairness of the contractual term or if he had not become aware of the unfair nature of that term and without taking into account the circumstances that the agreement provided for a repayment period – in this case thirty years – well in excess of the ten-year statutory limitation period.

On 16 March 2023, the Court of Justice of the European Union issued a judgment in a case registered under case number C-6/22, following preliminary questions submitted by the District Court for Warsaw-Wola in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) in the event that a contract concluded between a consumer and a seller or supplier is declared invalid because one of its terms is unfair, it is for the Member States, by means of their national law, to make provision for the effects of that invalidation, in compliance with the protection granted to the consumer by that directive, in particular, by ensuring the restoration of the legal and factual situation that he or she would have been in if that unfair term had not existed.

(ii) a national court is not allowed:

a. to examine of its own motion, without any prerogative conferred on it by national law in that regard, the financial situation of a consumer who has sought the invalidation of the contract between him or her and a seller or supplier on account of the presence of an unfair term without which the contract cannot legally continue to exist, even if that invalidation is liable to expose the consumer to particularly unfavourable consequences and,

b. to refuse to declare that invalidation where the consumer has expressly sought it, after being objectively and exhaustively informed of the legal consequences and the particularly unfavourable financial consequences which it may have for him or her.

(iii) a national court is not allowed, after it has found that a term in a contract concluded between a seller or supplier and a consumer is unfair, to fill gaps resulting from the removal of the unfair term contained therein by the application of a provision of national law which cannot be characterised as a supplementary provision. However, it is for the national court, taking account of its domestic law as a whole, to take all the measures necessary to protect the consumer from the particularly unfavourable consequences which annulment of the contract might entail for him or her.

On 8 June 2023, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under case number C-570/21, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that:

(i) provisions of Council Directive 93/13 must be interpreted as meaning that the concept of ‘consumer’, within the meaning of that provision, covers a person who has concluded a loan contract intended for a purpose in part within and in part outside his or her trade, business or profession, together with a joint-borrower who did not act within his or her trade, business or profession, where the trade, business or professional purpose is so limited as not to be predominant in the overall context of that contract.

(ii) provisions of Directive 93/13 must be interpreted as meaning that in order to determine whether a person falls within the concept of ‘consumer’, within the meaning of that provision, and, specifically, whether the trade, business or professional purpose of a loan contract concluded by that person is so limited as not to be predominant in the overall context of that contract, the referring court is required to take into consideration all the relevant circumstances surrounding that contract, both quantitative and qualitative, such as, in particular, the distribution of the borrowed capital between, on the one hand, a trade, business or profession and, on the other hand, a non-professional activity and, where there are several borrowers, the fact that only one of them is pursuing a professional purpose or that the lender made the grant of credit intended for consumer purposes conditional on a partial allocation of the amount borrowed to the repayment of debts connected with a trade, business or profession.

On 15 June 2023, the Court of Justice of the European Union (CJEU) issued a judgment in a case registered under case number C-287/22, following preliminary questions submitted by the District Court in Warsaw in a case against the former Getin Noble Bank S.A. In the judgment, the CJEU ruled that provisions of the Directive 93/13 must be interpreted as precluding national case-law according to which a national court may dismiss an application for the grant of interim measures lodged by a consumer seeking the suspension, pending a final decision on the invalidity of the loan agreement concluded by that consumer on the ground that that loan agreement contains unfair terms, of the payment of the monthly instalments due under that loan agreement, where the grant of those interim measures is necessary to ensure the full effectiveness of that decision.

On 15 June 2023, the CJEU issued a judgment in a case registered under case number C-520/21, following preliminary questions submitted by the District Court in Warsaw in a case against Bank Millennium, in which indicated that Directive 93/13 does not expressly regulate the consequences of invalidity of a contract concluded between a credit institution and a consumer after the removal of unfair terms contained therein. The CJEU stated that:

(i) the provisions of the Directive 93/13 do not preclude a judicial interpretation of national law, according to which the consumer has the right to demand compensation from the credit institution beyond the reimbursement of monthly instalments and costs paid for the performance of this contract and the payment of statutory default interest from the date of the request for payment provided that the objectives of Directive 93/13 and the principle of proportionality are respected.

(ii) the provisions of Directive 93/13 preclude the judicial interpretation of national law, according to which a credit institution has the right to demand compensation from the consumer that goes beyond the return of the capital paid for the performance of this contract and beyond the payment of statutory default interest from the date of the request for payment.

On 21 September 2023, the CJEU issued a judgement in a case registered under case number C-139/22, following preliminary questions submitted by the District Court in Warsaw in a case against mBank. The CJEU stated that:

(i) provisions of the Directive 93/13 must be interpreted as not precluding a contractual term which has not been individually negotiated from being regarded as unfair by the national authorities concerned merely by virtue of the fact that its content is equivalent to that of a standard contract term entered in the national register of standard business terms held to be unlawful;

(ii) the contractual term which, because of the circumstances for the performance of certain obligations of the consumer concerned provided for in that term, must be regarded as unfair, may not cease to be considered unfair on account of another term of that contract which provides for the possibility for that consumer to perform those obligations under different circumstances;

(iii) a seller or supplier is obliged to inform the consumer concerned of the essential characteristics of the contract concluded with that seller or supplier and the risks associated with that contract, even though that consumer is its employee and has relevant knowledge in the field of the contract.

On 7 December 2023, the CJEU issued the judgement in the case C-140/22 in connection with the preliminary questions formulated by the District Court in Warsaw in the case against of mBank S.A. The Court stated that provisions of the Directive 93/13 must be interpreted as meaning that, in the context of the cancellation, in its entirety, of a mortgage loan agreement concluded with a consumer by a banking institution on the ground that that agreement contains an unfair term without which it cannot continue in existence:

(i) they preclude the judicial interpretation of national law according to which the exercise of the rights which that consumer draws from that directive is conditional on the lodging, by that consumer, before a court, of a declaration by which he or she states, first, not to consent to that unfair term remaining effective, secondly, to be aware of the fact that the nullity of that term entails the cancellation of that agreement and, moreover, of the consequences of that cancellation and, thirdly, to consent to the cancellation of that agreement;

(ii) they preclude the compensation sought by the consumer concerned in respect of the restitution of the sums paid by him or her in the performance of the agreement at issue being reduced by the equivalent of the interest which that banking institution would have received if that agreement had remained in force.

The Court of Justice of European Union by an order of 11 December 2023, closed the case registered under case number C-756/22 initiated by the District Court in Warsaw in the case brought by Bank Millennium and ruled that the provisions of Directive 93/13 must be interpreted as meaning that, in the context of declaring a mortgage loan agreement concluded with a consumer by a banking institution to be invalid in its entirety on the grounds that, that the contract contains unfair terms without which it cannot be continued, they preclude a judicial interpretation of the law of a Member State according to which that institution is entitled to recover from that consumer amounts other than the capital paid in performance of that contract and statutory interest for delay from the time of the demand for payment.

On 14 December 2023, the CJEU issued the judgement in the case C-28/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) provisions of Directive 93/13 read in the light of the principle of effectiveness must be interpreted as precluding a judicial interpretation of national law according to which, following the cancellation of a mortgage loan agreement concluded with a consumer by a seller or supplier, on account of unfair terms contained in that agreement, the limitation period for the claims of that seller or supplier stemming from the nullity of that agreement starts to run only as from the date on which the agreement becomes definitively unenforceable, whereas the limitation period for the claims of that consumer stemming from the nullity of that agreement begins to run as from the day on which the consumer became aware, or should reasonably have become aware, of the unfair nature of the term entailing such nullity;

(ii) provisions of the Directive 93/13 must be interpreted as not precluding a judicial interpretation of national law according to which it is not for a seller or supplier who has concluded a mortgage loan agreement with a consumer to ascertain whether the consumer is aware of the consequences of the removal of the unfair terms contained in that agreement or of that agreement being no longer capable of continuing in existence if those terms were removed;

(iii) provisions of the Directive 93/13, read in the light of the principle of effectiveness, must be interpreted as precluding a judicial interpretation of national law according to which, where a mortgage loan agreement concluded with a consumer by a seller or supplier is no longer capable of continuing in existence after the unfair terms in that agreement have been removed, that seller or supplier may rely on a right of retention which allows him or her to make the restitution of the sums which it has received from that consumer conditional on that consumer making an offer to repay the sums which he or she has himself or herself received from that seller or supplier or to provide a security for the repayment of those sums, where the exercise by that seller or supplier of that right of retention entails the loss, for that consumer, of the right to obtain default interest as from the expiry of the time limit set for performance by the seller or supplier concerned, following receipt by that seller or supplier of a request to repay the sums he or she had been paid in performance of that agreement.

The Court of Justice of the European Union by an order of 15 January 2024, closed the case registered under case number C-488/23 following a question from the District Court of Warsaw, indicating that the right of a financial institution to demand the valorization of the disbursed capital after a loan agreement has been declared invalid was excluded in the judgment of 15 June 2023 issued in case C-520/21.

On 18 January 2024, the CJEU issued the judgement in the case C-531/22 in connection with the preliminary questions referred by the District Court in Warsaw in the case of ex-Getin Noble Bank S.A. The Court stated that:

(i) the provisions of Directive 93/13 preclude national legislation which provides that a national court may not examine of its own motion the potentially unfair nature of the terms contained in a contract and draw the consequences thereof, where it is supervising enforcement proceedings carried out on the basis of a final decision to issue an order for payment which is subject to res judicata:

a. if the regulations do not provide for such an examination at the stage of issuing a payment order, or

b. if such examination is provided for only at the stage of opposition to the order for payment in question, provided that there is a significant risk that the consumer in question will not file the required opposition either because the time limit specified for this purpose is very short, or because of the cost of the proceedings before the court in relation to the amount of the disputed debt, or because the national legislation does not provide for the obligation to provide that consumer with all the information necessary for him to establish the extent of his rights;

(ii) the provisions of Directive 93/13 do not preclude national case law according to which the entry of a term of a contract in a national register of prohibited clauses has the effect of declaring that term unfair in any proceedings involving a consumer, including against a trader other than the one against whom proceedings for the entry of the said term in that national register were pending, and where that term does not have the same wording as the term entered in the said register, but has the same meaning and has the same effect with respect to the consumer in question.

By decision of 3 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-348/23 following a question from the District Court in Warsaw, indicating that they preclude the recognition that the legal effects related to the declaration of invalidity of the contract are conditional on the fulfilment by the consumer of the condition precedent for that consumer to make a declaration before the national court, that it does not agree to maintain the contractual term in force and that it is aware that the invalidity of the said term entails the annulment of the loan agreement and its effects and that it consents to the annulment of the agreement.

By decision of 8 May 2024, the Court of Justice of the European Union closed the case registered under case no. C-424/22 as a result of a question from the Regional Court in Kraków, indicating that they preclude the application by a financial institution of the right of retention which makes the consumer's receipt of the amounts awarded to him by the court conditional on the consumer's simultaneous offer of reimbursement or security for the return of the entire benefit received from that financial institution.

Jurisprudence of the Polish Supreme Court

On 7 May 2021, the Supreme Court composed of 7 judges of the Supreme Court, issued a resolution for which the meaning of legal principle has been granted, stating that:

1. An abusive contractual clause (art. 385(1) § 1 of the Polish Civil Code), by force of the law itself, is ineffective to the benefit of the consumer who may consequently give conscious and free consent to this clause and thus restore its effectiveness retroactively.

2. If without the ineffective clause the loan agreement cannot bind, the consumer and the lender shall be eligible for separate claims for return of monetary performances made in exercising this agreement (art. 410 § 1 in relation to art. 405 of the Polish Civil Code). The lender may demand return of the performance from the moment the loan agreement becomes permanently ineffective.

On 28 April 2022 the Supreme Court issued a resolution (III CZP 40/22) in which it indicated that in disputes with consumers, the provision of Article 358(1) of the Polish Civil Code is a special provision to Article 353(1) of the Polish Civil Code, which means that if the prerequisites for the application of both provisions exist, the court should apply the special provision and declare the contractual provision permanently ineffective, rather than invalid. This decision of the Supreme Court should be perceived as significantly limiting the risk of the bank's claims for return of capital being time-barred.

The effect of the Supreme Court's resolution of 7 May 2021 is that the bank is entitled to a refund of the cash benefit provided by the bank in performance of a permanently ineffective contract. Taking into account the uncertainty as to the starting point of the limitation period for the bank's claims, Bank Millennium, in order to protect its interests, files lawsuits for payment against borrowers in a court dispute with the Bank and in other circumstances where such risk may exist. The Bank's demand consists of a claim for return of the capital made available to the borrower under the contract. By 31 December 2024 Bank Millennium filed 16,040 lawsuits against the borrowers.

On 25 April 2024, a session of the Civil Chamber of the Supreme Court was held to answer questions formulated by the First President of the Supreme Court, published on 29 January 2021, on key issues related to foreign currency mortgage loan agreements. The Supreme Court, composed of the entire Civil Chamber, adopted a resolution having the force of a legal principle, in which it stated that:

a. When finding that a provision of an indexed or denominated credit agreement relating to the manner of determining the foreign currency exchange rate constitutes an unfair contractual provision and is not binding, then in currently existing legal situation it cannot be stated that such a provision could be replaced by another formula of defining the foreign currency exchange rate resulting from law or custom.

b. In case of impossibility to determine the foreign currency exchange rate binding the parties in the indexed or denominated loan agreement, the agreement is not binding also in the remaining scope.

c. If, in the performance of a credit agreement which is not binding due to the unfair nature of its provisions, the bank has disbursed to the borrower all or part of the amount of the credit and the borrower has made repayments of the credit, independent claims for repayment of the undue performance shall arise in favour of each party.

d. If a credit agreement is not binding due to the unfair nature of its provisions, the statute of limitations of the bank's claim for repayment of amounts disbursed under the credit shall, as a rule, start to run from the day following the day on which the borrower challenges being bound by the provisions of agreement.

e. If a credit agreement is not binding due to the unfair nature of its provisions, there shall be no legal basis for any party to claim interest or other remuneration because of using party's pecuniary means during the period from the provision of undue benefit until the delay in the return of this benefit.

On 19 June 2024, the Supreme Court issued a resolution by a panel of 7 Supreme Court judges (III CZP 31/23) stating that:

The right of retention (Article 496 of the Civil Code) does not apply to the party that can set off its claim against the claim of the other party.

Due to the CJEU jurisprudence interpreting the causes and effects of invalidity of foreign currency mortgage loan agreements as well as above indicated resolution of the Civil Chamber of the Supreme Court, the area of interpretation of regulations by Polish courts in this respect appears to be limited. However, further jurisprudential practice of the Polish courts will play certain role in practical realisation of the CJEU's and the Supreme Court’s guidance.

51. Recently issued accounting standards

1 - Recently issued accounting standards and interpretations that came into force in the current financial year

At the date of these financial statements, the following accounting standards, interpretations, amendments and revisions were endorsed by the European Union (EU) with mandatory application for the financial year started on 1 January 2024:

Amendment to IAS 1: Classification of liabilities as current or non-current and Classification of non-current liabilities with covenants

On 23 January 2020, Amendment to IAS 1: Classification of liabilities as current or non-current was issued, which aims to clarify that liabilities are classified as current or non-current balances in accordance with an entity's right to defer their payment for at least 12 months after the financial reporting date.

The published amendments also clarify that the covenants that an entity is required to comply with on or before the reporting date affect the classification of a liability as current or non-current, even if their verification by the creditor only occurs after the reporting date.

When an entity classifies liabilities resulting from financing agreements as non-current and those liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk that these liabilities will become repayable within 12 months.

There were no material impacts on the application of this amendment in the Bank's financial statements.

Amendment to IFRS 16: Lease liability in a sale and leaseback

This amendment was issued on 22 September 2022 and it provides changes that specify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in sale and leaseback operations.

There were no material impacts on the application of this amendment in the Bank's financial statements.

Amendment to IAS 7: Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements

This amendment was issued on 25 May 2023 and it which address the disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are often referred to as supply chain finance, trade payables finance or reverse factoring arrangements.

There were no material impacts on the application of this amendment in the Bank's financial statements.

2 - Standards, interpretations, amendments and revisions that will take effect in future financial years

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have been endorsed by the European Union until the date of these financial statements:

Amendment to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (applicable for years beginning on or after 1 January 2025)

This amendment was issued on 15 August 2023 and it provides the following changes: specify when a currency is exchangeable into another currency and when it is not; specify how an entity determines the exchange rate to apply when a currency is not exchangeable; and require the disclosure of additional information when a currency is not exchangeable.

This amendment, although endorsed by the European Union, was not adopted by the Bank in 2024 as its application is not mandatory yet.

The Bank is currently assessing the potential impact resulting from the adoption of this amendment.

3 - Standards, interpretations, amendments and revisions not adopted by the European Union yet

The following standards, interpretations, amendments and revisions, with mandatory application in future financial years, have not been endorsed by the European Union until the date of these financial statements, and, therefore, have not been applied by the Bank:

Amendments to IFRS 18: Presentation and Disclosure in Financial Statements (applicable for years beginning on or after 1 January 2027)

This amendment was issued on 9 April 2024 and aims to improve the disclosure of the financial performance of entities and promote the provision of more transparent and comparable information. If a substantial part of the application principles of IAS 1 are maintained, and some principles are transferred to IAS 8 and IFRS 7, the main impact of the application of IFRS 18 refers to the presentation of the Income Statement.

The Income Statement is now presented, with the classification of expenses and income for the year, into three categories: operating, investment and financing, and there is also an income tax category.

The Bank is currently assessing the potential impact resulting from the adoption of this amendment.

Amendments to IFRS 19: Subsidiaries without Public Accountability: Disclosures (applicable for years beginning on or after 1 January 2027)

This amendment was issued on 9 May 2024 and it aims simplify financial reporting for eligible subsidiaries, enabling them to apply IFRS Accounting Standards with reduced disclosure requirements. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in preparing their consolidated financial statements. As IFRS Accounting Standards are developed and amended, IFRS 19 will be amended alongside them—always with a view to reducing disclosure requirements for eligible subsidiaries.

The Bank is currently assessing the potential impact resulting from the adoption of this amendment.

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments (applicable for years beginning on or after 1 January 2027)

This amendment was issued on 30 May 2024 and aim to improve clarity and relevance in the classification, measurement, and disclosure of financial instruments. The changes focus on settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets, including those with environmental, social and governance (ESG)-linked features. Also, the enhancing disclosure requirements for investments in equity instruments measured at fair value through other comprehensive income and financial instruments with contingent that do not relate directly to basic lending risks and costs.

The Bank is currently assessing the potential impact resulting from the adoption of this amendment.

Amendments to IFRS 9 and IFRS 7 - Amendment to Contracts Referencing Nature-dependent Electricity (applicable for years beginning on or after 1 January 2026)

This amendment was issued on 18 December 2024 and aims to help companies better report the financial effects of nature-dependent electricity contracts, often structured as power purchase agreements (PPAs). These contracts help secure electricity from renewable sources like wind and solar, with generation varying due to uncontrollable factors such as weather conditions. Current accounting standards may not fully capture how these contracts impact a company's performance. The amendments to IFRS 9 and IFRS 7 include clarifying the 'own use' requirements, permitting hedge accounting when these contracts are used as hedging instruments, and adding new disclosure requirements to help investors understand the effect of these contracts on financial performance and cash flows.

The Bank is currently assessing the potential impact resulting from the adoption of this amendment.

Annual Improvements to IFRS Accounting Standards - Volume 11 (applicable for years beginning on or after 1 January 2026)

This amendment was issued on 18 July 2024 and the IASB has proposed narrow-scope amendments to IFRS Standards as part of its periodic maintenance, focusing on clarifying wording or addressing minor issues. The proposed amendments, detailed in the Exposure Draft Annual Improvements to IFRS Accounting Standards - Volume 11, cover topics such as hedge accounting for first-time adopters (IFRS 1), disclosures on derecognition and credit risk (IFRS 7), lease liability derecognition (IFRS 9), determination of a 'de facto agent' (IFRS 10), and the cost method in cash flow statements (IAS 7).

The Bank is currently assessing the potential impact of annual improvements to IFRS.

52. List of subsidiaries and associates of Banco Comercial Português S.A.

SUBSIDIARIES

As at 31 December 2024, the Bank's subsidiaries are as follows:

Subsidiaries	Head office	Share capital	Currency	Activity	% held
Banco ActivoBank, S.A.	Lisbon	127,600,000	EUR	Banking	100 %
Bank Millennium, S.A.	Warsaw	1,213,116,777	PLN	Banking	50.1 %
BCP África, S.G.P.S., Lda.	Funchal	214,223,800	EUR	Holding company	100 %
BCP International B.V.	Amsterdam	18,000	EUR	Holding company	100 %
M Representações Ltda.	São Paulo	85,673,235	BRL	Financial Services	100 %
Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.	Funchal	25,000	EUR	Holding company	100 %
Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A.	Oeiras	1,500,000	EUR	Real estate investment fund management	100 %
Monumental Residence - Sociedade de Investimento Coletivo Imobiliária Fechada, S.A.	Oeiras	31,900,000	EUR	Real-estate management	100 %
Millennium bcp - Prestação de Serviços, A.C.E.	Lisbon	331,750	EUR	Services	93.2 %
Millennium bcp Teleserviços - Serviços de Comércio Electrónico, S.A.	Lisbon	50,004	EUR	E-commerce	100 %
Imoserit, S.A.	Oeiras	50,000	EUR	Buying and selling real estate	100 %

As at 31 December 2024, the Bank's investment funds, are as follows:

Investment funds	Head office	Share capital	Currency	Activity	% held
Imosotto acumulação - Fundo de Investimento Imobiliário Fechado	Oeiras	102,385,157	EUR	Real estate investment fund	100 %
Imorenda - Fundo de Investimento Imobiliário Fechado	Oeiras	85,156,715	EUR	Real estate investment fund	100 %
Sand Capital - Fundo de Investimento Imobiliário Fechado	Oeiras	88,082,695	EUR	Real estate investment fund	100 %
Fundial - Fundo de Investimento Imobiliário Fechado	Oeiras	17,340,985	EUR	Real estate investment fund	100 %
Fundipar - Fundo de Investimento Imobiliário Fechado	Oeiras	1,546,726	EUR	Real estate investment fund	100 %
Domus Capital - Fundo de Investimento Imobiliário Fechado	Oeiras	3,799,969	EUR	Real estate investment fund	95.8 %
Predicapital - Fundo de Investimento Imobiliário Fechado (*)	Oeiras	88,951,500	EUR	Real estate investment fund	60 %

(*) Company classified as non-current assets held for sale.

As at 31 December 2024, the Bank's Special Purpose Entity is as follows:

Special Purpose Entities	Head office	Share capital	Currency	Activity	% held
Magellan Mortgages No.3 Limited	Dublin	40,000	EUR	Special Purpose Entities	82.4 %

ASSOCIATES

As at 31 December 2024, the Bank's associates in the insurance sector are as follows:

Associates	Head office	Share capital	Currency	Activity	% held
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Lisbon	50,002,375	EUR	Holding company	49 %

As at 31 December 2024, the Bank's associates are as follows:

Associates	Head office	Share capital	Currency	Activity	% held
Banque BCP, S.A.S.	Paris	215,559,319	EUR	Banking	18.9 %
Webspectator Corporation	Delaware	950	USD	Digital advertising services	25.1 %
TIICC S.A.R.L.	Luxembourg	12,500	EUR	Services	38.5 %
Nexponor - Sociedade de Investimento Coletivo Imobiliário Fechado, S.A. (in liquidation)	Lisbon	65,621,200	EUR	Real-estate management	20.7 %

As at 31 December 2024, the Bank's investment and venture capital funds are as follows:

Investment funds and venture capital	Head office	Share capital	Currency	Activity	% held
Fundo Turismo Algarve, FCR	Lisbon	123,810,000	EUR	Venture capital fund	73.6 %
Fundo de Investimento imobiliário fechado Eurofundo (in liquidation)	Lisbon	12,412,550	EUR	Real estate investment fund	35.1 %
Lusofundo - Fundo de Investimento imobiliário fechado (em liquidação)	Lisbon	44,336,865	EUR	Real estate investment fund	42.5 %

53. Subsequent events

In addition to the aspects disclosed in the other notes and according to the accounting policy 1 Y, the events that occurred after the date of the financial statements and until the date of its approval, were as follows:

Banco Comercial Português, S.A. informed about the decision to launch a tender offer on a T2 Notes issue due December 2027

On 13 March 2025, Banco Comercial Português, S.A. (“BCP”) informed it has decided to launch a tender offer (the “Offer”) in respect to its outstanding EUR300,000,000 4.50% T2 Subordinated Fixed Rate Reset Notes due December 2027 (ISIN: PTBCPWOM0034) (the “Notes”).

The Offer is conditional on the successful completion of the issuance of a new series of Subordinated Fixed Rate Reset Notes to be issued off the Banks’ Euro Note Programme, subject to market conditions in amount of at least EUR 450,000,000 (the “New Notes”).

When considering allocation of the New Notes, BCP may give preference to those noteholders that, prior to such allocation, have validly tendered (or have given a firm intention to tender) their Notes for purchase pursuant to the Offer.

The purpose of the Offer is to proactively manage BCP’s capital structure and debt profile. The Offer also provides liquidity for investors in the Notes simultaneously with the opportunity to apply for priority allocation in the new Tier 2 issuance.

Banco Comercial Português, S.A. informed about issue of Tier 2 Notes

On 13 March 2025, Banco Comercial Português, S.A. hereby informed, that on the same day, Bank has fixed the terms for a new issue of subordinated Tier 2 Notes under its Euro Note Programme.

The issue, in the amount of EUR 500 million, will have a tenor of 12 years, with the option of early redemption by the Bank in the last three months of year 7, an annual interest rate of 4.75% during the first 7 years (corresponding to a spread of 2.150% (the “Spread”) over the 7-year mid-swap rate). The interest rate for the last 5 years will be determined on the basis of the then applicable 5-year mid-swap rate plus the Spread.

Banco Comercial Português, S.A. informed about decision to early redeem in full the EUR450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 bond issue

On 10 March 2025, Banco Comercial Português, S.A. informed that it has decided to exercise its option to early redeem all of its EUR450,000,000 Subordinated Fixed Rate Reset Notes due 27 March 2030 (ISIN: PTBIT3OM0098), issued on 27 September 2019 under the EUR 25,000,000,000 Euro Note Programme (the “Notes”), in accordance with condition 6(d) of the terms and conditions of the Notes and the final terms of the Notes. The early redemption of the Notes shall take place on the optional redemption date set out in the final terms of the Notes, 27 March 2025, at their outstanding principal amount together with accrued interest.

Banco Comercial Português, S.A. informed on the co-optation of non-executive independent Director

On 22 January 2025, Banco Comercial Português, S.A. informed that its Board of Directors, in accordance with the law and the Bank's regulations on Succession Planning, today approved the co-optation of Esmeralda da Silva Santos Dourado as independent non-executive director of the Bank, thus filling the vacancy on the Board of Directors for the four-year period 2022-2025.

The co-optation was resolved following obtaining authorization from the European Central Bank to exercise her functions and will be submitted for ratification at the Bank's next General Meeting.

Declaration of Compliance

Millennium bcp

DECLARATION OF COMPLIANCE

It is hereby declared that, to the best of the knowledge of the undersigned, the individual and consolidated financial statements of Banco Comercial Português, S.A. ("BCP" or "Bank"), which include (i) the individual and consolidated balance sheets as at 31 December 2024, (ii) the individual and consolidated income statements for the financial year ended on 31 December 2024, (iii) the maps of changes in equity and individual and consolidated cash flows for the financial year ended on 31 December 2024, (iv) a summary of the significant accounting policies, and (v) of the individual and consolidated explanatory notes, give a true and appropriate image of the individual and consolidated financial situation of the Bank as at 31 December 2024, of the individual and consolidated earnings of their operations and changes in equity and in individual and consolidated cash flows for the year ended on that date, in accordance to the International Accounting Standards, as adopted by the European Union.

The Bank's individual and consolidated financial statements relative to 31 December 2024 and the management report were approved by the Board of Directors on 25 March, 2025.

Furthermore, it is also declared that the management report of BCP for year of 2024 faithfully presents the evolution of the business, performance and situation of the Bank and companies included in the consolidation perimeter and contain a description of the main risks and uncertainties faced by them, have been approved by the Board of Directors on 25 March, 2025.

Porto Salvo, 25 March 2025

Nuno Manuel da Silva Amado
(Chairperson)

Jorge Manuel Baptista Magalhães Correia
(Vice-Chairman)

Valter Rui Dias de Barros
(Vice-Chairman)

Miguel Maya Dias Pinheiro
(Vice-Chairman)

Altina de Fátima Sebastian Gonzalez Villamarin
(Member)

Ana Paula Alcobia Gray
(Member)

Cidália Maria Mota Lopes
(Member)

Esmeralda da Silva Santos Dourado
(Member)

Fernando da Costa Lima
(Member)

João Nuno de Oliveira Jorge Palma
(Member)

Banco Comercial Português, S.A.

Millennium bcp

José Miguel Bensliman Schorcht da Silva Pessanha
(Member)

Lingjiang Xu
(Member)

Lingzi Yuan (Smilla Yuan)
(Member)

Maria José Henriques Barreto Matos de Campos
(Member)

Miguel de Campos Pereira de Bragança
(Member)

José Pedro Rivera Ferreira Malaquias
(Member)

Rui Manuel da Silva Teixeira
(Member)

Banco Comercial Português, S.A.

Annual Report of the Audit Committee

AUDIT COMMITTEE ANNUAL REPORT

I – Introduction

The Audit Committee ('Committee') of Banco Comercial Português, S.A. ('Bank') hereby presents the report of its supervisory activity for the financial year 2024, in compliance with the provisions of Article 423-F(1)(g) of the Companies Code.

II - Competences of the Audit Committee

The Audit Committee is the Bank's supervisory body with the powers set out in Article 423-F of the Companies Code and is responsible for overseeing compliance with the law and the Bank's Articles of Association and, among other duties, is responsible for supervising and monitoring the management of the Bank in its Group dimension, in particular the process of preparing and disclosing financial and prudential information and the compliance of the accounts with the applicable accounting and regulatory standards, including the opinion on the accounts and the proposal for the appropriation of profits to be submitted to the General Meeting of Shareholders.

Additionally, the Audit Committee is responsible for ensuring the existence and overseeing the effectiveness of the risk management, compliance and internal audit functions, issuing an opinion on their plans and activity reports, as well as on the Bank's governance and internal control systems and organisational culture, analysing and monitoring the main prudential indicators, the Risk Office's risk report, the Compliance Office's activity, Internal Audit activity, the handling of complaints and claims, relevant correspondence exchanged with regulatory and supervisory authorities, and analysing transactions involving related parties and potential conflicts of interest, as well as the reporting of irregularities.

The Audit Committee regularly supervises and monitors the activity of the Bank's Statutory Auditor and External Auditor, KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ('KPMG'), discussing relevant audit matters when appraising the quarterly, half-yearly and annual accounts, and receives the additional report to the supervisory body. The Audit Committee is also responsible for promoting the annual evaluation of the Statutory Auditor and External Auditor and of their independence and objectivity in carrying out its duties.

III - Activities carried out

The year 2024 was characterised by the impact on the Bank's business of the current economic situation when interest rates began a downward trend. The Audit Committee monitored the evolution of the main risks arising from the current geopolitical and economic crisis, marked by the wars in Ukraine and the Middle East, in particular with regard to updating macroeconomic scenarios, credit risk, interest rate risk, litigation risk, among others, especially their effects on the Bank's results, capital, liquidity and net worth, in Portugal and in the other countries where the Bank operates.

In 2024, the Committee held 16 meetings, and issued 2 Unanimous Written Resolutions, which were attended by all its members, either by videoconference or in person, and the respective minutes were drawn up and approved.

Among the activities carried out by the Audit Committee in 2024, the following are highlighted:

A. Monitoring and supervising the Bank's management

Within the scope of its activity of monitoring and supervising the Bank's management, throughout 2024 the Audit Committee monitored the activities of the Executive Committee, whose minutes it took note of.

The Committee's meetings were regularly attended as guests by the Executive Director responsible for Finance, the Executive Director responsible for Risk and Compliance, the Bank's Statutory Auditor and External Auditor, the Risk Officer, the Compliance Officer, the Head of the Audit Division, the Head of the Research, Planning and AML Division, the Head of the Marketing and Network Support Division, which is responsible for analysing and handling complaints and claims. Throughout 2024, the Committee also called other members of the Bank's Executive Committee to some of its meetings, whenever it deemed it necessary, namely its Chief Executive Officer, as well as the Chief Operations Officer, to monitor the Information Technology (IT) strategy and respective internal control recommendations, and the Special Audit on Data Quality project and the cybersecurity strategy and internal control recommendations, as well as meeting quarterly with the coordinating managers of the Accounting and Consolidation and Tax Advisory Divisions.

As a result of the political and social context in Mozambique, the Audit Committee monitored the evolution of events and the risks involved, in particular the impact of the downgrading of Banco de Moçambique's sovereign debt rating on the Bank's activity and accounts, obtaining all the information it needed from the Executive Committee and the directors responsible.

In addition, on the basis of its prerogative to summon any Bank employee it wishes to hear, with the aim of obtaining information on the activity carried out by the respective areas, the Committee met with the coordinating managers of the Specialised Monitoring Division, IT Division and Information Security Division. The Committee also met with the Head of the Human Resources Division to analyse the Bank's organisational climate and internal control environment, and with the Chairwoman of the Nominations and Remunerations Committee to assess the implementation and consistency of the Group's remuneration policies.

In order to monitor ESG - Environmental, Social and Corporate Governance - policy, strategy and risks, the Audit Committee met with the Risk Officer and the Head of the Office for Economic Research, Sustainability and Supervision Affairs (GESS) to analyse the current status of the ongoing implementation of the Bank's policy on the environment, sustainability and corporate governance.

The members of the Committee also took part in meetings of the Risk Assessment Committee which analysed the strategy and review of the indicators adopted as part of the process of identifying and defining the Bank's risk metrics, the RAS - Risk Appetite Statement, limit breaches and the Dashboard for monitoring the credit portfolio.

In carrying out its duties, the Committee requested and obtained all the information and clarifications it deemed necessary for this purpose, which included, in particular, the checks deemed appropriate and adequate on compliance with the Bank's Articles of Association and the applicable laws and regulations and did not encounter any constraints on its actions.

B. Supervising the process of preparing and disclosing financial information

The Committee examined the main accounting policies adopted, in particular those that could have an impact on the financial statements of the Bank and of its subsidiaries.

In 2024, the Audit Committee monitored the Bank's annual closing of accounts process, as well as the audit and legal certification of accounts conducted by the External Auditor, and in particular highlights the following aspects:

The Committee regularly discussed the evolution of the largest credit exposures and impairments, individually and collectively, as well as updating the respective calculation methodologies, including the methodology for calculating the provision for loans indexed to the Swiss Franc (CHF) granted by Bank Millennium ('BM').

The amount and recoverability of deferred tax assets ('DTAs') were also analysed and discussed by the Committee, and it is worth highlighting the decrease in the amount of DTAs over the year, particularly DTAs protected by the special regime. At the end of 2024, the net amount of DTAs on the Bank's balance sheet totalled around 2.5 billion euros and the analysis of the recoverability of these assets is based on projections and estimates, and the Bank has concluded that they are fully recoverable.

The valuation of properties classified as non-current assets held for sale, as well as those held through participation units in Real Estate Investment Funds in which the Bank is a majority holder, was also regularly monitored by the Committee throughout the year.

The Committee analysed and discussed in particular the evolution of the Corporate Restructuring Funds and their valuation, as well as the efforts made by the Bank to reduce them, and the amount of provisions allocated by the Bank to these assets under "other provisions for risks and charges".

The Committee also regularly analysed information on the Bank's Pension Fund and the actuarial assumptions used to determine liabilities for retirement pensions, especially those arising from changes in the interest rate and, consequently, the discount rate.

The Committee was also kept informed of the developments inherent in the Competition Authority's case and fine and the potential impacts of the class actions taking place at the same time, meeting with the directors responsible and the coordinating Head of the Bank's Legal and Litigation Advisory Division in order to obtain clarification on the impacts of the court decisions involved in these proceedings.

The Committee analysed monthly information on the individual and consolidated financial statements, as well as the results and main financial indicators of the Group's companies. It also periodically analysed the Bank's liquidity, efficiency and solvency ratios.

The Committee appraised the Management Report and Accounts for the 2023 financial year and the Legal Certifications of the Accounts and Audit Reports of Deloitte & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ('Deloitte') on the individual and consolidated financial statements, issued without reservations or emphases. In accordance with article 420 (5) of the Companies Code, the Committee confirmed that the Corporate Governance Report, included in the Bank's Annual Report, with reference to 2023, contains the data mentioned in article 245-A of the Securities Code.

Following the analysis carried out, on March 25, 2024, the Committee issued a favourable opinion on the approval by the Bank's General Meeting of the Management Report and other financial statements for the 2023 financial year and on the proposal for the appropriation of individual net income and the reserve for stabilising dividends presented by the Board of Directors.

As early as 2025, as a result of analysing the annual financial statements, the Committee notes the following:

Profits on a consolidated basis in 2024 totalled 906.4 million euros, as a result of the positive contribution of 87% from business in Portugal (+786 million euros) and 13% from international business (+120 million euros).

On the income side, the Group's results benefited from a positive contribution from net interest income (NIM) and commissions in all three geographical markets. In other income, the positive effects of lower contributions to the banking sector in Portugal were not enough to cover the significant increase in costs with customer negotiations in Poland plus bank contributions due to the conclusion of the Capital Recovery Plan. However, the trading results benefited from the positive effect of capital gains from the sale of credit portfolios in Portugal.

On the cost side, there was an increase in operating costs in all the group's countries, due to higher wage costs in Portugal and higher costs for external consultants in Poland, as a result of increased negotiations with customers. In Portugal, the value of credit impairments was influenced by the recovery of loans from Mozambique Asset Management (MAM), the reinforcement of individual exposures and the updating of the parameters of the collective impairment model, while in Poland the value was justified by some sales of credit portfolios. In Portugal, the increase in other provisions was to cover real estate and other legal and judicial contingencies. In Poland, the value of the provision for Swiss franc loans, 506.2 million euros, was offset by the positive effect of credit holidays. Finally, in Mozambique a provision of 34.5 million euros was recognised to cover the Mozambican public debt portfolio, as a result of the downgrade of the sovereign debt rating, which justifies the results in this country. In short, a result of 906.4 million euros after tax, which also benefited from the tax effect in Poland of recovering DTAs.

At the end of 2024, the Committee assessed the Group's budget proposal for 2025, analysing the assumptions used, the expected evolution of results and activity indicators, risk factors, market shares, investments and the evolution of own funds, as well as the different scenarios and sensitivity analyses prepared, which presented a number of adverse scenarios. As a result of the analysis carried out, the Audit Committee expressed a favourable opinion on the final budget proposal for 2025.

C. Monitoring of international operations

Throughout the year, the Committee regularly monitored the performance of international operations, particularly BM in Poland and Banco de Moçambique (BIM), given their size and relevance to the Group. It also monitored the activity of Banco Millennium Atlântico (BMA), an entity in which BCP holds a 22.5% stake, and its other subsidiaries in Portugal, ActivoBank and Interfundos.

The Committee was kept informed on a monthly basis of developments in the activities of subsidiaries abroad, their financial statements and key business indicators, paying particular attention to monitoring the processes arising from loans indexed to the Swiss Franc in BM and reinforcing the respective provision, as well as monitoring the losses incurred in out-of-court negotiations with customers.

In Poland, the positive result of 167 million euros was greatly influenced by the positive effect of net interest income and commissions, due to the combined effects of the evolution of interest rates and loan portfolio volumes, offset by a negative effect of increased costs for negotiations with Customers, as well as an increase in other legal costs with CHF (external consultants and lawyers), which justify the increase in operating costs.

In Mozambique, the Bank's results totalled 48 million euros, influenced by lower revenues and above all by other impairments, with a provision of 34.5 million euros for the Mozambican public debt portfolio, as a result of the downgrade of the sovereign debt risk rating at the end of the year, as well as other provisions for real estate, which were not expected.

The evolution of the value of the financial stake in BMA was also monitored on a regular basis.

In terms of liquidity and capital, the Bank complies with the requirements, with a CET1 ratio of 16.3%, above the regulatory ratio, having been influenced in the numerator by the Bank's positive results and the share buyback effect, and in the denominator by the decrease in credit risk RWA, especially in Poland, offset by the increase in operational risk RWA.

Additionally, and whenever justified, the Committee analysed with the executive directors the main risks of each operation and country.

D. Monitoring the effectiveness of the internal control system, including risk management, compliance and internal auditing

The Audit Committee monitored the preparation of the Report on the Prevention of Money Laundering and Terrorism Financing with reference to 31 December 2023, prepared in accordance with the terms provided for in Banco de Portugal Notice no. 3/2024 and Instruction 8/2024 and on which it issued an opinion addressed to the Board of Directors, and took note of the conclusions of the support work by an external consultant on the internal control system for the prevention of money laundering and terrorism financing.

The Committee also monitored the work to review the internal control system as a whole, which included an analysis and assessment carried out by Deloitte, as part of consultancy services contracted specifically for this purpose, and analysed and discussed the group perimeter defined to identify the Group entities covered by the obligation to issue Annual Self-Assessment Reports. Additionally, it monitored the preparation of these reports with reference to 30 November 2024, which include the self-assessments of the independence of the Risk Office, the Compliance Office and the Audit Division, and issued a report addressed to the Board of Directors that includes the Audit Committee's assessment and opinion regarding the Bank's governance model, organisational culture and internal control system, as foreseen in Banco de Portugal's Notice no. 3/2020.

Throughout 2024, the Audit Committee monitored the implementation of the recommendations reported in the Annual Self-Assessment Reports and the Report on the Prevention of Money Laundering and Terrorist Financing. The Committee also monitored the implementation of the action plans drawn up to carry out the recommendations issued by the European Central Bank and Banco de Portugal, with particular emphasis on the internal control system, including the component on the prevention of money laundering.

In relation to the risk management system, the Committee analysed the work carried out by the Risk Office and monitored the evolution of the main risk indicators, which include information on credit, liquidity, market, operational, compliance and reputational risks for all the Group's operations. Special mention should be made of non-performing exposures, the Corporate Restructuring Funds, the Pension Fund, the cost-to-core income ratio, the stock of lawsuits relating to credits indexed to the Swiss Franc, and exposure to the risk of Mozambique. Equally, the Committee monitored the evolution of the Bank's loan portfolio, particularly in the most vulnerable sectors of activity, and its potential impacts on the Bank's impairment and default levels.

The Committee took note of the operations approved by the Executive Committee for increased-risk debtors, having obtained the clarifications requested regarding such operations, whenever deemed necessary.

The Audit Committee on a monthly basis supervised the activity developed by the Audit Division, whose coordinating manager also informed the Committee on a monthly basis on the prudential inspection actions carried out by the supervisory entities and on the status of implementation of the recommendations arising thereof.

The Committee analysed and approved the proposal to revise the Audit Division's Activity Plan for 2024, and discussed and analysed the proposed changes to the deficiency risk classification matrix. It approved the activity plan developed by this Division in the fourth quarter of 2024 and the quarterly activity reports for 2024, the last of which will be in 2025, and monitored the progress of the implementation of the recommendations issued as a result of the internal audit actions carried out.

At the end of 2024, the Committee reviewed and approved the Multi-Annual Plan of the Audit Division for 2024-2026, which includes the Activity Plan of that division for 2025.

Throughout 2024, the Compliance Officer reported monthly to the Audit Committee on the activities of the Bank's compliance function, as well as on the behavioural inspection actions carried out by the supervisory bodies and the status of implementation of the recommendations resulting thereof. The Audit Committee analysed and approved the annual report of the activity developed by this area in 2024 and the quarterly reports on the activity developed in 2024 and, already in 2025, analysed and approved the

Compliance Office Activity Plan for 2025, as well as the annual report of the activity developed by this area in 2024.

As part of the policy on the acceptance of gifts, the Committee was informed about gifts communicated by the Bank's employees, as well as by members of the corporate bodies.

The Committee also monitored the irregularities reported through the "Report Irregularities" channel. Detailed information on the reports received using this channel and how they are processed is presented in a separate report, under the terms set out in Banco de Portugal Instruction 18/2020 and other applicable legislation.

Throughout the year of 2024 the Committee was regularly aware of the correspondence exchanged between the Bank and the supervisory entities, requesting from the Executive Committee and the relevant areas of the Bank additional information and clarifications regarding the matters covered in that correspondence whenever deemed necessary.

The Commission has also kept itself informed of major legislative and regulatory changes and has provided an opinion on group codes on which its opinion has been sought or is required by law. In addition, the Committee monitored the transposition of group codes in the subsidiaries abroad, ending 2024 with 100% transposition in all geographies.

E. Claims and complaints

The Committee was regularly informed and monitored the handling of customer complaints and claims by the Client's Ombudsman Office and the Marketing and network Support Division.

F. Supervision and monitoring of the Statutory Auditor's and External Auditor's activities

In 2024, the Committee analysed the conclusions of the audit of the financial statements for the 2023 financial year, on an individual and consolidated basis, carried out by Deloitte, and the corresponding statutory certifications of accounts and audit reports, as well as the conclusions of the desktop review of the financial statements for the first and third quarters of 2024 and the limited reviews of the interim financial statements for the first half of that year, carried out by KPMG.

With regard to other work carried out by the External Auditors, the Committee analysed: (i) the External Auditor's opinion on the adequacy and effectiveness of the internal control system underlying the process of preparing and disclosing financial information; (ii) the External Auditor's reports on the impairment of the loan portfolio with reference to December 2023 and June 2024; and (iii) the External Auditor's report on the safeguarding of customers' assets; (iv) the reports on assets eligible for guaranteeing credit operations in the Eurosystem; and (v) the report on compliance with the legal and regulatory requirements applicable to covered bond issues.

The Committee discussed with the External Auditor, among other matters, the evolution of loans to Customers and recognised impairments, the expected recoverability of deferred tax assets, the evolution of liabilities to the Pension Fund, the evolution of the Competition Authority case, as well as the evolution of non-current assets held for sale and CRFs. In addition, the Committee discussed with the External Auditor its interaction with the external auditors of subsidiaries abroad, and in particular the methodology for calculating the provision relating to Swiss franc loans in BM, as well as other litigation issues in this country.

The Committee, in carrying out its duties, has continually evaluated Deloitte's performance, particularly its independence. From the evaluation made of its work as Statutory Auditor and External Auditor throughout the 2023 financial year, the Audit Committee concluded that the Statutory Auditor and External Auditor carried out their work with independence, objectivity and professional scepticism.

The Committee concluded the Statutory Auditor/Audit Firm and External Auditor selection process for the 2024-2027 four-year period, with KPMG being elected as the bank's new Statutory Auditor/Audit Firm and External Auditor at the General Meeting held on 22 May 2024, having drawn up the Statutory Auditor/Audit Firm and External Auditor Selection Process Report for this purpose, in accordance with Banco de Portugal circular letter CC/2018/00000022.

The Audit Committee then monitored the transition process of the Statutory Auditor/Audit Firm and the External Auditor from Deloitte to KPMG, which went smoothly, as well as continuing to evaluate the current External Auditor, KPMG.

Throughout 2024, the Committee also assessed the proposals to award additional services to the External Auditor that were submitted to it and their compliance with internal regulations.

G. Issuance of opinions on credit operations and other contracts with related parties

Throughout the year, the Committee expressed its opinion on 22 credit operation proposals (including reviews of lines and limits) and 5 proposals for contracting goods and services associated with related parties, subsequently submitted for approval by the Board of Directors.

The Committee followed the evolution of the Bank's exposure to holders of qualifying stakes and entities with which it is in a control or group relationship, ensuring compliance with the prudential limits defined in Article 109 of the Legal Framework for Credit Institutions and Financial Companies.

IV – Acknowledgements

The Committee would like to express its gratitude to the other Corporate Bodies and the Bank's Departments with whom it was in contact and

worked throughout the 2024 financial year, in particular the Board of Directors' Support Office, for all the collaboration and commitment provided in carrying out its duties.

Porto Salvo, March 25th, 2025

Cidália Mota Lopes	Valter Barros	Fernando da Costa Lima

Audit Committee
Banco Comercial Português, S.A. 14/14

Opinion of the Audit Committee on the Annual Report of 2024

OPINION OF THE AUDIT COMMITTEE ON THE 2024 ANNUAL REPORT

1. Within the scope of its statutory and regulatory powers, the Audit Committee appraised the Management Report and Accounts of Banco Comercial Português, S.A. (the Bank) for the 2024 financial year, prepared by the Executive Committee, and the Legal Certifications of the Accounts and Audit Reports, as well as the Additional Report to the Supervisory Body, prepared by the External Auditor and Statutory Auditor of the Bank, KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ('KPMG'), on the Bank's financial statements on an individual and consolidated basis, issued without reservations and without emphasis.

2. This opinion is issued under the terms and for the purposes set out in Article 423-F(1)(g) of the Companies Code and should be read in conjunction with the "Annual Report of the Audit Committee" drawn up in accordance with the same legal provision.

3. In order to prepare this opinion, the Audit Committee met with the Executive Committee, with the Director responsible for financial matters, with the directors in charge of the Bank's relevant divisions, in particular the Accounting and Consolidation Division, the Tax Advisory Division, the Office for Economic Research, Planning and AML Division, the Office for Research, Sustainability and Supervision Affairs, the Audit Division, the Risk Office and the Compliance Office, as well as, with the Company Secretary and with KPMG, as External Auditor and Statutory Auditor, including the component relating to the validation of information on sustainability within the scope of their responsibilities, requesting all

information and clarifications relevant to the performance of their duties, which included, in particular, the verifications deemed opportune and appropriate on compliance with the applicable legal and statutory rules.

4. The underwriters declare that, to the best of their knowledge, the financial information analysed was drawn up in compliance with the applicable accounting standards, giving a true and fair view of the assets and financial position and results of the Bank and the companies included in its consolidation perimeter, and that the Management Report, which includes the Sustainability Report, faithfully describes the business evolution, performance and position of the Bank and the companies included in its consolidation perimeter, containing a description of the main risks and uncertainties they face.

5. The Legal Certifications of Accounts and Audit Reports, drawn up in accordance with the formats resulting from EU Regulation 537/2014 of April 16 and Law 140/2015 of September 7, include the so-called “Relevant Audit Matters” which, in the case of the Bank, KPMG has defined as:
    a. Impairment of financial assets at amortised cost;
    b. Recoverability of deferred tax assets;
    c. Legal contingencies related to loans indexed to the Swiss Franc; and
    d. Retirement pension liabilities.

   In addition to the relevant matters listed above, KPMG monitored other issues that require attention due to the risk they entail, which include the proceedings of the fine from the Competition Authority, the valuation of real estate and of the Restructuring Funds, the Deposit Guarantee Fund, the Resolution Fund, the valuation of financial instruments and hedge accounting, as well as various legal issues at Bank Millennium, especially related to legal contingencies, and also Banco Internacional de Moçambique (BIM), in particular the evolution of Mozambique's sovereign debt rating, as well as the report from the statutory auditors of the Group's components, which were monitored by the Audit Committee throughout the year, which received updates from the Executive Committee, the Bank's relevant Divisions and KPMG.

6. As a result of the work carried out, the Audit Committee agrees with the content of the Legal Certifications of Accounts and Audit Reports prepared by KPMG and has analysed the opinions relating to sustainability reporting, and gives a favourable opinion on the Bank's Management Report and Accounts, which includes the financial statements, on an individual and consolidated basis, and the Sustainability Report, for the year ending December 31st, 2024, approved on March 25th, 2025 by the Board of Directors, of which the members of the Audit Committee are a part.

7. Pursuant to what is stated above, it is our opinion that the General Meeting of Shareholders of Banco Comercial Português S.A. should approve:
   a) The Management Report and the other individual and consolidated financial statements for the year ending December 31st 2024;
   b) The Board of Directors' proposal to apply the positive net profit calculated in the individual balance sheet for the 2024 financial year, in the amount of € 802,567,222.04, as follows:
      i) To reinforce the legal reserve, € 80,256,722.21;
      ii) For distribution to shareholders as dividends, € 453,419,698.56; and
      iii) The remainder, that is, € 268,890,801.27 to Retained Earnings.

Porto Salvo, March 25th, 2025

Cidália Mota Lopes	Valter Barros	Fernando da Costa Lima

Summary of the Self-Assessment Report

Banco Comercial Português, S.A.

Summary of the Self-Assessment Report (Group)

This summary is presented under the terms of article 60 of Banco de Portugal Notice 3/2020 ('Notice').

The Self-Assessment Report ('Report'), prepared under the terms of article 55 of the 2020 Notice and Banco de Portugal Instruction no. 18/2020 ('Instruction'), contains the results of the assessment made regarding the adequacy and effectiveness of the internal control system of the Banco Comercial Português, S. A. Group ('Group') to ensure compliance with the requirements set out in article 51 of the Notice, as well as in relation to the consistency between the internal control systems of the subsidiaries and the internal control system of the parent company, Banco Comercial Português, S.A. ('parent company' or 'Bank'). The assessment was carried out with reference to the period between 1 December 2023 and 30 November 2024 ('reference period').

To ensure effective management of the risks associated with the Bank's and the Group's activity, it is the responsibility of the Bank's Board of Directors (BoD), as parent company, to ensure that all the Group's subsidiaries, including subsidiaries in third countries, implement internal control systems that are consistent with each other and in compliance with the requirements defined in the Notice.

The BoD of the Bank, as parent company, shall ensure that its control functions are appropriate to the size and nature of the Group and that its control functions and those of the subsidiaries interact with each other in order to ensure that the Bank's supervisory functions, as parent company, have the information necessary for the full performance of their responsibilities, including by ensuring that there are direct reporting lines between the internal control functions of the subsidiaries and those of the Bank.

The structure and content of the Report reflect the provisions of Article 4 of the Instruction and aim to demonstrate the importance that the Group attaches to the internal control system as a fundamental component of its business and organisation.

The Report includes a description of the Group's organisational structure and the parent company's governance model, as well as a summary of the actions undertaken and the measures implemented at the Bank and its subsidiaries to correct both the deficiencies detected in the reference period and those detected in previous periods whose implementation had not yet been completed, as well as to remedy the gaps identified in the process of implementing the Notice in relation to the requirements set out therein.

A number of deficiencies with an impact on the Group's internal control system were identified, all with risk levels F2 (Medium) and F1 (Low), except for 24, classified with risk level F3 (High), and there were no recommendations with risk level F4 (Severe). Corrective measures have been defined for all the deficiencies identified and deadlines for their correction.

With reference to 30 November 2024, individual self-assessment reports were drawn up for the Bank and the subsidiaries included in the group perimeter defined within the scope of

Audit Committee
Banco Comercial Português, S.A. 1/3

the preparation of the Report, which include the annual reports of those responsible for the risk management, of compliance and internal audit functions, drawn up under the terms of articles 27 (1)(s), 28 (1)(p) and 32 (1)(d) of the Notice, respectively. These reports confirm the independence of each of the internal control functions.

The Report also includes the conclusions of the assessment carried out by the Bank's supervisory and management bodies, as parent company, under the terms of articles 56 and 57 of the Notice, respectively. In addition, and to support its assessment of the Group's internal control system, the Committee asked the Bank's External Auditor to carry out specific work on analysing the internal control system, with a follow-up report on the situation reported in the Annual Self-Assessment Report submitted to Banco de Portugal in December 2023. The Auditor concluded, without prejudice to the deficiencies identified, none of which were classified as F4 or F3, in terms of the design, implementation and operational effectiveness of a set of controls inherent to the processes analysed, considering the nature and complexity of BCP's operations, that the internal control system reasonably ensures, in all materially relevant aspects, the requirements defined and demanded in Banco de Portugal Notice 3/2020, that is, it contributes to ensuring an suitable and effective culture and system of governance and internal control, mitigating the risks identified in an effective, timely and efficient manner.

The Audit Committee took note of the work carried out by the Nominations and Remunerations Committee within the scope of the Bank's remuneration policy and its consistency in terms of the Group, as well as the work carried out by the Compliance Officer analysing the regulatory compliance of the Bank's remuneration policy with the legislation in force and best practices, and its consistency in subsidiaries abroad, the conclusion of which highlighted the compliance and consistency of the remuneration policy in the Bank and the Group.

As a result of the work carried out and the cumulative evidence gathered, weighing up the current and potential impacts of the deficiencies that remain open, and with the exception of the aspects relating to the deficiencies pointed out, the Audit Committee concluded that the financial group's internal control system was adequate and effective, and that the internal control systems of the subsidiaries were consistent with the Bank's internal control system in all materially relevant aspects, in accordance with the requirements set out in the Notice.

The Board of Directors also concluded that the Bank's and Group's internal control system is adequate and effective overall, with an appropriate organisational risk and internal control culture in place, as well as an adequate and coherent remuneration policy, considering the information contained in the report and based on the monitoring it carries out of the activities of the internal control areas and the documents received from the supervisory entities and the external auditor, as well as the in-depth analyses carried out by the BoD's Committees, and in particular the Audit Committee.

Without prejudice to the above, the BoD considers that there are still deficiencies that have not been overcome and undertakes, together with the Audit Committee and the Executive Committee, to continue to act diligently to rectify them promptly.

The Audit Committee concluded that there are opportunities for improvement regarding the management process and the implementation of the Bank's internal control recommendations. Notwithstanding, the Audit Committee considers that the Bank has a suitable organisational culture, which incorporates a risk culture, and that the governance and internal control systems are globally suitable and effective in materially relevant aspects.

Cidália Mota Lopes	Valter Barros	Fernando da Costa Lima

Banco Comercial Português, S.A.

Summary of the Individual Self-Assessment Report

This summary is presented under the terms of article 60 of Banco de Portugal Notice 3/2020 ('Notice').

The Self-Assessment Report ('Report'), prepared under the terms of article 55 of the Notice and Instruction no. 18/2020 of Banco de Portugal ('Instruction'), contains the results of the assessment carried out by Banco Comercial Português ('the Bank') regarding the adequacy and effectiveness of the Bank's organisational culture and its governance and internal control systems, including remuneration practices and policies. The assessment was carried out with reference to the period between 1 December 2023 and 30 November 2024 ('reference period').

The Bank's BoD has established an internal control system whose purpose is to reasonably guarantee the orderly and efficient conduct of the business model, including the internal governance structure, adherence to management policies, safeguarding of assets, prevention of fraud and errors, prevention and management of conflicts of interest and reporting of irregularities, relationships and transactions with related parties, remuneration policies and practices, the rigour of accounting records, compliance with applicable laws and regulations and the timely preparation of comprehensive, relevant and reliable financial, non-financial and prudential information.

The internal control system in place covers the entire Bank, including the responsibilities and functions of the Board of Directors and the Committees that emanate from it, as well as the Audit Committee, all its business segments, structural units, namely internal control functions, subcontracted activities and product distribution channels.

In this context, the Bank has continuously strengthened the controls implemented in the activity of the first line of defence, and those exercised by the second and third lines of defence, for continuous improvement of the internal control system, and with a view to reducing incidents, the necessary continuity of ongoing audit work, as well as the measures implemented by the Board of Directors, in conjunction with the Audit Committee and the Executive Committee, to closely monitor the implementation of recommendations classified as F4 or F3 and promote an internal culture of focus on resolving them.

The structure and content of the Report reflect the provisions of Article 2 of the Instruction and aim to demonstrate the relevance that the Bank attaches to the various aspects related to organisational culture and governance and internal control systems, namely as a fundamental component of its business and organisation.

The Report includes a description of the Bank's organisational structure, as well as a summary of the actions undertaken, and the measures implemented to correct both the deficiencies detected in the reference period and those detected in previous periods whose implementation had not yet been completed.

Over the reference period there was an increase in the overall number of open recommendations compared to the same period last year, although the risk profile remained stable given the greater predominance of recommendations with moderate risk level F1 (Low) and F2 (Medium), except for 34 considered to have risk level F3 (High) (a variation of 3 more than the previous year). It is worth noting that there are no recommendations with an F4 ‘severe’ classification (compared to 2 the previous year). The increase in the overall number of recommendations compared to the same period last year is partly justified by the widening of the perimeter of the recommendations base, especially in Portugal, as a result of the entry of recommendations from the Special Audit on Data Quality, and additional recommendations issued by supervisors, namely those emanating from the SREP letter.

The Board of Directors analysed with the Executive Committee, the Audit Committee, the other committees of the Board of Directors and the internal control functions the plans defined for resolving the deficiencies identified and the deadlines set for their implementation, and monitored their progress, as well as any adjustments to the deadlines set for their completion. From the analysis carried out, the Board of Directors is convinced that an effort has been made to improve the Bank's response capacity by strengthening the control processes.

With reference to 30 November 2024, the annual reports of those responsible for the risk management, compliance and internal audit functions referred to in Articles 27 (1)(s), 28 (1)(p) and 32 (1)(d) respectively of the Notice were also prepared and are included in the Report. In these reports, each internal control function describes its composition and main competences and responsibilities, and its independence is confirmed by the person in charge. In addition, each report identifies open deficiencies in relation to the corresponding internal control function.

The Report also includes the conclusions of the assessment carried out by the Bank's supervisory and management bodies, under the terms of articles 56 and 57 of the Notice, respectively.

In addition, and to support its assessment of the Group's internal control system, the Audit Committee asked the Bank's External Auditor to carry out specific work on analysing the internal control system, with a follow-up report on the situation reported in the Annual Self-Assessment Report submitted to Banco de Portugal in December 2023. The Auditor concluded, without prejudice to the deficiencies identified, none of which were classified as F4 or F3, in terms of the design, implementation and operational effectiveness of a set of controls inherent to the processes analysed, considering the nature and complexity of BCP's operations, that the internal control system reasonably ensures, in all materially relevant aspects, the requirements defined and demanded in Banco de Portugal Notice 3/2020, that is, it contributes to ensuring an suitable and effective culture and system of governance and internal control, mitigating the risks identified in an effective, timely and efficient manner.

The Board of Directors assessed the adequacy and effectiveness of the organisational culture and its governance and internal control systems and remuneration practices and policies and concluded that, based on the information gathered and the monitoring it carries out on the activities of the internal control areas and on the documents received from the supervisory entities and the external auditor, as well as the in-depth analyses that the BoD Committees, and in particular the Audit Committee, also carry out on these matters, the Bank's internal control system is generally adequate and effective, with an appropriate organisational risk and internal control culture in place, as well as an adequate and coherent remuneration policy.

Nevertheless, the Board of Directors believes that there are still deficiencies that have not been overcome and undertakes, together with the Audit Committee and the Executive Committee, to continue to act diligently to rectify them promptly.

The Audit Committee concluded that there are opportunities for improvement regarding the management process and the implementation of the Bank's internal control recommendations. Nevertheless, the Audit Committee considers that the Bank has an adequate organisational culture, which incorporates a risk culture, and that the governance and internal control systems are globally adequate and effective in materially relevant aspects, stressing the need for the Bank to continue to ensure and maintain the effective implementation of the open recommendations.

Cidália Mota Lopes	Valter Barros	Fernando da Costa Lima

External Auditors' Report

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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Banco Comercial Português, S.A.** (the Group), which comprise the consolidated statement of financial position as at 31 December 2024 (showing a total of 102,143,602 thousand euros and total equity of 8,192,557 thousand euros, including a consolidated net profit attributable to the shareholders of the Bank of 906,378 thousand euros), and the consolidated income statement, the consolidated comprehensive income statement, consolidated statement of changes in equity e a consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Banco Comercial Português, S.A.** as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the consolidated Financial Statements" section below. We are independent of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of financial assets at amortized cost

(Loans and advances to costumers and provisions for guarantees and other commitments)

(1,604,773 thousand euros) see note 1.C1, 1.Y6.2, 11, 14, 22, 39, 54 – Credit Risk)

The Risk	Our response to the identified risk
Impairment losses for financial assets at amortized cost represent the Group's Board of Directors' estimate of expected losses at the reporting date of the financial statements, as defined in IFRS, in particular IFRS 9 – Financial Instruments. For the purposes of determining impairment, financial assets measured at amortized cost – loans and advances to costumers, as well as guarantees and other commitments, are classified into three categories (Stage 1, 2 or 3) taking into account whether or not a significant increase in credit risk has been identified since their initial recognition or whether they are classified as default. This classification is influenced by a set of subjective factors, which if incorrectly applied, could generate relevant impacts. Therefore, for the Group, determining the stage is a relevant process given that it influences the associated Expected Credit Loss ('ECL') levels. Impairment and provisions for guarantees and other commitments are calculated based on the expected loss that is estimated by the Group on an individual and collective basis. The individual analysis is based on the criteria defined in accounting policy 1.C1 (1.C1.5.5). This analysis is based on the	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls defined by the Group in terms of the process of identifying and determining losses due to reduction in recoverable value. ▪ We analysed the alignment of accounting policies with what is defined in the applicable sxtandards. ▪ We analysed the process and performed substantive tests to assess the classification of financial assets based on their credit risk (Stage 1, 2 and 3). ▪ We assessed the impairment model, which includes the provision for guarantees and other commitments, developed by the Group, including the analysis of its main assumptions and the forward-looking information considered in the ECL estimation, with the involvement of our specialists in this matter. ▪ We assess a selection of loans subject to individual analysis, including direct and indirect exposure, considering the assumptions underlying the identification and quantification of impairment, including (i) the assessment of existing collateral and (ii) recovery estimates in the event of default.

assessment of the existence of impairment losses on a case-by-case basis, considering the total exposure of a given client and expectations regarding the evolution of the performance of its activity,the market value of the associated collaterals and the expectation of the evolution of future macroeconomic conditions. The determination of impairment losses on an individual basis involves a judgment component from the Group due to the need to assess the information available in determining the recoverable amount, which includes assumptions that may not materialize as expected. Exposures subject to individual analysis for which no individual impairment has been assigned are transferred to collective analysis.

The collective analysis is based on estimates and assumptions for determining the ECL that take into account (i) the historical experience of losses in credit portfolios with similar risk determined taking into account the type of credit to which they are allocated, and (ii) knowledge of the economic and credit environments and their influence on the level of historical and future losses (forward looking), the latter being especially relevant considering the uncertain economic environment.

The process of assessing impairment of loans and advances to costumers and provisions for guarantees and other commitments is highly complex in its design and implementation and includes estimates and judgments on the part of the Group. This process considers factors such as the probability of default, risk ratings, the value of collaterals associated with each transaction, recovery rates and estimates of both future cash flows and the timing of their receipt.

The evolution of the current economic situation, especially the geopolitical uncertainty that has characterized the year of 2024, has an impact on the calculation

For this purpose, we selected a sample of clients for whom we analysed the reasonableness of the estimate of losses due to impairment based on the analysis of the judgments made by the Group on information relating to the clients' economic and financial situation, valuation of collaterals and perspectives on the evolution of the activity.

- For credits whose impairment losses are determined on a collective basis, we tested, with the support of our specialists in this area, the underlying models, including the approval process, validation thereof and determination of the impairment recorded in customer credit and provisions for guarantees and other commitments.

  Additionally, we tested the adequacy and accuracy of significant assumptions used by the model including key attributes.
- We analysed the methodologies defined by the Group for calculating additional impairments in relation to what results from the application of the model (overlays). Validation based on sampling of the inputs used and recalculation of values considering the methodology and inputs defined by the Group.
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

of the amount of impairment for the customer credit portfolio. The situation of uncertainty implies that the Group is recognizing additional levels of impairment (overlays) in customers operating in sectors identified as potentially more affected, determined through methodologies based on the complementary identification of situations of significant increase in credit risk and signs of impairment and determination of the respective expected losses.

On this basis, given the uncertainty, complexity and judgment involved in calculating the estimate, Impairment of financial assets at amortized cost the reduction to recoverable value for customer credit was considered a relevant audit matter.

KPMG

Recoverability of deferred tax assets

(2,253,457 thousand euros) see note 1.S, 1.Y3 and 31

The Risk	Our response to the identified risk
The Group has a set of deferred taxes that are not eligible for recognition under the special regime applicable to deferred tax assets, approved by Law No. 61/2014 of August 26, which establishes the dimensions for which the assets may be recovered. Therefore, and under the terms of IAS 12 “Income taxes”, non-eligible deferred tax assets must be recognized when there is a reasonable expectation of the existence of future taxable profits on the estimated date of their reversal. The Group periodically prepares an estimate of its future taxable profits to assess the recoverability of deferred tax assets. This estimate has a relevant judgment component and depends on the implementation of a set of assumptions made by the Group to calculate the evolution of its results before taxes and its understanding of tax legislation. Therefore, the recoverability of deferred tax assets is dependent on the Group's ability to generate future taxable income. Any deviations in relation to the estimate of future results or changes in the assumptions used to determine them, as well as changes in tax legislation or its interpretation, may have relevant impacts on the quantification of recoverable deferred tax assets.	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls defined by the Group in terms of the process for determining the estimated recoverability of deferred tax assets. ▪ We analysed the methodology and main assumptions considered by the Group to estimate the evolution of pre-tax results and taxable results of its activity. ▪ We analysed the reasonableness of the interpretation of relevant tax legislation considered by the Group in estimating future taxable results. ▪ We analysed the calculations performed by the Group to demonstrate the recoverability of deferred tax assets, considering the understanding of the assumptions and the review of the interpretation of tax legislation described above. ▪ We analysed the consistency of the pre-tax earnings estimate with the approved budget. ▪ We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

KPMG

Legal contingencies related to Swiss Franc-indexed loans ("CHF loans")

(1,979,025 thousand euros) see note 1.U, 1.Y7, 22, 39 and 57

The Risk	Our response to the identified risk
The Group in the past granted, through its subsidiary Bank Millennium, S.A., mortgage loans in foreign currency indexed to the Swiss Franc ("CHF loans"). Several legal actions against Bank Millennium are currently underway in the courts, including cases in which claims are made that the CHF loan agreements are partially invalid, regarding the indexation clauses, or that the agreements are completely invalid. This classification is presented in note 57 attached to the financial statements. The determination of the estimate of provisions to address the legal risk associated with this loan portfolio requires a significant judgment component on the part of the Group, in particular regarding the assumptions about (i) the probabilities associated with the different scenarios considered and the occurrence of different court decisions in ongoing legal actions; (ii) the estimate of the potential volume of future legal actions that may be brought against Bank Millennium,the number of agreements settled with customers, and their temporal distribution; and (iii) the estimate of the value of losses if the different types of unfavorable court decisions occur in ongoing and future lawsuits, and those resulting from settlements with clients. These judgments and assumptions are uncertain by nature and may change in the future, also because of the evolution of judicial decisions, with a potentially relevant impact on the estimation of provisions for legal risk of the CHF loan portfolio. It should be noted that the judgment of the Court of Justice of the European Union	Our audit procedures included, amongst others, those that we describe below: ▪ We understood the process and relevant control activities implemented by the Group to estimate provisions for legal contingencies related to CHF loans and assess the design and implementation of controls associated with the model used to calculate these provisions. ▪ We analysed the methodology used by the Group to estimate provisions for legal contingencies from lawsuits and amicable settlements with customers related to CHF loans, as well as the reasonableness and validity of the main assumptions made and the adequacy of the main inputs used, namely: (i) the probabilities associated with the different scenarios considered and the occurrence of different court decisions, in ongoing lawsuits; (ii) the potential volume of future legal actions that may be brought against the Group, the number of amicable settlements with customers, and their temporal distribution; (iii) the amount of losses if different types of unfavourable court decisions occur in ongoing and future lawsuits, and those resulting from amicable settlements with clients. ▪ We validated, on a sampling basis, the data used to calculate the provision. ▪ We analysed the calculation of provisions for legal contingencies related to CHF loans. ▪ We analysed the adequacy of provisions for legal actions brought against the Group considering the available legal documentation and the analysis of the sensitivity of provisions to changes in the main assumptions used by the Group. ▪ We assessed the adequacy of the respective disclosures to the financial

(CJEU) of 3 October 2019 on case no. C-260/18, related to a CHF loan involving another Polish financial institution, increased the uncertainty associated with the estimation of these provisions.

The CJEU interpreted the causes and effects of the invalidity of mortgage credit agreements in foreign currency and the treatment of clauses considered unfair included in such agreements, with this interpretation having a significant impact on the evolution of the proceedings. On this basis, future case-law guidance from Polish courts will play an important role in applying the CJEU's interpretative guidance, and the latter recognises that there are issues which, given the scope of the CJEU's competences, are subject to Polish case-law, as regards the determination of whether a given term is unfair. Developments related to these events may also have a relevant impact on the legal contingencies associated with the CHF loan portfolio, and consequently on the estimation of the respective impacts. Note 57 presents a set of additional information that should be considered in relation to the future evolution of this matter.

statements, in accordance with the applicable accounting framework.

KPMG

Retirement pension liabilities

(3,203,252 thousand euros) see note 1.R, 1.Y5 and 50

The Risk

The Group assumed responsibility for paying its employees and pensioners pensions under the terms defined in collective labor agreements.

The aforementioned liabilities were determined by the actuary, using the Projected Unit Credit method provided for in IAS 19 - "Employee Benefits" ("IAS 19"), and considering a set of actuarial assumptions, including the discount rate, salary and pension growth rates and mortality tables.

The discount rate, is determined based on market rates available on the reference date of the financial statements, for obligations considered to be of high quality from non-financial entities, denominated in euros and with a maturity similar to that of liabilities for retirement pensions and other associated benefits.

Any changes in actuarial assumptions may have significant impacts on past service liabilities relating to pensions.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls defined by the Group in determining liabilities for past services relating to pensions.
- We verified the certification of the actuary with the Insurance and Pension Funds Supervisory Authority (ASF) and analysed their declaration of independence contained in the actuarial study sent to the ASF.
- We analysed the actuarial study and obtained the information and clarifications considered necessary from the responsible actuary on the evolution of liabilities for past services relating to pensions, including the main actuarial assumptions used in their determination.
- We analysed the methodology used to determine liabilities for past services related to pensions and its adequacy in relation to the provisions of IAS 19. - We assessed the reasonableness of the main actuarial assumptions used to quantify liabilities for pensions, considering: (i) actuarial study; (ii) available market data; (iii) historical information (experience gains or losses); and (iv) information provided by the Group.
- We validated, on a sampling basis, the data relating to employees and pensioners, used to determine liabilities for past services relating to pensions.
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Other matters

The financial statements for the year ended 31 December 2023, presented for comparative purposes, were audited by another Statutory Auditors', which issued a Statutory Certification of Accounts without qualifications and emphasis, dated 25 March 2024. Our acceptance as statutory auditors occurred on 7 June 2024 to perform the statutory audit of the accounts for the year ended 31 December 2024.

Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;

- the preparation of the consolidated management report, the corporate governance report, the consolidated non-financial information and the remunerations' report, in accordance with applicable laws and regulations;

- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

- the adoption of accounting policies and principles appropriate in the circumstances; and,

- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;

- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion;

- communicate with those charged with governance, including the supervisory body, regarding , among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;

- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,

- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the consolidated non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is coherent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements. As defined in the article 451, nr. 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial statement that is included in the management report.

On the corporate governance report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Group to provide under article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of that article.

On the non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Group has included in its management report the non-financial statement defined in article 508-G of the Portuguese Companies' Code.

On the remuneration report (applicable in the case of securities issuing entities)

In accordance with article 26-G, nr. 6, of the Securities Code, we inform you that the Group has prepared a remuneration report that includes the information provided for in nr. 2 of that article.

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On the Single European Electronic Format (ESEF)

The consolidated financial statements of Banco Comercial Português, S.A. for the financial year ending 31 December 2024 must comply with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and publishing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements included in the annual report are presented in accordance with the requirements established in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on ESEF reporting and included, among others:
- obtaining an understanding of the financial reporting process, including the presentation of the annual report in valid XHTML format; and
- the identification and assessment of the risks of material misstatement associated with the marking of financial statement information in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Group to tag informationi.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:
- We were first appointed as auditors of Banco Comercial Português, S.A. (Group's holding) in the shareholders general assembly held on 22 May 2024 for a first mandate from 2024 to 2027.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 20 March 2025.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.

26 March 2025

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the no. 20161489)
represented by
Miguel Pinto Douradinha Afonso
(ROC no. 1454 and registered at CMVM with the no. 20161064)

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
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STATUTORY AUDITORS' REPORT AND AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE INDIVIDUAL FINANCIAL STATEMENTS

Opinion

We have audited the accompanying individual financial statements of **Banco Comercial Português, S.A.** (the Bank), which comprise the individual statement of financial position as at 31 December 2024 (showing a total of 63,960,815 thousand euros and total equity of 6,736,196 thousand euros, including the net profit of 802,567 thousand euros), the individual income statement, the individual comprehensive income statement, the individual statement of changes in equity and the individual statement of cash flows for the year then ended, and notes to the individual financial statements, including material accounting policy information.

In our opinion, the accompanying individual financial statements give a true and fair view, in all material respects, of the individual financial position of **Banco Comercial Português, S.A.** as at 31 December 2024 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the individual Financial Statements" section below. We are independent of the Bank in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual financial statements of the current period. These matters were addressed in the context of our audit of the individual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of financial assets at amortized cost

(Loans and advances to costumers and provisions for guarantees and other commitments)

(962,221 thousand euros) see note 1.B1, 1.X4.2, 10, 13, 19, 35, 48 – Credit Risk)

The Risk	Our response to the identified risk
Impairment losses for financial assets at amortized cost represent the Bank's Board of Directors' estimate of expected losses at the reporting date of the financial statements, as defined in IFRS, in particular IFRS 9 – Financial Instruments. For the purposes of determining impairment, financial assets measured at amortized cost – loans and advances to costumers, as well as guarantees and other commitments, are classified into three categories (Stage 1, 2 or 3) considering whether or not a significant increase in credit risk has been identified since their initial recognition or whether they are classified as default. This classification is influenced by a set of subjective factors, which if incorrectly applied, could generate relevant impacts. Therefore, for the Bank, determining the stage is a relevant process given that it influences the associated Expected Credit Loss (‘ECL’) levels. Impairment and provisions for guarantees and other commitments are calculated based on the expected loss that is estimated by the Bank on an individual and collective basis. The individual analysis is based on the criteria defined in accounting policy 1.C1 (1.C1.5.5). This analysis is based on the	Our audit procedures included, amongst others, those that we describe below: ▪ We assessed the design and implementation of the main controls defined by the Bank in terms of the process of identifying and determining losses due to reduction in recoverable value. ▪ We analysed the alignment of accounting policies with what is defined in the applicable standards. ▪ We analysed the process and performed substantive tests to assess the classification of financial assets based on their credit risk (Stage 1, 2 and 3). ▪ We assessed the impairment model, which includes the provision for guarantees and other commitments, developed by the Bank, including the analysis of its main assumptions and the forward-looking information considered in the ECL estimation, with the involvement of our specialists in this matter. ▪ We assess a selection of loans subject to individual analysis, including direct and indirect exposure, considering the assumptions underlying the identification and quantification of impairment, including (i) the assessment of existing collateral and (ii) recovery estimates in the event of default. For this purpose, we selected a sample of clients for whom we analysed the reasonableness of the estimate of losses

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assessment of the existence of impairment losses on a case-by-case basis, considering the total exposure of a given client and expectations regarding the evolution of the performance of its activity, the market value of the associated collaterals and the expectation of the evolution of future macroeconomic conditions. The determination of impairment losses on an individual basis involves a judgment component from the Bank due to the need to assess the information available in determining the recoverable amount, which includes assumptions that may not materialize as expected. Exposures subject to individual analysis for which no individual impairment has been assigned are transferred to collective analysis.

The collective analysis is based on estimates and assumptions for determining the ECL that take into account (i) the historical experience of losses in credit portfolios with similar risk determined taking into account the type of credit to which they are allocated, and (ii) knowledge of the economic and credit environments and their influence on the level of historical and future losses (forward looking), the latter being especially relevant considering the uncertain economic environment.

The process of assessing impairment of loans and advances to costumers and provisions for guarantees and other commitments is highly complex in its design and implementation and includes estimates and judgments on the part of the Bank. This process considers factors such as the probability of default, risk ratings, the value of collaterals associated with each transaction, recovery rates and estimates of both future cash flows and the timing of their receipt.

The evolution of the current economic situation, especially the geopolitical uncertainty that has characterized the year

due to impairment based on the analysis of the judgments made by the Bank on information relating to the clients' economic and financial situation, valuation of collaterals and perspectives on the evolution of the activity.

- For credits whose impairment losses are determined on a collective basis, we tested, with the support of our specialists in this area, the underlying models, including the approval process, validation thereof and determination of the impairment recorded in customer credit and provisions for guarantees and other commitments.

  Additionally, we tested the adequacy and accuracy of significant assumptions used by the model including key attributes.
- We analysed the methodologies defined by the Bank for calculating additional impairments in relation to what results from the application of the model (overlays). Validation based on sampling of the inputs used and recalculation of values considering the methodology and inputs defined by the Bank.
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

of 2024, has an impact on the calculation of the amount of impairment for the customer credit portfolio. The situation of uncertainty implies that the Bank is recognizing additional levels of impairment (overlays) in customers operating in sectors identified as potentially more affected, determined through methodologies based on the complementary identification of situations of significant increase in credit risk and signs of impairment and determination of the respective expected losses.

On this basis, given the uncertainty, complexity and judgment involved in calculating the estimate, Impairment of financial assets at amortized cost the reduction to recoverable value for customer credit was considered a relevant audit matter.

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Recoverability of deferred tax assets

(2,083,235 thousand euros) see note 1.S, 1.X1 e 27

The Risk

The Bank has a set of deferred taxes that are not eligible for recognition under the special regime applicable to deferred tax assets, approved by Law No. 61/2014 of August 26, which establishes the dimensions for which the assets may be recovered. Therefore, and under the terms of IAS 12 "Income taxes", non-eligible deferred tax assets must be recognized when there is a reasonable expectation of the existence of future taxable profits on the estimated date of their reversal.

The Bank periodically prepares an estimate of its future taxable profits to assess the recoverability of deferred tax assets. This estimate has a relevant judgment component and depends on the implementation of a set of assumptions made by the Bank to calculate the evolution of its results before taxes and its understanding of tax legislation.

Therefore, the recoverability of deferred tax assets is dependent on the Bank's ability to generate future taxable income.

Any deviations in relation to the estimate of future results or changes in the assumptions used to determine them, as well as changes in tax legislation or its interpretation, may have relevant impacts on the quantification of recoverable deferred tax assets.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls defined by the Bank in terms of the process for determining the estimated recoverability of deferred tax assets.
- We analysed the methodology and main assumptions considered by the Bank to estimate the evolution of pre-tax results and taxable results of its activity.
- We analysed the reasonableness of the interpretation of relevant tax legislation considered by the Bank in estimating future taxable results.
- We analysed the calculations performed by the Bank to demonstrate the recoverability of deferred tax assets, considering the understanding of the assumptions and the review of the interpretation of tax legislation described above.
- We analysed the consistency of the pre-tax earnings estimate with the approved budget.
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

Legal contingencies related to Swiss Franc-indexed loans ("CHF loans")

See note 1.U, 23 e 50

The Risk

As disclosed in note 23 of the individual financial statements, the Bank has an investment in Bank Millennium S.A. (50.1%), in the amount of 608,564 thousand euros measured at cost. The Bank annually performs impairment tests on its investments in subsidiaries and associates, having concluded in relation to Bank Millennium S.A. there is no need to constitute impairment.

Carrying out impairment tests involves making several assumptions and judgements, particularly regarding the evolution of an entity's activity. In the case of Bank Millennium S.A., in addition to the usual judgments in a valuation, there are a relevant set of court proceedings that add a higher level of uncertainty to the valuation.

The Bank's subsidiary Bank Millennium, S.A., granted in the past mortgage loans in foreign currency indexed to the Swiss Franc ("CHF loans"), which amounts to 1,642,802 thousand euros as at 31 December 2024.

Several legal actions against Bank Millennium, S.A. are currently underway in the courts, including cases in which claims are made that the CHF loan agreements are partially invalid, regarding the indexation clauses, or that the agreements are completely invalid. Bank Millennium S.A. has booked impairment and provisions in the amount of 1,979,025 thousand euros. This understanding is presented in note 50 attached to the financial statements.

The determination of the estimate of provisions to address the legal risk associated with this loan portfolio requires

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

We assessed the design and implementation of the main controls defined by the Bank when performing impairment tests on subsidiaries. In the impairment test of the financial interest held in Bank Millennium, S.A. all the procedures below were considered:

- We understood the process and relevant control activities implemented by Bank Millennium, S.A. to estimate provisions for legal contingencies related to CHF loans and assess the design and implementation of controls associated with the model used to calculate these provisions.
- We analysed the methodology used by Bank Millennium S.A. to estimate provisions for legal contingencies from lawsuits and amicable settlements with customers related to CHF loans, as well as the reasonableness and validity of the main assumptions made and the adequacy of the main inputs used, namely: (i) the probabilities associated with the different scenarios considered and the occurrence of different court decisions, in ongoing lawsuits; (ii) the potential volume of future legal actions that may be brought against the Bank, the number of amicable settlements with customers, and their temporal distribution; (iii) the amount of losses if different types of unfavourable court decisions occur in ongoing and future lawsuits, and those resulting from amicable settlements with clients.
- We validated, on a sampling basis, the data used to calculate the provision.
- We analysed the calculation of provisions for legal contingencies related to CHF loans.
- We analysed the adequacy of provisions for legal actions brought against Bank Millennium S.A. considering the available

a significant judgment component on the part of the Bank, in particular regarding the assumptions about (i) the probabilities associated with the different scenarios considered and the occurrence of different court decisions in ongoing legal actions; (ii) the estimate of the potential volume of future legal actions that may be brought against Bank Millennium, S.A., the number of agreements settled with customers, and their temporal distribution; and (iii) the estimate of the value of losses if the different types of unfavorable court decisions occur in ongoing and future lawsuits, and those resulting from settlements with clients.

These judgments and assumptions are uncertain by nature and may change in the future, also because of the evolution of judicial decisions, with a potentially relevant impact on the estimation of provisions for legal risk of the CHF loan portfolio and, inherently, in assessing the value of Bank Millennium S.A..

It should be noted that the judgment of the Court of Justice of the European Union (CJEU) of 3 October 2019 on case no. C-260/18, related to a CHF loan involving another Polish financial institution, increased the uncertainty associated with the estimation of these provisions.

The CJEU interpreted the causes and effects of the invalidity of mortgage credit agreements in foreign currency and the treatment of clauses considered unfair

legal documentation and the analysis of the sensitivity of provisions to changes in the main assumptions used by Bank Millennium S.A..

- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

included in such agreements, with this interpretation having a significant impact on the evolution of the proceedings. On this basis, future case-law guidance from Polish courts will play an important role in applying the CJEU's interpretative guidance, and the latter recognises that there are issues which, given the scope of the CJEU's competences, are subject to Polish case-law, as regards the determination of whether a given term is unfair. Developments related to these events may also have a relevant impact on the legal contingencies associated with the CHF loan portfolio, and consequently on the estimation of the respective impacts. Note 50 presents a set of additional information that should be considered in relation to the future evolution of this matter.

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Retirement pension liabilities

(3,183,609 thousand euros) see note 1.R, 1.X3 e 45

The Risk

The Bank assumed responsibility for paying its employees and pensioners pensions under the terms defined in collective labor agreements.

The aforementioned liabilities were determined by the actuary, using the Projected Unit Credit method provided for in IAS 19 - "Employee Benefits" ("IAS 19"), and considering a set of actuarial assumptions, including the discount rate, salary and pension growth rates and mortality tables.

The discount rate is determined based on market rates available on the reference date of the financial statements, for obligations considered to be of high quality from non-financial entities, denominated in euros and with a maturity similar to that of liabilities for retirement pensions and other associated benefits.

Any changes in actuarial assumptions may have significant impacts on past service liabilities relating to pensions.

Our response to the identified risk

Our audit procedures included, amongst others, those that we describe below:

- We assessed the design and implementation of the main controls defined by the Bank in determining liabilities for past services relating to pensions.
- We verified the certification of the actuary with the Insurance and Pension Funds Supervisory Authority (ASF) and analysed their declaration of independence contained in the actuarial study sent to the ASF.
- We analysed the actuarial study and obtained the information and clarifications considered necessary from the responsible actuary on the evolution of liabilities for past services relating to pensions, including the main actuarial assumptions used in their determination.
- We analysed the methodology used to determine liabilities for past services related to pensions and its adequacy in relation to the provisions of IAS 19. - We assessed the reasonableness of the main actuarial assumptions used to quantify liabilities for pensions, considering: (i) actuarial study; (ii) available market data; (iii) historical information (experience gains or losses); and (iv) information provided by the Bank.
- We validated, on a sampling basis, the data relating to employees and pensioners, used to determine liabilities for past services relating to pensions.
- We assessed the adequacy of the respective disclosures to the financial statements, in accordance with the applicable accounting framework.

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Other matters

The financial statements for the year ended 31 December 2023, presented for comparative purposes, were audited by another Statutory Auditors', which issued a Statutory Certification of Accounts without qualifications and emphasis, dated 25 March 2024. Our acceptance as statutory auditors occurred on 7 June 2024 to perform the statutory audit of the accounts for the year ended 31 December 2024.

Responsibilities of management and the supervisory body for the individual financial statements

Management is responsible for:

- the preparation of individual financial statements that give a true and fair view of the Bank's individual financial position, financial performance and the individual cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union;
- the preparation of the individual management report, the corporate governance report, the individual non-financial information and the remunerations' report, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Bank's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Bank's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Bank's financial reporting process.

Auditors' responsibilities for the audit of the individual financial statements

Our responsibility is to obtain reasonable assurance about whether the individual financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;

- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;

- communicate with those charged with governance, including the supervisory body, regarding , among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;

- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the individual financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes their public disclosure; and,

- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the individual management report is consistent with the individual financial statements, and the verification of the requirements as provided in numbers 4 and 5 of article 451 of the Portuguese Companies' Code regarding the corporate governance report, as well as the verification that the individual non-financial information and the remunerations report were presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the individual management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the individual management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is coherent with the audited individual financial statements and, having regard to our knowledge and assessment of the Bank, we have not identified any material misstatements. As defined in the article 451, nr. 7 of the Portuguese Companies' Code, this opinion is not applicable to the non-financial statement that is included in the management report.

On the corporate governance report

Pursuant to article 451, nr. 4, of the Portuguese Companies' Code, it is our opinion that the corporate governance report includes the information required to the Bank to provide under article 29-H of the Securities Code, and we have not identified any material misstatements on the information provided therein in compliance with paragraphs c), d), f), h), i) and l) of nr. 1 of that article.

On the non-financial information

Pursuant to article 451, nr. 6, of the Portuguese Companies' Code, we inform that the Bank has included in its management report the non-financial statement defined in article 66-B of the Portuguese Companies' Code.

On the remuneration report (applicable in the case of securities issuing entities)

In accordance with article 26-G, nr. 6, of the Securities Code, we inform you that the Bank has prepared a remuneration report that includes the information provided for in nr. 2 of that article.

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On the Single European Electronic Format (ESEF)

The individual financial statements of Banco Comercial Português, S.A. for the financial year ending 31 December 2024 must comply with the applicable requirements set out in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

Management is responsible for preparing and publishing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the individual financial statements included in the annual report are presented in accordance with the requirements established in the ESEF Regulation.

Our procedures considered the OROC Technical Application Guide on ESEF reporting and included, among others obtaining an understanding of the financial reporting process, including the presentation of the annual report in valid XHTML format.

In our opinion, the individual financial statements included in the annual report are presented, in all material respects, in accordance with the requirements set out in the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of Banco Comercial Português, S.A. (Group's holding) in the shareholders general assembly held on 22 May 2024 for a first mandate from 2024 to 2027.

- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the individual financial statements due to fraud.

- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Bank on 20 March 2025.

- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Bank in conducting the audit.

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26 March 2025

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the no. 20161489)
represented by
Miguel Pinto Douradinha Afonso
(ROC no. 1454 and registered at CMVM with the no. 20161064)

CORPORATE GOVERNANCE REPORT

Introduction

Banco Comercial Português, S.A. has structured this Corporate Governance Report for the financial year 2024, in compliance with the provisions set out in the annex to CMVM Regulation no. 4/2013 of August 1, 2013, the Securities Code and Circular 005/2024 of February 20, as well as the principles and recommendations of the Corporate Governance Code issued by *Instituto Português de Corporate Governance* (Portuguese Institute of Corporate Governance) of 2018, in the version revised in 2023.

In preparing the Report, the following regulations, among others, were also taken into account: the LFCIFC, the CC, Notice no. 3/2020, Law no. 62/2017 of August 1, CMVM Regulation no. 1/2023, Directive 2013/36/EU and Regulation 575/2013, both of the European Parliament and of the Council of June 26, 2013, Regulation (EU) no. 596/2014 of April 16, 2014, Implementing Regulation (EU) 2016/523 of the Commission of March 10, 2016, Delegated Regulation (EU) 2021/923 of the Commission of March 25, 2021, and the joint ESMA Guidelines 35-36-2319 and EBA/GL/2021/05 of July 2, 2021.

All the information contained in this report is provided with reference to the last day of the 2024 financial year (December 31, 2024 or "Reference Date"), unless otherwise indicated, or when the context indicates otherwise.

This Report only considers the individual BCP and, in addition to the introductory part, it consists of two parts and four annexes, with the following structure:

Introduction, Glossary and 2024 Highlights

Part I - Items 1 to 92 contain information on the shareholder structure, organisation and corporate governance, responding to the requirements of the Securities Code, CMVM Regulation no. 4/2013 of 1 August 2013 and the IPCG recommendations contained in the CGC, as well as Banco de Portugal Notice no. 3/2020.

Part II - Assessment of Compliance with the CGC Recommendations and Sub-Recommendations

Annex I – CV of the Members of the Board of Directors of the Bank

Annex II – CV of the Members of the Remunerations and Welfare Board

Annex III – CV of the Members of the Board of the General Meeting of Shareholders

Annex IV - Remuneration Policy of Members of the Management and Supervisory Bodies

2024 Main Highlights

Governance and internal control are now a priority for BCP's management and supervisory bodies. This report highlights the consistent path that the Bank has taken in improving and strengthening governance and control structures, in line with a trajectory of structure simplification, based on strong developments in technological and digital capabilities, which has received the support of its shareholders. In addition, it is worth noting that, considering the Portuguese context and the assessments made to past Corporate Governance Reports, the Bank has consistently demonstrated a robust and transparent internal governance, which complies with or justifies practically all the recommendations of the IPCG code.

Notwithstanding the awareness that internal governance practices must be adapted over time and according to the specific needs of the Bank, the BoD is today focused on presenting a robust governance structure, widely known, internally and externally, and that ensures adequate levels of efficiency. In this context, the active participation of the BoD and its several Committees in matters critical to the Bank is very relevant and recognised today, with a special focus on internal governance and risk management.

The year 2024 was marked by the definition of the *Valorizar 2028* (Add more value) Strategic Plan, which implied a deep reflection on the Bank's current business model and structure and the levers that will have to be adopted to achieve the ambitious objectives that have been defined. Taking advantage of this motto of simplicity and innovation that is part of the new strategy and, in particular, the appreciation of our customers, employees and shareholders, a comprehensive review of the terms under which the corporate governance and the remuneration report are presented was carried out, complying with the format defined by law, but making corporate information clearer and more transparent and in line with international standards.

We outline below the main changes and highlights that occurred in corporate governance matters in 2024:

a) Changes to the corporate bodies in 2024

The composition of the Bank's management and supervisory bodies remained stable in 2024, with the 2022-2025 term of office in progress, having only changed due to the submission of a letter of resignation from the non-independent non-executive director Xiaoxu Gu (Julia Gu), on the 5th of January 2024, with effect on the 29th of February 2024. The Bank began the process of selecting and evaluating a new non-executive member, having previously submitted to the supervisor the internal evaluation of a new candidate. In the selection context, the Bank sought female candidates, who were qualified as independent and who had recognised experience in the management of large companies and businesses in Portugal and abroad, a useful perspective in the collective context considering the challenges of the Bank's new Strategic Plan.

On the 10th of January 2025, the Bank was notified of the ECB's non-objection to the election of the identified candidate and, on the 22nd of January, director Esmeralda da Silva Santos Dourado was co-opted by the BoD to the position of non-executive (independent) member, increasing the ratio of independent directors on the Board.

It should also be noted that, after the self-assessment exercise of the BoD and the independent evaluation of the conduct and values of the BoD by Egon Zehnder in 2023 - Board Effectiveness Review - (an exercise that will be repeated in 2025), the Bank identified some opportunities for improvement and followed up on these opportunities in half-yearly meetings of the Chairman of the BoD with the other independent non-executive directors and at the CGESC, and the action plan has been successfully executed.

In this context, a structured training plan was also implemented for directors, in particular for non-executive ones, with a special focus on risk matters of prevention of money laundering and terrorism financing, competition, cybersecurity and ESG.

At the GM held on the 22nd of May 2024, the GM board members were also reappointed for another term of office (2024/2027) and a new Statutory Auditor and External Auditor, KPMG, was elected after a competitive auditor selection process.

In this regard, it should be noted that the auditor selection process was initiated in advance by the AudC since, according to the Statutory Auditor Selection and Appointment Policy and the best corporate governance practices, "preferably, the change in the Statutory Auditor/Audit Firm should not coincide with the change in a significant part of the composition of the Board of Directors or the Audit Committee". Considering that the current mandate of the BoD and the AudC ends in 2025, the AudC decided not to propose the election of Deloitte for another 2 years, (performing audit functions at BCP for the maximum legally established period of 10 consecutive years), so that the work transfer can be better monitored by the current governance structure, being in this way less disruptive, thus opening a competitive selection process.

b) Revision of the Regulations of the Board, its specialised Committees and the Commissions of the Executive Committee

The Regulations of the BoD and its Committees are reviewed annually, and in 2023 a deep review of their terms was carried out. In 2024, the changes were surgical, with only the powers to approve training plans for directors and control functions and to approve strategic technology, cybersecurity and digital plans being added to the BoD regulations. The express possibility of holding joint meetings of the BoD Committees was also included, when there are issues that are common, even if analysed from different perspectives, as is the case of the AudC and the RAC in matters of capital and control of the risk management function, the NRC and the RAC in matters of remuneration policies, or the CGESC and the RAC in matters of sustainability and Climate & Environment risk.

The Regulations of the Commissions of the Executive Committee were all restructured and reviewed in 2024 and are available for consultation.

c) Strengthening internal control functions

The Bank has established an internal control system in place covering the structure different levels, including the responsibilities of the management and supervisory bodies and the control functions, as well as all other business segments and structural units, including commercial networks and product distribution channels, central services and outsourced activities. This control system aims to ensure the orderly and efficient running of the business model, based on a sound and prudent management of the organisation.

Despite the fact that the BoD understood that the Bank had implemented a robust internal control model, given the business and regulatory evolution on the subject, in 2024 the Bank carried out a self-assessment of its internal control model and a plan to strengthen internal control functions was presented and discussed at the BoD, which included initiatives in terms of contracting plans, retention and development of human resources, as well as other operational initiatives to review methodologies and increase internal capabilities through technology. The implementation of the plan was monitored by the management bodies, and has been implemented, with the exception of the initiatives that were scheduled for 2025, which remain ongoing.

d) Report and Remunerations policies

Although the structure of the Remunerations Report remains in compliance with CMVM Regulation 4/2013, its content has been significantly revised with the aim of making the information clearer, more accessible and transparent to the market, reflecting best practices and incorporating suggestions and comments received from several stakeholders.

In fact, and in view of the previous reports, the presentation of the mechanisms for defining the remuneration of directors is explained in a simple but detailed way and more information is introduced on performance evaluation indicators for the definition of annual and long-term variable remuneration, on the performance evaluation processes implemented at the Bank and on the respective execution levels.

With regard to the changes to the MMSB Remuneration Policy, there was criticism from some stakeholders during the GM vote, particularly with regard to the identification and justification of the changes introduced.Recognising the importance of ensuring rigorous and structured communication, the Bank reiterates its commitment to transparency and continuous improvement in the disclosure of information, promoting an open and constructive dialogue with shareholders and other interested parties.

Glossary

The words identified below have the following meanings for the purposes of this Report:

GM: BCP's General Meeting of Shareholders

Notice nº 3/2020: Banco de Portugal's Notice 3/2020

Bank or BCP: Banco Comercial Português, S.A.

ECB: European Central Bank

BdP: Banco de Portugal

EIB: European Investment Bank

BoD: BCP's Board of Directors

AudC: BCP's Audit Committee

RAC: BCP's Risk Assessment Committee

EC: BCP's Executive Committee

CGESC: BCP's Corporate Governance, Ethics and Sustainability Committee

CMVM: Comissão do Mercado de Valores Mobiliários (Portuguese stock market regulator)

NRC: BCP's Nominations and Remunerations Committee

Code for Preventing and Combating Harassment: the Code of Good Conduct for Preventing and Combating Harassment and Promoting Equality and Non-Discrimination in force at BCP

RWB: BCP's Remunerations and Welfare Board

CC: The Companies Code, approved by Decree-Law no. 262/86, of 2nd September, as amended

CVM: The Securities Code, approved by Decree-Law no. 486/99, of 13 November, as amended

Reference Date: the reference date of this report, which is 31 December 2024

AUD: BCP's Audit Division

EBA: European Banking Authority

EOROC: The by-laws of the Chartered Accountants Association, approved by Law 140/2015, of 7 September, as amended

ESG: Environmental, social and corporate governance

Articles of Association: BCP's Articles of Association

AI: Artificial Intelligence

IPCG: Portuguese Institute of Corporate Governance

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

MMSB: Members of the Management and Supervisory Bodies

Conflicts of Interests Policy: BCP's Policy for the Prevention and Management of Conflicts of Interests

SMP: Sustainability Master Plan

MMSB Remuneration Policy: Remuneration Policy for members of the Management and Supervisory Bodies in force at BCP

Statutory Auditor (ROC) Selection and Appointment Policy: the Statutory Auditor or Audit Firm Selection and Appointment Policy and for Hiring Non-audit Services Not Prohibited by Law in force at BCP

MMSB Selection and Evaluation Policy: the Internal Fit and Proper Policy for members of the management and supervisory bodies and key function holders in force at BCP.

Report: this BCP Corporate Governance Report

LFCIFC: Legal Framework for Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92, of 31 December, as amended

Market Abuse Regulation: Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse

AFR: Annual Fixed Remuneration

Statutory Auditor (ROC): BCP's Statutory Auditor and External Auditor

VR: Variable Remuneration

AVR: Annual Variable Remuneration

LTVR: Long Term Variable Remuneration

Audit Firm (SROC): Audit Firm (Sociedade de Revisores Oficiais de Contas)

Part I

A. SHAREHOLDING STRUCTURE (Organization and Corporate Governance)

I. Capital Structure

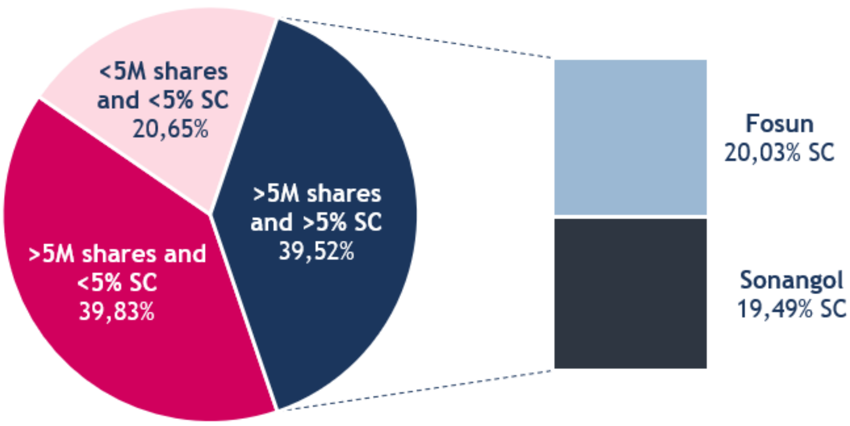
1. Capital structure

At the date of approval of this Report (March 2025, as well as on the Reference Date), the Bank's share capital is 3,000,000,000.00 euros, represented by 15,113,989,952 single-class, registered, book-entry shares with no nominal value, fully subscribed and paid up, all admitted to trading on regulated market (Euronext Lisbon). These shares represent 100% of the share capital, confer identical rights and are fungible between them.

Although, under the Articles of Association, the Bank has the option of issuing shares with special rights, namely preference shares with or without voting rights, redeemable with or without a premium, or non-redeemable, the Bank has not made use of this option. The issue of this type of shares would depend on a specific resolution adopted by the GM by a majority of 2/3 of the votes cast.

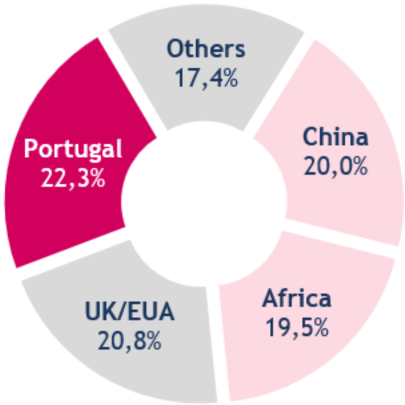
According to information from Interbolsa, the number of BCP shareholders on the reference date was 121,548. The Bank's shareholder structure remained dispersed, with the following configuration:

DIVISION OF THE PERCENTAGE OF THE SHARE CAPITAL (SC) AND THE ASSOCIATED NUMBER OF SHARES



As for the geographical distribution of the shareholders' capital and voting rights, on the reference date, the configuration was as follows:

GEOGRAPHICAL DISTRIBUTION OF THE SHAREHOLDER BASE



2. Restrictions on the transferability of shares

There are no clauses in the articles of association restricting the transferability of shares or requiring consent for sale or limiting ownership (article 29-H, paragraph 1, b) of the SC). The shares representing the Bank's share capital are freely transferable.

3. Own shares

The Bank did not hold own shares on the Reference Date.

4. Significant agreements to which the company is a party

The Bank is not a party to significant agreements, namely agreements that enter into effect, are altered or terminated, in the event of change of control, following a public takeover bid, or change of composition of the governing bodies and which might hinder the financial interest in the free transferability of shares and the free appraisal by the Shareholders of the Director's performance.

In 2024, the Bank fully repaid the three bilateral funding contracts it had negotiated with the EIB,with outstanding capital totalling around two hundred and sixty-five million euros, which included clauses that confer the counterparty, under certain verifiable circumstances and in line with what is usual in the type of operations in question, the right to trigger the early repayment of these values, in the event of a change to the Bank's shareholder control.

None of these contracts harmed, in anyway, the economic interest in the transfer of shares and the free appraisal by the Shareholders of the Director's performance.

5. A system that is subject to the renewal or withdrawal of countermeasures, particularly those that provide for a restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

In its articles of association, the Bank has a limitation on the exercise of voting rights - a defensive measure under which the exercise of voting rights is limited to only votes cast by a single shareholder and entities related to them under the terms of article 20(1) of the SC, which represent more than 30% of the votes corresponding to the entire share capital.

On the date this report was made, there were no shareholders reaching the above-mentioned limit of 30%.

The amendment of this statutory provision requires the approval of 2/3 of the votes cast at the GM (minimum legal quorum) and the Articles of Association do not provide for the periodic revision of the statutory rule that establishes the limitation on the counting of votes, but these limits automatically expire at the end of each five-year period if the GM of Shareholders does not expressly decides to maintain them (Article 13-C of the LFCIFC).

When this proposal for the maintenance or revocation of this limitation is made by the BoD, its approval is not subject to any limits, to the holding or exercise of voting rights, nor to any quorum or majority requirements aggravated in relation to the legal ones.

The current limitation on the counting of votes was approved at the GM on 20 May 2021 and remains valid until 20 May 2026.

6. Shareholders' agreements

The Bank is not aware of the existence of any shareholders' agreement relative to the exercise of corporate rights or transferability of the Bank's shares.

II. Shares and Bonds Held

7. Identification of the natural or legal persons who, directly or indirectly, hold qualifying holdings

The qualifying holdings in the Bank's share capital on the Reference Date were as follows:

Shareholder	No. shares	% of share capital	% of voting rights
Chiado (Luxembourg) S.a.r.l (Fosun Group)	3,027,936,381	20.03%	20.03%
TOTAL FOR FOSUN GROUP	**3,027,936,381**	**20.03%**	**20.03%**
Sonangol - Sociedade Nacional de Combustíveis de Angola, EP	2,946,353,914	19.49%	19.49%
TOTAL FOR SONANGOL GROUP	**2,946,353,914**	**19.49%**	**19.49%**
Total of qualifying shareholdings	**5,974,290,295**	**39.52%**	**39.52%**

8. Indication of the number of shares and bonds held by members of the governing bodies, directors and persons closely related to these categories

On this issue, please see the information provided in the Annual Report 2024, in Note 51 to the Consolidated Financial Statements.

9. Special powers of the management board, namely with respect to deliberations to increase share capital

Under the terms of the Articles of Association, the BoD has powers to, when deemed convenient and after having obtained the favourable opinion of the AudC, increase the share capital, once or more times, up to the limit of the value of the existing share capital when the authorisation was granted or upon its renewal, with shareholder's preference right.

The GM held on 20 May 2021 approved the renewal of the authorisation to increase the capital for a five-year period, valid until 2026.

At the date the authorisation was granted, the Bank's share capital was EUR 4,725,000,000.00.

10. Information on the existence of significant commercial relationships between holders of qualifying holdings and the company and conditions for the respective contracting

The Bank has instituted a rigorous process for contracts with its related parties, including holders of qualifying holdings, and the BoD has approved a Policy on Related Parties, available on the Bank's corporate website.

In addition, the Bank, through the BoD, approves and updates a List of Related Parties on a quarterly basis, with the knowledge of the supervisory body, the AudC, and in accordance with the provisions of Notice no. 3/2020.

There are no significant relationships of a commercial nature between the holders of qualifying holdings and the Bank, but it should be noted that all the companies in the economic groups that are qualifying shareholders of the Bank are identified as related parties, so all operations or contracts entered into with any of those companies follow the approval procedure set out in the Policy on Related Parties and described in items 89 et seq. of the Report.

B. GOVERNING BODIES AND COMMITTEES

I. General Meeting

a) Composition of the Board of the General Meeting

11. Identification and position of the members of the Board of the General Meeting and respective term of office

The Board of the GM is made up of a Chairperson, a Vice-Chairperson and the Company Secretary (article 20 of the Articles of Association), the first two of whom were reappointed for a second term, from 2024/2027, on 22 May 2024.

The Board of AG is composed as follows:

Chair:	Pedro Miguel Duarte Rebelo de Sousa (Independent)
Vice-Chair:	Octávio Manuel de Castro Castelo Paulo (Independent)
Secretary:	Ana Patrícia Moniz Macedo

b) Exercise of Voting Rights

12. Restrictions on matters of voting rights

Under the terms of the Articles of Association, each share corresponds to one vote. Natural or legal persons that own shares which confer them at least one vote at zero hours of the fifth trading day prior to the date of the General Meeting may participate therein, directly or through a representative.

Considering the experience acquired in previous years, as well as the reliability of the systems which were implemented, the Bank continues to carry out GMs which enable the simultaneous participation of shareholders, in person or by the use of electronic means. In this last case, voting in writing, by mail or internet is permitted, provided that the vote is received by the penultimate day prior to the date of the General Meeting. The shareholders have the possibility to, in the course of the meeting, alter the vote previously cast provided that they do so until the closing of the voting of the item in question. The entire process of organising the GM is audited annually by the AUD.

In its articles of association, the Bank does not have a rule allowing the issue of shares with special plural voting rights.

On these issues, please see items 5, 14 and 48.

13. Maximum percentage of voting rights that can be exercised by a single shareholder or by shareholders related to the former in any manner described in number 1 of article 20 of the Securities Code.

On this issue, please see item 5.

14. Shareholder resolutions which, by statutory imposition, can only be adopted with qualified majority, in addition to those legally provided

The Articles of Association require the presence of shareholders holding more than one third of the share capital for the GM to be held at first call. The Articles of Association also require a qualified majority of three quarters of the votes cast for approval of decisions on merger, demerger and transformation and a majority of three quarters of the fully paid up share capital for resolutions on the dissolution of the company. The amendment of articles which establish limitations to voting rights or determine majorities different from those stipulated in the law requires a qualified majority of two thirds of the votes cast.

The demand for a reinforced quorum is intended to defend minority shareholders and assure that no relevant matter is resolved on without the effective participation of a representative number of shareholders.

On these issues, please see items 5 and 48.

II. Management and Supervision

a) Composition

15. Details of the endorsed governance model

The Bank adopts a one-tier corporate structure, composed of a BoD, which includes the EC and the AudC (supervisory body). The Bank also has a RWB, Statutory Auditor and external auditor elected at the GM.

16. Statutory rules on procedural and material requirements applicable to the appointment and replacement of members of the Board of Directors and the Audit Committee

The members of the BoD are elected by the GM, at the proposal of shareholders, following an internal process of selection and assessment of the members of the management and supervisory bodies under the terms of the Bank's Succession Planning and Selection and Assessment Policy and applicable law.

The Bank instructs the proposals it submits to the GM with documentation that makes it possible to assess the suitability of each candidate's profile, knowledge, professional experience and availability, namely the self-declaration referred to in Article 30-A of the LFCIFC, containing relevant and necessary information for assessing suitability, as well as the candidates' CVs. This documentation is available for a period of ten years and can be accessed on the Bank's institutional website.

The assessment carried out in this context is conducted by the NRC, which takes into account the individual requirements of reputation, professional qualification, independence and availability (accumulation of positions) of each of the candidates, as well as the collective requirements of professional qualification, availability and diversity, all in compliance with the provisions of articles 30 to 33 of the LFCIFC, the ECB Guide to fit and proper assessments, of December 2021, and the joint ESMA and EBA Guidelines on assessing the suitability of members of management bodies.

In case the assessment includes a significant number of members of the NRC, the opinion that would be issued by NRC will be replaced by an opinion issued by an external entity.

Before or after submitting a proposal for the appointment of members to the management or supervisory bodies, the case is submitted to the ECB for a non-opposition decision in the context of a Fit & Proper process. The decision not to oppose is a legal condition for the member to take up his/her duties.

If the BoD co-opts a Director to fill a vacancy between meetings, the ECB's selection and non-opposition process is the same and the appointment must be submitted for ratification at the first GM following the co-option. The co-opted member shall hold office until the end of the term that is in progress.

Under the terms of the law, and under penalty of dismissal, each GM votes on a renewal of the vote of confidence in each of the members of the management and supervisory bodies and likewise in the body as a whole.

The MMSB Selection and Evaluation Policy and the Succession Planning are available on the Bank's website, on the institutional website.

In view of the relevance of the theme, the Bank, as the parent company of the BCP Group, has also approved regulations which are applicable to all the Group’s financial entities, defining the framework for assessing the individual and/or collective suitability of persons appointed to become members of the management and supervisory bodies and other key function holders in the Group. It also addresses succession planning at the Group level.

17. Composition of the Board of Directors and the Audit Committee

In accordance with the Bank's Articles of Association, the BoD is composed of a minimum of fifteen and a maximum of nineteen members, elected by the GM for terms of office of four years, who may be re-elected one or more times.

On the Reference Date, the BoD was made up of 16 members, with 10 non-executive and 6 executive members, and had the following composition:

BOARD OF DIRECTORS (BoD): COMPOSITION, TERM OF OFFICE (START AND END), POSITIONS AND QUALIFICATION OF THE MEMBERS

Composition of the BoD (Non-Executive Members)	Beginning of the term of office	Term of Office	End of the Term of Office	Appointment method	Body and Position	Capacity
Nuno Manuel da Silva Amado	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - Chairman	Non-Independent
	30/05/2018	2018/2021	31/12/2021			
	5/11/2015	2015/2017	31/12/2017		Board of Directors - Vice-Chairman and Executive Committee - Chairman	
	28/02/2012	2012/2014	31/12/2014			
Jorge Manuel Baptista Magalhães Correia	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - 1st Vice-Chairman	Non-Independent (a)
	30/05/2018	2018/2021	31/12/2021			
Valter Rui Dias de Barros	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - 2nd Vice-Chairman	Non-Independent (a)
	30/05/2018	2018/2021	31/12/2021		Board of Directors - Vice-Chairman	
Ana Paula Alcobia Gray	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - Member	Non-Independent (a)
	30/05/2018	2018/2021	31/12/2021			
Cidália Maria da Mota Lopes	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - Member	Independent
	30/05/2018	2018/2021	31/12/2021			
	11/05/2015	2015/2017	31/12/2017			
Lingjiang Xu	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - Member	Non-Independent (a)
	30/05/2018	2018/2021	31/12/2021			
	09/01/2017	2015/2017	31/12/2017	Co-option		
Fernando da Costa Lima	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - Member	Independent
	23/04/2019	2018/2021	31/12/2021	Co-optation		
Lingzi Yuan (Smilla Yuan)	04/05/2022	2022/2025	31/12/2025	Election	Board of Directors - Member	Independent
Altina de Fátima Sebastian Gonzalez Villamarin	11/10/2022	2022/2025	31/12/2025	Co-optation	Board of Directors - Member	Independent
José Pedro Rivera Ferreira Malaquias	11/10/2022	2022/2025	31/12/2025	Co-optation	Board of Directors - Member	Independent

(a) The director in question is connected to a shareholder with a qualifying stake.

On 5 January 2024, Xiao Xu (Julia Gu) submitted a letter of resignation as a member of the BoD (non-independent) with effect from 29 February 2024. The Bank began the process of selecting and evaluating a new non-executive member, having previously submitted to the supervisor the internal evaluation of a new candidate. As part of the selection process, the Bank looked for female candidates with recognised experience in the management of large companies and businesses and who were qualified as independent.

On 10 January 2025, the Bank was notified of the ECB's non-objection to the election of the identified candidate, and, on 22 January, director Esmeralda da Silva Santos Dourado was co-opted by the BoD to the position of non-executive (independent) member, increasing the ratio of independent directors on the Board.

BOARD OF DIRECTORS (BoD): COMPOSITION, TERM OF OFFICE (START AND END), POSITIONS AND QUALIFICATION OF THE MEMBERS

Composition of the BoD (Executive Members)	Beginning of the term of office	Term of Office	Term of Office - End	Appointment method	Body and Position	Capacity
Miguel Maya Dias Pinheiro	04/05/2022	2022/2025	31/12/2025	Election	Executive Committee - Chairman	Executive
	30/05/2018	2018/2021	21/12/2021			
	11/05/2015	2015/2017	31/12/2017		Executive Committee - Vice-Chairman	
	28/02/2012	2012/2014	31/12/2014			
	18/04/2011	2011/2013	28/02/2012			
	11/11/2009	2008/2010	31/12/2010	In replacement	Executive Board of Directors - Member	
Miguel de Campos Pereira de Bragança	04/05/2022	2022/2025	31/12/2025	Election	Executive Committee - Vice-Chairman	Executive
	30/05/2018	2018/2021	31/12/2021			
	11/05/2015	2015/2017	31/12/2017			
	28/02/2012	2012/2014	31/12/2014			
João Nuno de Oliveira Jorge Palma	04/05/2022	2022/2025	31/12/2025	Election	Executive Committee - Vice-Chairman	Executive
	30/05/2018	2018/2021	31/12/2021			
	09/01/2017	2015/2017	31/12/2017	Co-optation		
José Miguel Bensliman Schorcht da Silva Pessanha	04/05/2022	2022/2025	31/12/2025	Election	Executive Committee - Member	Executive
	30/05/2018	2018/2021	31/12/2021			
	11/05/2015	2015/2017	31/12/2017			
Maria José Henriques Barreto Matos de Campos	04/05/2022	2022/2025	31/12/2025	Election	Executive Committee - Member	Executive
	30/05/2018	2018/2021	31/12/2021			
Rui Manuel da Silva Teixeira	04/05/2022	2022/2025	31/12/2025	Election	Executive Committee - Member	Executive
	30/05/2018	2018/2021	31/12/2021			
	11/05/2015	2015/2017	31/12/2017			
	28/02/2012	2012/2014	31/12/2014			
	18/04/2011	2011/2013	28/02/2012		Executive Board of Directors -Member	

The BoD in office on the date of approval of the Report includes 6 female members, representing 35.29 % of its members, and on the Reference Date it included 5 female members because the process of non-opposition to the election of Esmeralda Dourado at the ECB was still underway.

The Chair of the AudC, the Bank's three-member supervisory body, is female, thus the Bank fulfils the legal criteria and requirements of gender balance in relation to the members of the BoD which, in BCP's governance model, is part of the supervisory body.

17.1 Description of the diversity policy applicable to management and supervisory bodies, and of policy for gender equality and the increase of the under-represented gender in frontline managers

The Bank has a MMSB Selection and Evaluation Policy under which the overall composition of the management body must include adequate diversity in terms of gender, knowledge and experience. In addition, the Bank has also implemented a Policy on Diversity and Equal Opportunities and a Plan for Gender Equality, for its entire structure, identifying concrete, tangible and consequential actions in these areas, both of which are published on the Bank's website.

With regard to the management and supervisory bodies, and in accordance with the Policy in force, the Bank should promote diversity among the members of the management body and key function holders. The aim will be to obtain a wide range of qualities and competences in recruitment, leading to diverse perspectives and experiences, which in turn promotes independence of opinion and a solid contribution to decision-making, ensuring equal treatment and opportunities, with a particular focus on qualifications and diverse professional backgrounds and experience, gender, age and geographical origin.

In its internal policy and in relation to gender, the Bank has set a target of at least one third of the under-represented gender on the management body, in compliance with the applicable national law (Law 62/2017 of 1 August). Following the resignation of director Júlia Gu, the Bank, in compliance with the Succession Planning in force, began a process of selecting and evaluating a new director, a process that was submitted to the ECB in a timely manner, but only obtained approval on 10 January 2025, which is why, as of 31 December, the Bank was not complying with the under-represented gender ratio set out in the aforementioned Law 62/2017 and its internal targets.

The representativeness of each gender in the Management and Leading positions was as follows:

	2023	2024
Board of Directors		
Women	6 (35%)	5 (31%) (1)
Men	11 (65%)	11 (69%)
Leading positions		
Women	360 (31%)	382 (33%)
Men	794 (69%)	784 (67%)

(1) The number indicated is only temporary as it results from the resignation in 2024 of member Julia Gu. Esmeralda Dourado was co-opted on 22 January 2025.

Without prejudice to the information that can be gathered from the CVs of the directors, which show significant diversity in terms of training, professional experience and geographical dispersion, a summary is presented of the qualification that the Bank presents in terms of other skills considered relevant:

Specific skill	Highest added value - Non-Executive Directors (out of 11 directors)	Highest added value - Executive Directors (out of 6 directors)
Banking marketing	4	3
Banking Operations	6	5
Climate and environmental risks	4	3
Commercial and corporate banking	5	4
Credit risk	4	4
Digital, ICT and cybersecurity	1	3
Financing and capital structure	5	3
International business experience	6	4
Knowledge and experience of the markets in which the Bank operates	7	3

Responsible business activity and sustainability	5	3
Specific knowledge of auditing and/or accounting	4	3
Talent and remuneration	5	3

It should be emphasised that, under the terms of its Regulations, the NRC carries out an annual evaluation of its members in order to assess their training and experience needs in the light of the development of the markets in which the Bank operates. Exceptionally, in 2024 this evaluation did not take place because it was carried out at the end of 2023, by both NRC and Egon Zehnder, because a training plan for non-executive members on sustainability matters was being finalised, and because a new evaluation was being carried in 2025 in preparation for the new term of office.

Also at Group level, there are regulations on the assessment of suitability (Fit and Proper) which ensures that all Group entities must promote diversity among the members of the management body and the various structures of the Bank, also guaranteed when recruiting them.

Globally, the number of employees of the Bank in Portugal per Gender evolved as follows:

	2023	2024
Women	2,809 (45%)	2,808 (45.3%)
Men	3,433 (55%)	3,395 (54.7%)

The recruitment of new employees has respected the principle of gender equality and is in line with the objectives of the Bank's Strategic Plan for the period 2021 to 2024 regarding diversity, enabling, in the same timeframe, the percentage of women in management positions to be close to 35%.

The admission of new employees evolved as follows:

	2023	2024
Women	132 (60%)	107 (53%)
Men	89 (40%)	95 (47%)

In order to achieve the goal set out in the Strategic Plan regarding the percentage of women in managerial positions, the Bank has made a global effort to strengthen women's leadership skills and equal treatment in career promotion processes.

Also in compliance with this Policy and under the terms of the law, the current composition of the BoD for the 2022-2025 term of office has 6 members of the least represented gender, which corresponds to 35.29% of the total number of members, with the percentage in the supervisory body standing at 33%.

18. Distinction between executive and non-executive members of the Board of Directors and, with regard to the non-executive members, identification of the members who may be considered independent

With regard to information on executive and non-executive members, reference is made to items 17 and 26 of this Report, emphasising that the BoD is made up of 17 members, 6 of whom are executive and 11 non-executive.

The Bank, based on the experience of the last mandates, considers appropriate, either the number of non-executive members of the BoD, or the number of those that, amongst them are qualified as independent.

With this composition, the Bank follows the best national and community practices followed by equivalent companies, being appropriate to the size of the company and the complexity of the risks inherent to the activity it pursues, allowing it to ensure a clear organisational structure, with lines of responsibility that the Bank observes.

The NRC is responsible for assessing the capacity of directors to be independent, in accordance with the applicable law, which is validated by the ECB in the context of the Fit & Proper process.

Considering the current governance model adopted and in accordance with the IPCG Corporate Governance Code, which defines that the independence criterion is only applicable to non-executive members, it should be noted that, on the Reference Date, 5 of the 10 non-executive members of the BoD are independent and that on the date of publication of this Report 6 of the 11 non-executive members are independent.

In view of its governance structure, the size of the company and the complexity of the business, BCP considers that the current proportion of independent non-executive directors in relation to the total number of directors, is adequate. The supervisory body, which is the AudC, is composed by 3 non-executive directors, 2 of them qualified as independent, including its Chairperson.

Having considered the entire legal framework applicable to this matter, the NRC considered that the composition of the BoD as a whole guarantees a variety of opinions and experiences that allow the management body to formulate independent opinions and sound, valid and rigorous decision-making processes.

The characteristics and competences of independent directors, who at the date of approval of this report represent 55% of all non-executive directors, show that their autonomy is guaranteed.

It should also be noted that the current Chairman of the BoD does not qualify as independent because he has held executive positions and has been a member of the Bank's management body for 12 consecutive years. Nevertheless, given the reasons why it is considered important for a Chairperson to be independent, he has implemented the practice of holding six-monthly meetings with the independent members of this body, in order to better listen to their concerns and promote improvements in terms of internal governance and company practices. At each meeting, suggestions and comments are identified and an action plan is defined and communicated to the BoD.

In addition, the BoD promotes, in conjunction with the AudC, in accordance with the requirements of Notice no. 3/2020, periodic and independent assessments to be carried out by an external entity on the conduct and values of the Bank, the BoD itself and its Committees. The last evaluation carried out was carried out by Egon Zehnder in 2023 and concluded with a positive assessment of the BoD's functioning, with recommendations that were reviewed by the BoD and with an action plan defined and monitored by the CGESC, which has now been fully implemented.

19. Professional qualifications and other relevant curricular details of each of the member of the Board of Directors and of the Audit Committee

Under the terms of the LFCIFC and the MMSB Selection and Evaluation Policy, each member of the management body is evaluated individually on the basis of their suitability, professional qualifications (including training and experience), independence and availability for the role. For more information on this component, please see item 25, as well as the table of diversity of skills in item 17.1.

The professional qualifications and other curricular details relating to the profile of each BoD member can be found in Annex I to this report.

These details are updated whenever necessary and are available at all times on the Bank's website, on the institutional page.

20. Family, professional or business relations, regular and significant, between the members of the Board of Directors and the Audit Committee with shareholders to whom a qualifying holding of more than 5% of the voting rights is attributable

As shown in the table presented in item 7 of this Report, the shareholders with more than a 5% stake are legal persons. Accordingly, and by nature, there are no family relations between the members of the BoD and shareholders with a stake above 5%; furthermore there are also no family relations between the members of the BoD and the members of the Boards of Directors of shareholders with a stake above 5%.

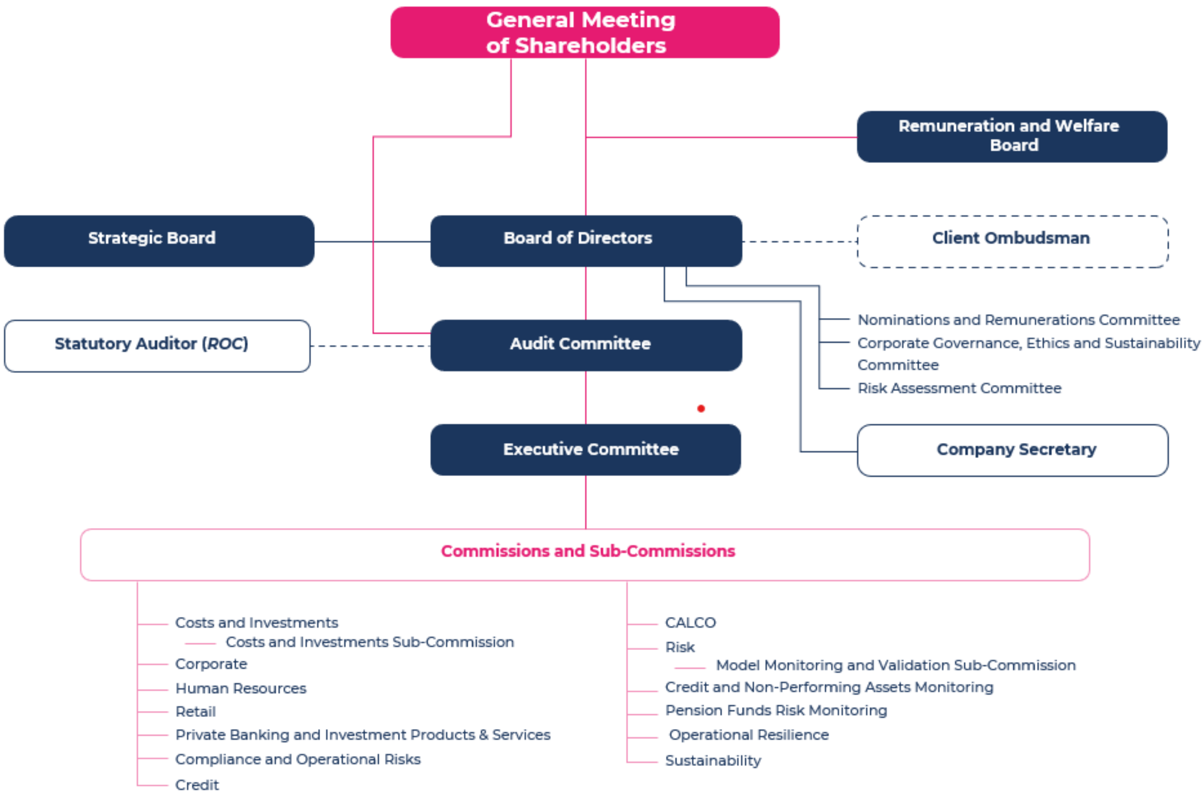
The Conflicts of Interest Policy and the Regulations of the BoD have rules that prevent any undue influence on the part of directors who might have any family, professional or business relationships with qualified shareholders. In any case, there are no relationships other than those described in the table below:

Professional or business relationship of BoD members and specialised Committees with shareholders holding a qualifying stake of more than 5% of the voting rights

Members of the Bank's Board of Directors	Current professional or business relationship	Shareholders holding a qualifying stake exceeding 5% of Voting Rights
Jorge Manuel Baptista Magalhães Correia	Chairman of the Board of Directors of Fidelidade Companhia de Seguros, S.A. and Chairman of the Board of Directors of Luz Saúde, S.A.	Fosun Group
Ana Paula Alcobia Gray		Sonangol Group
Lingjiang Xu	Non-Executive member of the Board of Directors of Fidelidade - Companhia de Seguros, SA	Fosun Group
Valter Rui Dias de Barros	Chairman of the Board of Directors of Recredit - Gestão de Activos, S.A. (Angolan State)	Sonangol Group

21. Organisational charts and competences of the management and supervisory bodies

The organisational structure of the Bank's Corporate Governance Model is shown in the following chart:



(*) The creation of the Digital Transformation and Technology Commission was approved on 11 March 2025.

As can be seen from the above organisational chart and the one-tier governance model, the BoD is made up of the AudC and the EC, to which the day-to-day management of the Bank has been delegated.

The BoD also appointed three other specialised committees - the RAC, the NRC and the CGSESC whose essential function is to monitor specific or highly complex matters on a permanent basis.

There is also a RWB, appointed by the GM, and a Strategic Board of a non-permanent consultative nature, whose members, due to their functions, are the Chairperson and Vice-Chairperson of the BoD, as well as the Chief Executive Officer. The BoD may, on a case-by-case basis, appoint up to five ad-hoc members, to be chosen from among representatives of shareholders with qualified shareholdings and other personalities of recognised merit with a background in the issues that are analysed by the Strategic Board at any given time, whose duties will end at the same time as the BoD's term of office.

To advise it on day-to-day management, the EC has also appointed several Commissions and Sub-Commissions which, in addition to two or more Executive Directors, include on a permanent basis and with voting rights several first-line reporting Managers.

Board of Directors

The BoD, as the Bank's governing body, has the broadest powers of management and representation of the Company, retaining the right to call upon powers delegated to the EC or any of its other Specialised Committees, with the exception of the competences attributed by law to the Committees, in particular the AudC, which is the Bank's supervisory body.

The BoD has all the responsibilities detailed in its Regulations, particularly the powers related to defining the Bank's organisation and its internal control system and the Bank's strategy, available on the institutional page of the Bank's website, in which medium-term objectives are defined, in line with the interests of the company, its shareholders and other stakeholders.

When performing their duties, directors act responsibly and prudently, based on high ethical standards and in accordance with the Codes of Conduct in force, helping to reinforce an organisational culture of excellence, a risk culture that covers all areas of the Bank's activity and the institution's levels of trust and reputation, both internally and in the relationships established with employees, Customers, investors, supervisory authorities and other third parties.

Directors shall also be bound to the secrecy duty under the terms of the law concerning information of which they become aware while exercising their functions, except where disclosure is imposed by legal provision or by decision of a competent administrative or judicial authority. The secrecy duty remains in place even after leaving office.

Without prejudice to the provisions of the previous paragraph, the Chairperson of the BoD or the Chief Executive Officer, when they see the need to disclose, publicly or internally, resolutions or matters relating to the Bank or the Group, may do so, provided that they respect the general duty of professional secrecy under the terms of the LFCIFC and the Market Abuse Regulation.

In accordance with Article 12(3) of the BoD Regulations, the BoD's competences are structured into eight areas of activity:

- General and non-delegated competences;
- Internal governance, Organisational Structure and Strategic Planning;
- Internal Control and Risk Management System;
- Related Parties, Conflicts of Interest and Reporting Irregularities;
- Human Resources Management and Remuneration Policies;
- Conduct and Organisational Culture;
- Outsourcing;
- Activity Monitoring and Indicators

All of the BoD's competences are described in its Regulations, approved on 27 November 2024 and available on the Bank's website, which identify the competences that are considered non-delegable, including the following:

- Choosing its Chairperson and Vice-Chairpersons, when they have not been elected by the GM;
- Appointing the members of the EC, the RAC, the NRC and the CGESC, appointing the respective Chairs and/or Vice-Chairs;
- Appointing, for a period of time coinciding with the term of office of the Board itself, the Company Secretary and his/her Alternate;
- Requesting the Chairperson of the General Meeting to convene;

- Resolving, under the terms of the law and the Articles of Association, the issue of shares or other securities that imply or may imply an increase in the Bank's capital;
- Approving merger, demerger and transformation projects of the company, in consultation with the AudC;
- Resolving on significant extensions or reductions of the group's activity;
- Approving the Quarterly Accounts and the Half-Yearly and Annual Reports and Accounts, in consultation with the AudC;
- Approving the Corporate Governance Report and the Sustainability Report, in consultation with the CGESC;
- Defining and resolving, after obtaining the AudC's opinion, on any changes to the Group's corporate structure
- Approving its own Regulations, as well as the Regulations of the EC, the RAC and the NRC, the CGESC or of other Committees it resolves to set up, and taking note of the AudC's Regulations;
- Reviewing, at least once every two years, its own Regulations and those of the other Committees it has set up;
- Appraising the activity reports of its Committees;
- Approving the Bank's annual and multi-annual budgets, as well as the Strategic Plan;
- Approving or ensuring and submitting to the GM for approval the Bank's various governance and organisational policies, as well as ensuring their proper implementation;
- Ensure that the Bank has effective internal control systems, including the prevention of money laundering and terrorist financing component, risk management and internal auditing;
- Appointing a Client's Ombudsman.

In addition, given its growing relevance, the BoD's competences in matters of ESG, data quality, technology, digitalisation and cybersecurity were strengthened in 2024, and it is now the BoD's responsibility to approve the strategies and plans, as well as ensure their monitoring.

The information supporting BoD meetings is, as a rule, made available at least 5 days before the date of the meeting on the Diligent Boards digital support platform for members of corporate bodies.

The delegation of powers by the BoD, to the specialised committees, including the EC, to which it delegates the daily management of the Bank, does not exclude the power of this corporate body to decide on the same matters, nor does it exempt, in accordance with the law, the liability of the other directors for damages that may be caused by acts or omissions arising from the exercise of duties delegated by them, to the extent that the members of the Board of Directors are ultimately responsible for the institution and its strategy and activities.

The Bank produces, keeps permanently updated and makes available to each member of the BoD, at the time of their election or appointment, all the relevant organisational information, namely the Regulations, the organisational structure and the relevant internal policies and regulations. This information is disclosed in Portuguese and English on the institutional page of the Bank's website.

In order to limit the personal liability of each director and for the benefit of the Bank, all directors have civil liability insurance borne by themselves and there is also a Managers & Officers insurance policy, taken out by the Bank, which covers them.

Audit Committee

The AudC is the Bank's supervisory body, under the terms of article 423-B of the CC, and is part of the BoD as a result of the governance model adopted by the Bank. For more information, please refer to section III - Supervision.

Executive Committee

The EC was set up by the BoD, under the terms of Article 407 of the CC and Article 35 of the Articles of Association, and currently includes six of its members. The BoD has established in its Regulations how the EC is to operate and has delegated to it the Bank's day-to-day management powers, and it is responsible for ensuring all the Bank's management functions that the BoD has not reserved for itself.

At the level of internal control and risk management, the hierarchical responsibility for the second lines of defence (CRO) was attributed to one executive director (the CRO), who is also a member of the Boards of Directors or supervisory bodies of the main subsidiaries operating abroad, thus increasing the coordination and scope of action of these lines of defence of the Group.

In accordance with Article 2(3) of the EC Regulations, available on the institutional page of the Bank's website, executive directors perform their duties on an exclusivity regime, without prejudice to the exercise of management or supervisory functions in Group companies and by appointment, or in the interests of the Bank. In any case, according to the Regulations of the EC, approved on 27 November 2024, the acceptance or exercise of management or supervisory functions of other legal persons by any member of the EC requires the prior favourable approval of the NRC and authorisation by the BdP and the ECB in the context of the suitability assessment process.

In its internal organisation, the EC has distributed areas of special responsibility to each one of its members.

At the reference date, the distribution of portfolios was as follows, also identifying the areas of responsibility of the Chairperson of the BoD who, although not an executive member, is assigned areas of responsibility:

Board of Directors (Non-Executive)

Nuno Amado - Chairman
Board of Directors' Support Office
Company Secretary's Office
Fundação Millennium bcp
Hierarchical reporting functionally dependent on the Audit Committee
Audit Division
Client Ombudsman's Office
Member of Supervisory Positions of Subsidiaries Bank Millennium (Poland) - (Supervisory Board) Vice-Chairperson Millennium BIM (Mozambique) - (BoD Non-Executive) Vice-Chairperson

Executive Committee

(In the absences of Directors of the Responsibility Areas, the respective Alternate Directors shall be occasionally appointed by the CEO)

Miguel Maya - CEO	**(MM)**
CEO's Office	
Communication Division	
Human Resources Division	
Credit Division	

Miguel Bragança - VC/CFO (MB)
Investor Relations Division
Accounting and Consolidation Division
Research, Planning and ALM Division
Management Information Division
Legal and Litigation Advisory Division
Tax Advisory Division
Means of Payment and Acquiring Division

João Nuno Palma - VC (JNP)
International, Treasury & Markets Division
Asian Desk
Investment Banking Division
Institutional, Business & Corporate Marketing Division
Private Banking Division
Companies, Corporate and Large Corporate Division - North
Companies, Corporate and Large Corporate Division - South

Rui Manuel Teixeira (RMT)
Retail Banking Divisions - North
Retail Division - South
Marketing and Network Support Division
Wealth Management Division
Specialised Credit and Real Estate Division

José Miguel Pessanha (JMP)
Rating Division
Office for Economic Research, Sustainability and Supervision Affairs
Model Monitoring and Validation Office
Personal Data Protection Office
Hierarchical reporting functionally dependent on the Risk Assessment Committee
Risk Office
Hierarchical reporting functionally dependent on the Audit Committee
Compliance Office

Maria José Campos (MJC)
Specialised Recovery Division
Retail Recovery Division
Direct Banking Division
Operations Division
Information and Technology Division
Procurement and Logistics Division
Information Security Division
Corporate Direct Banking Division
Digital Transformation Office
Customer Intelligence Division

Subsidiary and Affiliated Companies (Management and Supervisory Bodies)										
	Board C.	VC Board	Sup C.	VC Sup	Board Member	Board Member	Board Member	Sup Member	Sup Member	Sup Member
Bank Millennium (Poland)				NA				MM	MB*	JMP
Millennium BIM (Mozambique)		NA	JMP		JMP	JNP*	MM			
Banque BCP, SAS (France)								RMT		
ActivoBank	MM	MB*			JMP					
Interfundos	RMT*									
BMA (Angola)		JMP*	JMP							
Millennium bcp Prest.Serviços	MJC*									
Millennium bcp Ageas		JMP*	JMP			RMT				
SIBS						MB*				
UNICRE						MB*				

*Director with special responsibility for monitoring the subsidiary/affiliated company.

Within the scope of the powers conferred on him/her, the Chief Executive Officer represents the EC, convenes and directs its meetings, has a casting vote and, in addition to direct responsibility for the respective areas of responsibility assigned to him/her, has the following powers conferred on him/her under the Regulations:

- ensuring the correct execution of the EC's resolutions, assisted by the Director of the area for which he/she is responsible;
- deciding on all matters relating to the functioning of the EC;
- ensuring, under the terms of the internal rules and regulations of each of the bodies that comprise the Bank's governance model, that the relevant information is provided to the other members of the BoD concerning the activity and resolutions of the EC.
- ensuring compliance with the limits of the delegation of powers, the strategy approved for the Bank and the Group and the cooperation duties before the BoD.

b) Functioning

22. Regulations governing the functioning of the Board of Directors and the Executive Committee

The Regulations of the BoD, of the EC, of the AudC and other BoD Committees are available on the institutional page of the Bank's website.

All these documents as well as others deemed necessary or appropriate for the exercise of the respective function, may be consulted by the Directors in the Bank's internal portal and at the digital platform supporting the members of the corporate bodies, Diligent Boards.

23. Number of meetings held and attendance rate of each member of the Board of Directors and of the Audit Committee in the meetings held.

Pursuant to Article 8 of its Regulations, the BoD meets monthly, except in August, and whenever convened by its Chairperson or by two directors.

In 2024, the BoD did not issue Unanimous Written Resolutions and met sixteen times, Company Secretary provided secretarial services to all meetings.

The effective attendance level of each executive and non-executive member of the BoD is shown in the following table:

Non-Executive Members of the BoD	Attendance level
Nuno Manuel da Silva Amado	100%
Jorge Manuel Baptista Magalhães Correia	100% (*)
Valter Rui Dias Barros	100%
Ana Paula Alcobia Gray	100%
Cidália Maria Mota Lopes	100%
Ligjiang Xu	100%
Fernando da Costa Lima	100% (*)
Lingzi Yuan (Smila Yuan)	100%
Altina de Fátima Sebastian Gonzalez Villamarin	100%
José Pedro Rivera Ferreira Malaquias	100%

(*) participation made via power of attorney.

Executive Members of the BoD	Attendance level (*)
Miguel Maya Dias Pinheiro	100%
Miguel de Campos Pereira de Bragança	100%
João Nuno de Oliveira Jorge Palma	100%
José Miguel Bensliman Schorcht da Silva Pessanha	100%
Maria José Henriques de Matos de Campos	100%
Rui Manuel da Silva Teixeira	100%

(*) Except for decisions with impediments.

In accordance with Article 3(1) of its Regulations, as a rule, and except in August, the EC meets weekly and whenever it is convened on the initiative of its Chairperson or at the request of two of its members or the Chairperson of the BoD.

In 2024, the EC issued eleven Unanimous Written Resolutions and met fifty-four times. The Company Secretary acted as the meeting's secretary and disclosed all the supporting documents to this Committee's members. The Chairpersons of the BoD, AudC and the RAC have access, via the Diligent Boards platform, to the agendas and minutes of the EC, as well as the respective supporting documents.

The effective attendance level of each of the EC's members is shown in the following table:

EC Members	Attendance level
Miguel Maya Dias Pinheiro	94% (*)
Miguel de Campos Pereira de Bragança	100%
João Nuno de Oliveira Jorge Palma	96% (*)
José Miguel Bensliman Schorcht da Silva Pessanha	98% (*)
Maria José Henriques Barreto Matos de Campos	98% (*)
Rui Manuel da Silva Teixeira	94% (*)

(*) All absences were justified for being at the Bank's service or on holiday.

24. Company bodies responsible for evaluating the performance of executive directors

The NRC is the body responsible for evaluating the performance of executive directors, and its composition is identified in section 27.b.

Under the terms of internal policies, the attribution and payment of variable remuneration to executive directors depends on an assessment of the fulfilment of corporate objectives and individual objectives of each executive director, with individual objectives comprising a quantitative and a qualitative component, the latter evaluated by the NRC, after hearing the Chairperson and non-executive Vice- Chairpersons of the BoD and the Chief Executive Officer, who only expresses an opinion on the individual qualitative evaluation of the other members of the EC.

The weighted annual assessment of the qualitative objectives will be measurable and determined according to an assessment grid/questionnaire approved by the NRC and the RWB.

For more information, see Chapter D - Remuneration Report and the MMSB Remuneration Policy available on the institutional page of the Bank's website.

25. Pre-determined criteria for the evaluation of the manner of appointment, profile, knowledge and performance of the executive directors and senior managers

The Bank has an MMSB Selection and Evaluation Policy, approved at the GM and aligned with the EBA Guidelines on the internal governance of institutions (EBA/GL/2021/05, of 2 July) and on the assessment of the suitability of members of the management and supervisory bodies and key function holders (EBA/GL/2021/06, of 2 July), as well as with the provisions of Notice no. 3/2020.

This Policy identifies the methodology for the individual and collective assessment of directors' suitability, considering individual suitability criteria such as: (i) Commitment of sufficient time by the member of the management body; (ii) Adequate knowledge, skills and experience; (iii) Suitability, honesty and integrity; (iv) Assessment of independence of mind and conflicts of interest.

There is also a collective assessment of the management and supervisory bodies, considering a separation between the management and supervisory functions. In this context, it is assessed whether the management body is collectively capable of understanding the activities pursued by the institution, including the main risks they involve, and whether its members are capable, as a whole, of making appropriate decisions, taking into account the business model, the risk appetite of the Bank, its strategy and the markets in which it operates.

In this context, and particularly with regard to the management body in its supervisory role, the diversity of skills, experience and profiles and the combination of independent and non-independent members are assessed, ensuring that collectively they are able to effectively challenge and supervise the decisions of the management body in the exercise of its management role. It should also be noted that an annual performance evaluation of the executive members is carried out by the NRC, in consultation with the Chairperson and Vice-Chairpersons of the BoD.

The Policy also covers training, diversity, corrective measures and a succession plan. With regard to succession, there is a robust process for identifying and preparing for succession, which is provided for in Succession Planning.

In terms of training, the critical issues for the Bank's future have been identified and justify a training plan for BoD members, so they have attended training courses, given by internal areas or by external entities, on their own initiative or on the Bank's, with a view to maintaining the necessary skills to carry out their duties, with a special focus on risk issues, the prevention of money laundering and terrorist financing, competition topics, cybersecurity and ESG.

In the context of sustainability and ESG, the Bank developed a high-level training plan for the BoD's executive and non-executive directors, which included a series of three training courses with the following structure: (1) the first training course was promoted by the Instituto Superior de Economia e Gestão (ISEG) and consisted of a Sustainable Finance Masterclass covering critical topics related to sustainable finance, aimed at all BoD members; (2) the second training course was promoted by EY and consisted of an ESG and Sustainable Finance workshop, aimed at RAC members; and (3) the last training course consisted of a two-day Board-level Sustainable Banking Programme, developed by WeESG and aimed at all BoD members.

In addition, it should be noted that the BoD has decided to carry out an independent periodic assessment of the conduct and values of the BoD and its Committees (under Article 3 of Notice 3/2020) twice a term, which also helps to identify training and diversity of skills needs. In 2023, the Bank hired an independent entity, the consultancy Egon Zehnder, under which each of the BoD members participated in the work to support the evaluation, either through a self-assessment questionnaire or through interviews, to gauge their opinion on the functioning of the bodies to which they belong, including their values and practices. On the basis of this work and an analysis of Board meetings and supporting documentation, and taking into account the applicable rules and best market practices, Egon Zehnder produced an evaluation report on the conduct and values of the BoD and its Committees, concluding with a positive assessment, with practical recommendations that were taken into account by the Bank.

In compliance with the Bank's internal rules common to all BoD Committees, Egon Zehnder contractually agreed to provide independent services and undertook that until the end of the Committee's mandate, it would not be hired to provide any other services to the Bank or to other companies in a controlling or group relationship with it.

The MMSB Selection and Evaluation Policy e Succession Planning are available for consultation on the Bank's corporate website, and there is also an internal Group Code that determines the application of the same principles to the Group's various entities, including international ones.

26. Availability of each member of the Board of Directors, with an indication of the positions held simultaneously in other companies, inside and outside the group, and other relevant activities carried out by the members of those bodies during the financial year

Within the scope of the assessments carried out in relation to each of the members of the BoD, the availability of each member for the performance of their functions is assessed, considering the importance of the matters to be dealt with, determined in light of their interest for the Bank, as well as the specific tasks that each one has been assigned.

For this assessment, all the positions they hold, which are described in Annex I in their curriculum vitae, and which are identified in the following tables, were taken into account, and it was concluded that all the members complied with the provisions of Article 33 of the LFCIFC on the Accumulation of Positions, and that they had sufficient availability and dedicated sufficient time to carrying out their duties, according to the information in item 23.

A - Non-Executive Members of the Board of Directors and of the Audit Committee

Non-Executive Members of the BoD	Current Positions in BCP	Positions in Companies of BCP Group	Positions in companies outside the BCP Group	Exercise of Other Relevant Activities	Capacity	Cumulation of Positions (Art. 33 LFCIFC)
Nuno Manuel da Silva Amado	Chairman of the BoD	Chairman of the Board of Curators of Fundação Millennium bcp		Member of the Supervisory Board of Fundação Bial	Non-Independent (a)	Compliant
	Chairman of the CGESC	Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland)		Chairman of the Senior Board of the Alumni Clube ISCTE		
	Member of the Strategy Board	Vice-Chairman of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.		Member of the Advising Board of Fórum para a Competitividade		
				Member of the Management of the Business Roundtable Portugal		
				Member of the General Board of AESE- Associação de Estudos Superiores de Empresa (Business School)		
				Member of the "School Board" of Instituto Superior Técnico		
				Chairman of the Board of the General Meeting of Santa Casa da Misericórdia de Torres Vedras		
Jorge Manuel Baptista Magalhães Correia	1st Vice-Chairman of the Board of Directors		Chairman of the Board of Directors of Luz Saúde, S.A.		Not Independent (b)	Compliant
	Member of the RWB		Member of the Board of Directors and member of the Committee for Corporate Governance of REN - Redes Eléctricas Nacionais, SGPS,			
	Member of the Strategy Board		Chairman of the Board of Directors of Fidelidade - Companhia de Seguros, S.A.			

Non-Executive Members of the BoD	Current Positions in BCP	Positions in Companies of BCP Group	Positions in companies outside the BCP Group	Exercise of Other Relevant Activities	Capacity	Cumulation of Positions (Art. 33 LFCIFC)
Valter Rui Dias de Barros	2nd Vice-Chairman of the BoD		Chairman of the Board of Directors of Recredit - Gestão de Activos S.A. (Angola)		Not Independent (b)	Compliant
	Member of the AudC					
	Member of the RWB					
	Member of the NRC					
	Member of the Strategy Board					
Ana Paula Alcobia Gray	Member of the BoD				Not Independent (b)	Compliant
	Member of the RAC					
Cidália Maria da Mota Lopes	Member of the BoD		Professor at Coimbra Business School - ISCAC on tax issues	Scientific Board of the Portuguese Fiscal Association	Independent	Compliant
	Chairwoman of the AudC		Invited Professor at the Law School- Universidade de Coimbra	Member of the Scientific Board of the Coimbra Business School- ISCAC		
Fernando da Costa Lima	Member of the BoD		Non-Executive Director of Euronext Lisbon	Chairman of the Board of the General Meeting of OBEGEF - Observatório de Economia e Gestão de Fraude	Independent	Compliant
	Member of the AudC		Invited Professor at the School of Economics of Universidade do Porto			
	Chairman of the RAC					
Lingjiang Xu	Member of the BoD	Member of the Supervisory Board of Bank Millennium, S.A. (Poland)	Non-executive member of the Board of Directors of Fidelidade - Companhia de Seguros, S.A.		Not Independent (b)	Compliant
	Member of the CGESC					
	Member of the NRC					
Lingzi Yuan (Smilla Yuan)	Member of the BoD				Independent	Compliant
	Chairwoman of the NRC					

Non-Executive Members of the BoD	Current Positions in BCP	Positions in Companies of BCP Group	Positions in companies outside the BCP Group	Exercise of Other Relevant Activities	Capacity	Cumulation of Positions (Art. 33 LFCIFC)
Altina de Fátima Sebastian Gonzalez Villamarin	Member of the BoD		Independent Director and Member of the Audit Committee - San Jose Group	Member of the World Portuguese Network - Council of the Portuguese Diaspora	Independent	Compliant
Altina de Fátima Sebastian Gonzalez Villamarin	Member of the RAC		Member of the Advisory Board - Expansión y Actualidad Economica		Independent	Compliant
Altina de Fátima Sebastian Gonzalez Villamarin	Alternate member of the AudC		Associate Professor - Financial Management and Accounting Division		Independent	Compliant
Altina de Fátima Sebastian Gonzalez Villamarin			Invited Professor of Permanent Executive Programs for Members of the Board of Directors of Cooperative Banks - Instituto Español de Analistas Financeiros		Independent	Compliant
Altina de Fátima Sebastian Gonzalez Villamarin			Invited Professor at Católica Lisbon Business & Economics, MBA programme, Advanced programme in Finance, Advanced programme in Banking Management		Independent	Compliant
José Pedro Rivera Ferreira Malaquias	Member of the BoD		Partner at Abreu Advogados, Sociedade de Advogados	Chairman of the General Meeting of the Closed Venture Capital Fund “Premium Investments Portugal Fund”	Independent	Compliant
José Pedro Rivera Ferreira Malaquias	Member of the CGESC				Independent	Compliant

(a) He is only considered non-independent for having served as Chief Executive Officer for the 2012/2014 and 2015/2017 terms and for having been a member of the BoD for 12 consecutive years.

The non independence is established in accordance of Item 89.q.,of the EBA/GL/2021/06 Guidelines of 02 July 2021.

(b) Related with a shareholder with a qualifying stake.

On 5 January 2024 Xiao Xu (Julia Gu) submitted a letter of resignation as a BoD member. On 22 January 2025, director Esmeralda da Silva Santos Dourado was co-opted to the position of BoD member, following a no-objection decision by the ECB.

B - Executive Members of the Board of Directors

Executive Members of the BoD	Current Positions in BCP	Positions in Companies of BCP Group	Positions in companies outside BCP Group	Exercise of other Relevant Activities	Capacity	Cumulation of Positions (art. 33 LFCIFC)
Miguel Maya Dias Pinheiro	3rd Vice-Chairman of the BoD	Non-Executive Chairman of the Board of Directors of ActivoBank, S.A.		Member of the Senior Board - Alumni Clube ISCTE	Executive	Compliant
	Chief Executive Officer	Member of the Supervisory Board of Bank Millennium, S.A. (Poland)		Member of the Advisory Board of BCSD Portugal – Conselho Empresarial para o Desenvolvimento Sustentável, representing BCP S.A.		
	Member of the Strategy Board	Member of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.		Member of the Advising Board of INDEG/ISCTE Executive Education		
		Manager of the company BCP África, SGPS, Lda.		Vice-Chairman of the Board of APB - Associação Portuguesa de Bancos (representing Banco Comercial Português, S.A.)		
		Chairman of the Remunerations and Welfare Board of BIM - Banco Internacional de Moçambique, S.A.				
		Vice-chairman of the Board of Curators of Fundação Millennium bcp				
Miguel de Campos Pereira de Bragança	Member of the BoD	Manager of the company BCP África, SGPS, Lda.	Non-Executive Director of UNICRE – Instituição Financeira de Crédito, S.A., (representing Banco Comercial Português, S.A.)	Member of the General Board of AEM- Associação de Empresas Emitentes de Valores Cotados em Mercado;	Executive	Compliant
	Deputy Chief Executive Officer	Manager of the company Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda	Non-executive member of the Board of Directors of SIBS, S.G.P.S., S.A. and of SIBS Forward Payment Solutions, S.A.			
		Non-Executive Vice-Chairman of the Board of Directors of Banco ActivoBank, S.A.				
		Member of the Supervisory Board of Bank Millennium, S.A. (Poland)				

Executive Members of the BoD	Current Positions in BCP	Positions in Companies of BCP Group	Positions in companies outside BCP Group	Exercise of other Relevant Activities	Capacity	Cumulation of Positions (art. 33 LFCIFC)
João Nuno de Oliveira Jorge Palma	Member of the BoD	Member of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A.	Member of the Board of BCSD-Conselho Empresarial para o Desenvolvimento Sustentável		Executive	Compliant
	Deputy Chief Executive Officer	Chairman of the Committee for Nominations and Remunerations end member of the Remunerations and Welfare Board of BIM - Banco Internacional de Moçambique	Vice Chairman of the General Board of CIP- Confederação Empresarial de Portugal			
José Miguel Bensliman Schorcht da Silva Pessanha	Member of the BoD	Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Millennium bcp Ageas Grupo Segurador, SGPS, S.A.			Executive	Compliant
	Member of the EC	Non-Executive Member of the Board of Directors of Banco ActivoBank, S.A.				
		Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ocidental - Companhia Portuguesa de Seguros de Vida, S.A.				
		Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Ageas - Sociedade Gestora de Fundos de Pensões, S.A.				
		Member of the Board of Directors and Chairman of the Audit Committee of BIM - Banco Internacional de Moçambique, S.A.				
		Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Banco Millennium Atlântico, S.A. (Angola)				
		Member of the Supervisory Board and the Audit Committee of Bank Millennium, S.A. (Poland)				

Executive Members of the BoD	Current Positions in BCP	Positions in Companies of BCP Group	Positions in companies outside BCP Group	Exercise of other Relevant Activities	Capacity	Cumulation of Positions (art. 33 LFCIFC)
Maria José Henriques Barreto Matos de Campos	Member of the BoD	Chairwoman of the Board of Directors of Millennium bcp - Prestação de Serviços, ACE			Executive	Compliant
	Member of the EC					
Rui Manuel da Silva Teixeira	Member of the BoD	Member of the Board of Directors of Millenniumbcp Ageas - Grupo Segurador SGPS, S.A.		Chairman of the Board of the General Meeting of the Associação Porto Business School in representation of Banco Comercial Português, SA	Executive	Compliant
	Member of the EC	Member of the Board of Directors of Ocidental - Companhia Portuguesa de Seguros Vida, S.A.				
		Member of the Board of Directors of Ageas - Sociedade Gestora de Fundos de Pensões, S.A.				
		Chairman of the Board of Directors of Interfundos – Soc. Gestora de Organismos de Investimento Coletivo, S.A.				
		Vice-Chairman of the *Conseil de Surveillance* of Banque BCP, S.A.S. (France)				

Specialised Committees of the Board of Directors (BoD)

27. Identification of the Committees created within the Board of Directors and the place where their operating regulations can be consulted

In addition to the AudC and the EC, the BoD, in compliance with the LFCIFC and with a view to ensuring and contributing to the good and proper performance of its legal and statutory duties, appointed three other specialised committees, composed exclusively of non-executive directors, with the responsibility of monitoring specific matters:

a) Risk Assessment Committee

The RAC, established in accordance the provisions of article 115-L of the LFCIFC is made up of three to five non-executive directors, appointed by the BoD.

The RAC is composed as follows:

Chairman:	Fernando da Costa Lima	Independent
Members:	Ana Paula Alcobia Gray	Non-Independent
	Altina de Fátima Sebastian Gonzalez Villamarin	Independent

In accordance with the Articles of Association, the RAC advises and assists the BoD on the Bank's current and future general risk appetite and risk strategy and in monitoring its implementation, in accordance with the powers laid down by law and its Regulations.

All the members of this committee have appropriate knowledge, competences and experience to be able to understand, analyse and monitor the specific categories of risk faced by the company, risk appetite and the defined risk strategy, as confirmed by the respective curricula attached to the Report.

Within the scope of its activity, the RAC has the mission of assessing and allocating appropriate resources to manage the risks regulated by the LFCIFC, and other national and European legislation in force, to verify whether the products and services offered to customers take into consideration the Bank's business model and risk strategy, examine whether the incentives established in the Bank's remuneration policy take into consideration risk, capital, liquidity and expectations regarding results, and observe the public interest and prevent the management body decision-making from being dominated by any person or small group of people over the general interests of the Bank.

With regard to the management of risks related to environmental sustainability, the RAC's competences and duties also include advising the BoD on the identification, management and control of ESG risk factors, while monitoring the Group's risk appetite and underlying performance, as well as supervising the adequacy of the ESG internal control system, with a particular focus on (a) the effectiveness of the risk management system in dealing with ESG risk drivers; and (b) dealing with any case of ESG-related reputational risk with which the Group may be directly or indirectly associated.

In the collection and processing of data related to environmental and social sustainability, the Bank has processes in place to obtain data from its customers, either directly or through external information providers (data providers), integrated into a single platform for all ESG data and under a dedicated data policy.

For more information on how the Bank considers climate change in its organisation and how it takes climate risk analysis into account in its decision-making processes, please consult the Sustainability Report on the Bank's corporate website.

In carrying out its duties, the RAC has specific competences delegated to it by the BoD, specifically relating to the internal control and risk management system. For more detailed information on the RAC's competences, please see the RAC's Regulations.

In order to carry out its duties, the RAC has access to information on the Bank's risk situation and can determine the nature, quantity, format and frequency of the risk-related information it should receive and implements internal procedures for communicating with the BoD and other specialised Committees emanating from it.

The RAC informs the BoD of its activity, drawing up a quarterly report, without prejudice to reporting to the Chairperson of the BoD any situation it identifies and considers to be high risk.

Under the terms of Article 3(1) of its Regulations, the RAC meets at least once a month, except in August, and whenever convened by its Chairperson, on his/her own initiative or at the request of any of its members, the Chairperson of the BoD, the Chairperson of the AudC, or the Chief Executive Officer.

The Committee met thirteen times, either in person or by electronic means, with the logistical and technical support of the BoD Support Office, whose head acted as the meeting’s secretary. The minutes of the meetings were drawn up and approved. Participants in the meetings, who are not members of the RAC, gave their formal agreement to the wording of the items on which they intervened, the same being attached to the documents in the minutes of the meeting.

Attendance level of the RAC meetings by each of its members is shown in the following table:

RAC members	Attendance level
Fernando da Costa Lima	100%
Ana Paula Alcobia Gray	100%
Altina Fátima Sebastian Gonzalez Villamarin	100%

The RAC Regulations, updated on 27 November 2024, are available on the institutional page of the Bank's website.

b) Nominations and Remunerations Committee

The NRC, established under the terms of and in compliance with articles 115-B and H of the LFCIFC, is made up of three to five non-executive members appointed by the BoD.

The composition of the NRC is in accordance with the Regulations of this same Committee, with all its members being non-executive directors and having the following composition:

Chairwoman:	Lingzi Yuan (Smilla Yuan)	Independent
Members:	Lingjiang Xu	Non-Independent
	Valter Rui Dias de Barros	Non-Independent

The members of the NRC have, collectively, specific professional qualification and experience for the exercise of their functions, namely, appropriate professional qualification and experience in matters of remuneration policies and practices. It should be noted that the Chair of the NRC has special competences in Human Resources matters and is independent.

The selection and election of the members of the corporate bodies is the sole responsibility of the shareholders, which is preceded by an assessment of the candidates by the NRC, which is made available in the preparatory documentation for the GM. The performance of the duties of the members of the Bank's management and supervisory bodies is also subject to the authorisation of the ECB, which also validates all the legal and regulatory requirements applicable to the level of skills required.

The curricula vitae of the candidates for members of the management and supervisory bodies and other documentation which, under the terms of the law, are made available to shareholders, can be found on BCP's corporate website. Under the terms of Article 115-B(2)(d) of the LFCIFC and its Regulations, the NRC is also responsible for annually assessing the knowledge, skills and experience of each member of the management and supervisory bodies, as well as carrying out a collective assessment of these bodies, and communicating the results to them.

In accordance with Article 4(3) of the CNR's Regulations, for the proper performance of its duties, the Committee may contract the services of experts, ensuring that the services are provided independently and subject to a commitment that until the end of the Committee's term of office, it will not be hired to provide any other services to the Bank or to other companies in a control or group relationship with it.

The NRC, within the scope of its respective competences, reassessed individual Fit and Proper questionnaires of the members of the BoD, insofar as they communicated supervening changes subject to re-analysis – accumulation of positions/availability.

In general, the Committee exercises all the competences attributed to the NRCs in the LFCIFC and other national and European legislation in force.

Regarding the competences of the NRC to carry out the assessment of the performance of the executive directors, please see the information provided in Item 24.

Under the terms of Article 3(1) of its Regulations, the NRC meets at least once a month, except in August, and whenever convened by its Chairperson, on his/her own initiative or at the request of any of its members, or the Chair of the BoD, the Chair of the AudC or the Chief Executive Officer. The Committee adopted an Unanimous Written Resolution and met seventeen times during 2024.

The Committee had the logistical and technical support of the Company's Secretary, who provided the members of the Committee with all the supporting documents, which were stored on a digital platform called Diligent Boards.

The effective attendance level, in the adoption of the resolutions and meetings of the NRC by each of its members is shown in the following table:

NRC members	Attendance level
Lingzi Yuan (Smila Yuan)	100%
Lingjiang Xu	100%
Valter Rui Dias de Barros	100%

The NRC Regulations are available on the Bank's corporate website.

c) Corporate Governance, Ethics and Sustainability Committee

The CGESC is made up of three to five non-executive members appointed by the BoD.

The CGESC is responsible for monitoring policies and implementing appropriate processes in terms of corporate governance, conduct, values and social responsibilities, and it monitors and supervises measures to develop the Bank's activity in terms of sustainability, in accordance with the powers laid down in its Regulations. It is also responsible for monitoring the progress of the SMP, the Corporate Social Responsibility Plan and the Personal Data Protection programme and issuing an opinion on the annual corporate governance and sustainability reports.

The CGESC is composed as follows:

Chairman:	Nuno Manuel da Silva Amado	Non-Independent
Members:	Lingjiang Xu	Non-Independent
	José Pedro Rivera Ferreira Malaquias	Independent

All the members of the CGESC have professional qualifications acquired through academic qualification, professional experience or specialised training appropriate to the performance of their duties, as confirmed by the respective curricula attached to this report.

Given the growing importance of sustainability, the Bank developed a high-level training plan for the BoD's executive and non-executive directors, which included a series of three training courses on different sustainability and ESG issues, developing the BoD's collective knowledge and that of this Committee in particular in this area of competence.

The CGESC, in order to adequately fulfil its duties, may contract the services of experts, under the terms of Article 10(3) of the BoD Regulations, ensuring that the services are provided independently and subject to a commitment that, until the end of the Committee's term of office, it will not be hired to provide any other services to the Bank or to other companies in a control or group relationship with it.

As mentioned in item 25, in 2024 the CGESC hired an independent entity, the consultant Egon Zehnder, to carry out a periodic assessment of the conduct and values of the BoD and its Committees under Article 3 of Notice 3/2020.

Under the terms of Article 3(1) of its Regulations, the CGESC meets at least every two months and whenever convened by its Chairperson, on his/her own initiative or at the request of any of its members, or by the Chairperson of the BoD, the Chairperson of the AudC or the Chief Executive Officer.

The Committee met six times and had the logistical and technical support of the Company's Secretary, who provided the members of the Committee with all the supporting documents, which were stored on a digital platform called Diligent Boards.

Attendance level of the CGESC meetings by each of its members is shown in the following table:

CGESC members	Attendance level
Nuno Manuel da Silva Amado	100%
Liangjiang Xu	100%
José Pedro Rivera Ferreira Malaquias	100%

The CGESC Regulations are available on the Bank's corporate website.

Sustainability and ESG at the Bank:

In view of the new challenges imposed by the various stakeholders with which the Company relates, it should be noted that the BoD, in particular through the CGESC and the EC, also pursues a set of dynamic strategies that foster a culture of Corporate Social Responsibility, positively influencing the organisation's long-term value proposition, in balance with the well-being of people, the company and the communities in which it operates, and with the preservation of natural resources. climate, biodiversity and the environment, focusing on three fundamental axes:

- Environment - implementation of measures that promote a fair and inclusive transition to a de-carbonised economic development model, including the incorporation of the environmental component in the Bank's risk models and the supply of products and services;
- Social - involvement with the external community and with the internal community in the creation of lasting relationships of proximity and cooperation in the creation of shared value;
- Corporate governance - integration of sustainability principles into the Bank's decision-making processes and in the definition of its value proposal.

The Bank recognises its role in fulfilling national and international commitments and the importance of involving the financial sector in the transition to a sustainable and inclusive economic development model. In terms of climate change, the Bank is committed to the Paris Agreement and, in terms of ethical and responsible leadership, it follows the Global Compact Principles defined by the United Nations, which have 10 Principles for action in the areas of Human Rights, Working Conditions, Environmental Protection and Anti-Corruption.

The Bank also undertakes a continuous dialogue with the stakeholders that interact with the company, through the implementation of a set of corporate policies and principles:

- Sustainability Policy;
- Environmental Policy;
- Social Impact Policy;
- Human Rights Policy;
- Diversity and Equal Opportunities Policy;
- Occupational Health and Safety Policy;
- Corporate Volunteering Policy;
- Anti-Corruption and Anti-Bribery Policy;
- Principles for a responsible financing, with identification of excluded, constrained or sensitive sectors;
- Principles of responsible investment;
- Sustainability Guidelines for Suppliers.

The Bank's environmental and social commitments, objectives, targets and actions are formalised in the Sustainability Master Plan. The structuring of the lines of action and the identification of the actions that make up the SMP are the result of a broad reflection on the management of relevant material issues, the available resources and the legal, regulatory, economic and market framework. The definition of the SMP's commitments, objectives, targets and measures, and the assessment, follow-up and monitoring of its implementation, is the responsibility of the EC, advised by the Sustainability Commission, and its approval is the responsibility of the BoD, after hearing the CGESC.

The structuring of the lines of action and the identification of the actions that make up the SMP are the result of a broad reflection on the management of relevant material issues, the available resources and the legal, regulatory, economic and market framework.

The Bank publicises how it integrates ESG factors into its various processes, internally through group codes and externally through its Sustainability, Management and Market Discipline Reports.

The integration of climate and environmental risk factors in the financing and investment decision-making processes is materialised in the (i) Principles of Responsible Financing and (ii) of Responsible Investment, which exclude or condition the BCP Group's operations in sectors and/or activities with a greater environmental and/or social impact.

Also described in the Sustainability Report is the progress that has been made in terms of implementing processes aimed at collecting and processing data related to environmental and social sustainability, especially among Customers and stakeholders, and the associated risk analysis.

On this point, reference is made to the information provided in the Sustainability Report, available on the Bank's website.

In the collection and processing of data related to environmental and social sustainability, the Bank has support processes and tools for obtaining data from its Customers, partly collected using data providers. This data is integrated and available on a single platform dedicated to the management of ESG data and under a specific data policy.

28. Composition of the Executive Committee and/or identification of managing director(s)

The EC's composition in the current financial year was as follows:

CEO:	Miguel Maya Dias Pinheiro
Deputy Chief Executive Officers:	Miguel de Campos Pereira de Bragança
	João Nuno de Oliveira Jorge Palma
Members:	José Miguel Bensliman Schorcht da Silva Pessanha
	Maria José Henriques Barreto Matos de Campos
	Rui Manuel da Silva Teixeira

29. Competences of each of the committees created and a summary of activities carried out in the exercise of said competences

The competences of each of the specialised Committees set up within the BoD are those described in their own Regulations and identified in the following sections of this Report:

- AudC - On this matter, please see information provided in items 30 to 38. – Audit Committee.
- EC - On this matter, please see information provided in item 21. – Executive Committee
- RAC - On this matter, please see information provided in item 27 a).
- NRC - On this matter, please see information presented in items 24, 25 and 27 b).
- CGESC - On this matter, please see information provided in item 27c).

III. Supervision

a) Composition

30. to 32. Identification, composition and qualification regarding the independence requirement of the supervisory body - Audit Committee

The BoD is made up of a minimum of three and a maximum of five non-executive directors, elected at the GM and the lists proposed for the BoD must individualise the members who will be part of the AudC and indicate the respective Chairperson.

AudC members, like all BoD members, are appointed for four-year terms (the current term is 2022-2025), may be re-elected and the majority of its members, including the Chairperson, must be qualified as independent.

Composition of the AudC:

Chairwoman	Cidália Maria da Mota Lopes	Independent
Members:	Valter Rui Dias de Barros	Not Independent
	Fernando da Costa Lima	Independent
Alternate:	Altina de Fátima Sebastian Gonzalez Villamarin	Independent

All the members of the AudC have adequate levels of responsibility and knowledge regarding the company's activities, enabling them to critically assess the decisions made by the management body and effectively supervise its work.This Committee has members who have the accounting and auditing knowledge, skills and experience to fully understand and monitor the risk strategy within a coherent governance framework that is compatible with the Bank's risk management, internal control and information systems.

For more information about the members and the process of evaluating skills and diversity, please refer to the information provided in items 17 and 18.

33. Professional qualifications of the Audit Committee

The professional qualifications and other curricular elements of each member of the CAud can be found in Annex I to this Report, as well as on the institutional page of the Bank's website. The AudC has the logistical and technical support of the BoD Support Office.

b) Functioning

34. Regulations governing the functioning of the Audit Committee

The AudC's functioning rules and competences are set out in its Regulations, available on the institutional page of the Bank's website.

35. Number of meetings held and level of attendance rate of each member of the Audit Committee

Under the terms of Article 3(1) of its Regulations, the AudC meets at least once a month, except in August, and whenever convened by its Chairperson, on his/her own initiative or at the request of any of its members, the Chairperson of the BoD or the Chief Executive Officer. The AudC issued two Unanimous Written Resolutions and met sixteen times and the meetings had the BoD' Support Office providing secretarial assistance.

The effective participation rate of each of the AudC members is shown in the following table:

AudC members	Attendance level
Cidália Maria da Mota Lopes	100%
Valter Rui de Dias Barros	100%
Fernando da Costa Lima	100%

36. Availability of each member of the Audit Committee, with an indication of the positions held simultaneously in other companies, inside and outside the group, and other relevant activities carried out by the members of those bodies during the financial year

On this matter, please see the information presented in item 26.

c) Competence and duties

37. A description of the procedures and criteria applicable to the supervisory body for the purposes of hiring additional services from the external auditor

The Bank follows the best practices in terms of guaranteeing independence when contracting the services provided by external auditors, namely, in international terms, the Commission Recommendation 2005/162/EC of 15 February, Directive 2014/56/EU of the European Parliament and of the Council of 16 April 2014 amending Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 (8th Directive) on statutory audits of annual accounts and consolidated accounts, Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on special requirements for statutory audits of public-interest entities and, at national level, company legislation, recommendations and regulations issued by the CMVM, Law no. 148/2015 of 9 September, which approved the Legal Framework for Audit Supervision, and the provisions, where specifically applicable, of Law no. 148/2015 of 9 September, which partially transposes the aforementioned Directive 2014/56/EU into national law and ensures the implementation of Regulation (EU) no. 537/2014. The Articles of Association expressly list among the AudC's competences that of “supervising the independence and performance of the Statutory Auditor and the External Auditor, namely with regard to the provision of additional services”.

Under the terms of article 38 of Notice 3/2020, the GM is responsible for approving the Statutory Auditor Selection and Appointment Policy. To this end, the GM of 20 May 2021 approved this policy, which was updated by decision of the GM of 4 May 2022 and 24 May 2023. Additionally, the AudC, within the scope of the competences set out in its Regulations, annually monitors and assesses the activity of the External Auditor in particular with regard to the following aspects: i) quality of the service provided; ii) resources allocated; iii) communication and interaction with the Bank; iv) and finally, independence, objectivity and professional scepticism.

The AudC, as the Bank’s supervisory body promoted the adoption of procedures, whose compliance it monitors and supervises every year, that ensure the independence of the external auditors, regarding the different entities of the Group and, at the same time, prevent situations of conflicts of interest within the entities providing the Group’s legal review of accounts or audit services to entities of the Group, creating preventive mechanisms for the approval of additional services and control of fees.

The AudC also has the power to propose the hiring of the Statutory Auditor and the external auditors, or the renewal of their mandates, by the Banco and the BCP Group, as well as to supervise the provision of services both in Portugal and in the other countries in which the Group operates, in accordance with internal regulations. It also has the power to propose to the GM, in compliance with the applicable legal provisions, its dismissal or the termination of the Service Provision Contract, whenever there is just cause for this.

Through said Regulations that embody the principles presented in the national, European and international regulations, complying with the requirements of Notice 3/2020, the Group endorses and systematises a series of rules regarding:

- classification of the services rendered by the external auditors:
- definition of the set of non-audit services which the external auditor is not allowed to provide to any entity of the Group;
- definition of the number of non-audit services, which may be provided to the Group under specific stipulated circumstances;
- subjection of those involved in the application of the aforementioned Group Code to regular training actions on the responsibilities granted to them;
- CAud approval of the contracting of Non-audit services to be provided by external auditors, with the creation of different authorisation rules depending on the type of services involved and defined limits;
- definition of a process for selecting and evaluating proposals to appoint Statutory Auditors, ensuring their independence and listing a methodology for evaluating Statutory Auditors proposed and implemented by the AudC;
- provision to the AudC of internal control information on the established principles and guidelines.

38. Other duties of the supervisory body

The AudC has its own and delegated competences as set out in its own Regulations, which include, in particular, the competences set out in Article 423-F of the CC, Notice 3/2020 and other applicable legislation.

As the Bank's supervisory body, the AudC's competences and responsibilities, in accordance with Article 5(2) of its Regulations, are structured into four areas of activity:

- General and supervisory competences ;
- Competences related to financial reporting and accounts and to the Statutory Auditor and External Auditor;
- Competences related to governance culture and the internal control system, including the aspect of preventing money laundering;
- Competences related to reporting irregularities, managing conflicts of interest, transactions with related parties and Increased Risk Debtors.

Of the four areas of activity, we have summarised here only some of the main generic supervisory competences:

- Supervising the Bank's management;
- Monitoring the management of the Bank in its Group dimension, without prejudice to the competences of the supervisory bodies of entities with autonomous legal personality;
- Issuing an opinion, prior to approval by the BoD, on the Bank's Annual and Multi-Annual Budgets, with special focus on the fulfilment of the objectives set out in the Bank's Strategic Plan and on compliance with capital requirements;
- Issuing an opinion, prior to approval by the BoD, on share capital increases;
- Issuing an opinion, prior to approval by the BoD, on possible changes to the corporate structure of the group, as referred to in the BoD's Regulations;
- Issuing a preliminary opinion to the BoD on mergers, demergers and transformations of the Company;
- Identifying and assessing needs in terms of its composition and organisation, which should be reassessed at least at the beginning of the mandate or whenever it is deemed appropriate;
- Issuing a prior and binding opinion on matters of organisational structure, to be approved by the BoD, insofar as they relate to its own organisation;
- Issuing an opinion prior to approval by the BoD on the Code of Conduct defining, in particular, the responsibilities of the control functions, the procedures for regular verification of compliance, the measures for the prevention, identification, management and mitigation of conflicts of interest and the associated duties applicable to Directors, including members of the AudC, members of top management, key function holders and other employees of the Bank;
- Promoting, at the beginning of the first year and in the last year of the term-of-office, periodic independent evaluations, to be performed by an independent entity external to the Institution on the conduct and values of the body itself, in articulation with the CGESC.

It should also be noted that the AudC supervises and permanently monitors the effectiveness of the Bank's internal control, compliance and risk management system, as well as the process of preparing and disclosing financial information, and the activity of the Risk Management, Compliance and Internal Audit functions, giving its opinion on the work plans and resources allocated to the control functions.

The issues of Reporting of Irregularities (whistleblowing) and Management of Conflicts of Interest are also critical, and the respective policies are reviewed annually by the AudC to confirm that they are in line with the respective legal and regulatory framework, without prejudice to updating them whenever necessary.

IV. Statutory Auditor

The Statutory Auditor Selection and Appointment Policy in force was approved by the GM on 22 May 2024 and defines, among other concepts:

(i) The criteria of technical and professional competence and experience in the financial sector;

(ii) The Statutory Auditor selection process;

(iii) The company's communication methodology with the Statutory Auditor;

(iv) Supervisory procedures designed to ensure the Statutory Auditor's independence and absence of conflicts of interest;

(v) Non-audit services that cannot be provided by the Statutory Auditor.

The selection of the Statutory Auditor/Audit Firm is based on the criteria and requirements mentioned below which are considered by the AudC in the evaluations it carries out, either within the scope of the selection of candidates to present to the GM of Shareholders, or in the subsequent evaluations it makes, at least once a year: and in the situations when it intends to propose the reappointment of the Statutory Auditor.

Thus, apart from the fees proposal, are also considered:

- Technical Competence and Quality of the Service Provided
- Resources allocated to auditing
- Communication and Interaction
- Independence, Objectivity and Professional Scepticism

The Statutory Auditor Selection and Appointment Policy can be consulted on the institutional page of the Bank's website.

39. Statutory auditor and its representative partner statutory auditor.

The current statutory auditor, elected at the 2024 Annual GM after a selection process compliant with the statutory auditor Selection Policy, is KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., registered at OROC under no. 189 and at CMVM under no. 20161480, represented by Miguel Pinto Douradinha Afonso, registered at OROC under no. 1454, and alternatively by Vítor Manuel da Cunha Ribeirinho, statutory auditor no. 1081.

Until the above GM, the effective statutory auditor was Deloitte & Associados – Sociedade de Revisores Oficiais de Contas, S.A., registered at OROC under no. 43 and at CMVM with no. 2016/ 1389, effectively represented by its partner João Carlos Henriques Gomes Ferreira, statutory auditor no. 1129 and alternatively by Jorge Carlos Batalha Duarte Catulo, statutory auditor no. 992.

40. Number of years that the statutory auditor consecutively carries out duties with the company and/or group.

As mentioned above, KPMG was elected for the first time on 24 May 2024, for the 2004-2027 four-year period.

Deloitte & Associados - Sociedade de Revisores Oficiais de Contas, S.A. was elected for the first time on 21 April 2016 and re-appointed for the 2021/2023 three-year period at the GM held on 20 May 2021; therefore it performed functions consecutively for 8 years and was in its third term of office.

41. Description of other services rendered by the statutory auditor to the company

On this matter, please see the information presented in item 46.

V. External Auditor

42. Identification of the External Auditor and the partner who represents it in the fulfilment of these functions, as well as the respective CMVM registration number

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A., in addition to being a statutory auditor, is the Bank's external auditor, and we refer to item 39 for more information on its representation and registration number.

43. Indication of the number of years in which the External Auditor and the respective Statutory Auditor partner who represents him/her in the performance of these duties have exercised functions consecutively with the company and/or group

KPMG was elected for the first time on 24 May 2024.

44. Rotation policy and frequency of the External Auditor and the respective Statutory Auditor partner that represents him/her in carrying out such duties

The Bank has a Statutory Auditor Selection and Appointment Policy that complies with the rotation rules set forth in Article 17 of Regulation (EU) no. 537/2014 of the European Parliament and the Council, of 16 April 2014 and Article 54 of Law no. 140/2015 of September 7, and, therefore, its External Auditor and the Statutory Auditor will not perform functions for a period that exceeds the maximum duration of ten and seven years, respectively.

45. Indication of the body responsible for assessing the external auditor and the regular intervals when the said assessment is carried out

The AudC is the body responsible for assessing the quality of the services provided by the external auditor and its partner statutory auditor, as referred to in items 21 and 37.

In this context, the AudC annually evaluates the external auditors as to the quality of the service provided, the resources and teams allocated, the communication and interaction with the Bank, as well as the independence, objectivity and critical demands shown in the performance of their duties. For this purpose, and in order to obtain an overall opinion, the AudC also uses a questionnaire in which the Bank's senior managers who maintain relevant contact with the external auditor participate.

In the performance of its duties, the AudC permanently monitors the activity of the external auditor and respective partner statutory auditor, appraising in particular the conclusions of the audit to the annual financial statements, on an individual and consolidated basis and the limited review of the half-yearly interim financial statements, also analysing the conclusions of the desktop reviews to the 1st and 3rd quarter financial statements. The AudC meets with the external auditor and the statutory auditor on a very regular basis and whenever necessary.

The procedures designed to ensure the independence of the external auditor are defined in the Policy for the Selection and Evaluation of the Statutory Auditor.

The AudC is also responsible for recommending to the GM the appointment of the external auditor and the election of the statutory auditor, or the renewal of their respective terms of office, taking into consideration the respective technical skill and remaining conditions to perform those functions.

For more information, please refer to the information provided in item 21. - AudC.

46. Details of non-audit services carried out by the external auditor for the company and/or companies in a controlling relationship with it, as well as an indication of the internal procedures for approving the hiring of such services and reasons for hiring them

In the year to which this Report refers, the following non-audit services were hired:

- tax consultancy services - services in which the external auditor's intervention is regulated by legislation, provided to the Group in Portugal and abroad;
- services other than legal review of accounts, namely: (i) Reliability assurance services; and (ii) other services permitted in accordance with the defined rules of independence and subject to monitoring by the AudC.

With regard to the approval to hiring these services and indication of the reasons for their hiring, the Bank maintains a very strict policy of independence in order to prevent any conflicts of interest in the use of the services of its external auditors. As External Auditor of BCP Group, KPMG complies with the rules on independence defined by the Group, including those defined by Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014, by Law No. 148/2015 of 9 September and by the EOROC (Statutory Auditors Association).

In order to safeguard the independence of the External Auditor, and the national and international good practices and standards, the AudC approved a series of regulatory principles, as described below:

- The External Auditor and the companies or legal persons belonging to the same network ("Network") cannot render to the Bank or to the Group the services that may be considered forbidden under the terms of the Statute of the EOROC. Although it is generally considered that the independence of the External Auditor could be affected by the provision of services unrelated to legal review or audit to the Group, the AudC identified a set of services that may be carried out by the External Auditor without jeopardising its independence. These services are validated by the Group's Compliance Office and subject to approval or ratification, depending on the amount of the fees, by the AudC;
- the provision of services which are not discriminated in the above mentioned set of services is object of specific approval by the AudC prior to the signing of the contract in question. In relation to operations abroad, the AudC only issues a non-opposition opinion. To this end, the proposals to be submitted to the AudC must be accompanied by an opinion from the Compliance Officer, in accordance with internal regulations, and with a duly substantiated recommendation for a decision.

On this matter, please see information provided in item 38.

47. Details of amount of annual remuneration paid by the company and/or legal persons in a control or group relationship to the auditor and other natural or legal persons belonging to the same network and a breakdown of the percentage

KPMG was appointed as the Bank's auditor at the General Meeting of 22 May 2024. The services reported as tax consultancy refer to activities carried out by KPMG prior to this appointment.

In addition to the figures below, between January and May 2024, fees totalling Euros 905,060.00 were recorded for services rendered by Deloitte, including Euros 279,060.00 for auditing services.

The amount of the annual remuneration paid in 2024 by the company and/or by legal persons in a controlling or group relationship to the External Auditor (KPMG) and to other natural or legal persons belonging to the same network, broken down with the respective percentages, is shown in the following table:

1) KPMG'S FEES FROM 1st JANUARY TO 31st DECEMBER 2024 (eur)

KPMG's fees for services provided between 1st January and 31st December, 2024 (amounts in eur)	Euros					%				
Companies in Portugal	Audit	Reliability Assurance Services	Tax Advisory	Other Services	Total	Audit	Reliability Assurance Services	Tax Advisory	Other Services	Total
Banco Comercial Português, S.A.	1,655,000	1,027,500	180,026	547,959	3,410,485	48.5%	30.1%	5.0%	16.1%	100.0%
Banco ActivoBank, S.A.	30,000	48,500		1,900	80,400	37.3%	60.3%		2.4%	100.0%
Millennium BCP - Prestação Serviços, ACE	26,000				26,000	100.0%				100.0%
Interfundos - Soc. Gestora de Organismos de Invest. Coletivo, S.A.	15,000	10,000			25,000	60.0%	40.0%			100.0%
Millennium BCP Participações Financeiras, SGPS, Soc. Unipessoal, Lda.	7,000				7,000	100.0%				100.0%
BCP África, SGPS, Lda. (formerly BII Internacional, SGPS, Lda)	13,500				13,500	100.0%				100.0%
Millennium bcp - Serviços de Comércio Electrónico, S.A.	3,000				3,000	100.0%				100.0%
Fundação Millennium BCP	3,000				3,000	100.0%				100.0%
Bichorro- Empreendimento Tru. Imob SA	14,000				14,000	100.0%				100.0%
Fiparso- Soc.Imobiliária LDA	9,400				9,400	100.0%				100.0%
Finalgarve- Soc.Prom.Imb.Tur SA	16,000				16,000	100.0%				100.0%
Total	**1,791,900**	**1,086,001**	**180,026**	**549,859**	**3,607,785**	**49.7%**	**30.1%**	**5.0%**	**15.2%**	**100.0%**

KPMG's fees for services provided between 1st January and 31st December, 2024 (amounts in eur)	Euros					%				
Subsidiaries abroad	Audit	Reliability Assurance Services	Tax Advisory	Other Services	Total	Audit	Reliability Assurance Services	Tax Advisory	Other Services	Total
Bank Millennium, S.A. (Poland)										
Millennium BIM, S.A. (Mozambique)		54,000		169,000	223,000		24.2%		75.8%	100.0%
Total		**54,000**		**169,000**	**223,000**		**24.2%**		**75.8%**	**100.0%**

SUMMARY OF KPMG'S FEES IN PORTUGAL AND ABROAD FROM 1st JANUARY TO 31st DECEMBER 2024 (eur)

	Portugal	%	Abroad	%	Total	%
Audit	1,791,900		0		1,791,900	
Reliability Assurance Services	1,086,000		54,000		1,140,000	
1. Total Audit Services	**2,877,900**	79.8%	**54,000**	**24.2%**	**2,931,900**	**76.5%**
Tax	180,026		0		180,026	
Other Services	549,859		169,000		718,859	
2. Total Other Services	729,885	20.2%	169,000	75.8%	898,885	23.5%
	3,607,785	**100.0%**	**223,000**	**100.0%**	**3,830,785**	**100.0%**

C. INTERNAL ORGANISATION

I. Articles of Association

48. Rules governing amendment to the company's articles of association

Under the terms of the Bank's Articles of Association, the GM may validly meet and resolve, on first call, when more than one third of its share capital is present or represented and, on second call, regardless of the capital present or represented.

Regarding the resolution quorum, article 25 of the Articles of Association provides that resolutions are approved by a majority of the votes validly cast, unless a legal or statutory provision requires a qualified majority, which is the case with amendments to the Articles of Association, which must be approved by two-thirds of the votes cast.

In addition, the articles of association foresee a higher quorum than that required by law in the case of mergers, demerger and transformation of the company, which must be approved by three-quarters of the votes cast, and in relation to the dissolution of the Company, for which a majority corresponding to three-quarters of the paid-up share capital is required under the terms of article 56 of the Articles of Association.

The Bank and the shareholders that approved the Articles of Association in force consider that, since the Bank is one of the companies with the largest free float in the regulated market, it is important to ensure that, in any circumstance and not only in the cases specifically mentioned in the law, the shareholders, regardless of their respective representativeness, receive the guarantee that, on first call, the items submitted to the appraisal of the GM can only be resolved if the share capital is minimally represented.

Also regarding the deliberative quorum, the Bank and the shareholders that approved the Articles of Association in force, that determined structuring issues such as the merger, demerger or transformation of the company should not, for the sake of the shareholding stability and transparency in the decision-making process, be adopted at first call without achieving a broad consensus among the shareholders.

II. Reporting of Irregularities

49. Reporting means and policy on the reporting of irregularities in the company and prevention of conflicts of interest

The Bank keeps a culture of responsibility and compliance, which also expresses itself in the implementation and dissemination of robust and complete codes of conduct, an adequate system for preventing conflicts of interest and means of reporting irregularities that create guarantees for whistleblowers.

The Policy on the Reporting of Irregularities in force at the Bank and available on its corporate website, contains all the information on the scope of application, fundamental concepts, the report process and the competences of the several management bodies.

According to the Bank's Policy on the Reporting of Irregularities, the following are considered irregularities: acts and omissions, wilful or negligent, completed, being executed or which, in light of the available information, may be reasonably expected to be executed, related to the management, accounting organisation and internal supervision, serious evidence of breaches of duties provided for in the LFCIFC or in Regulation (EU) no. 575/2013 of the European Parliament and the Council of 26 July 2013 or any other scope of activity of the Bank which, in a serious manner, are liable in particular to:

- violate the law, the articles of association, the regulations and other rules in force;
- directly or indirectly cause any pecuniary damage to the Shareholders or the Bank;
- cause reputation damage to the Bank or any Group Company.

In accordance with the above Policy irregularities can be reported by:

- employees, agents, commissioners or any other person that renders services, either permanently or occasionally, to the Bank or to any entity of the Group;
- shareholders;

- any other individuals.

Employees have the duty to report to the Audit Committee any irregularity occurred that they are aware of, in particular those who manage people or exercise functions in the areas of the three defence lines of the bank, internal audit, risk management or compliance.

The report of irregularities can be made optionally in non-anonymous and anonymous form and is addressed to the AudC, and must be made by one of the following means:

- addressed to: Audit Committee – Av.ª Prof. Dr. Cavaco Silva (TagusPark), Edifício1, 2744-256 Porto Salvo.
- by e-mail to: comunicar.irregularidade@millenniumbcp.pt;
- through the appropriate channel on the Bank's website (anonymous mode).

The dedicated channel on the Bank's website is capable of encrypting the personal data of the author of the report in order to guarantee the total anonymity of the author and their message, if so chosen, and the AudC or any other Bank entity will not have access to any of the whistleblower's data, unless otherwise determined by court order.

The AudC is responsible for managing the reporting irregularities system, ensuring the confidentiality of the reports, this Committee being supported by the Compliance Office and by the AUD, in the processing of the irregularities reported.

Once a report is received, the AudC shall undertake all efforts deemed necessary to assess if there are sufficient grounds to open an investigation and may establish a prior contact with the author of the report, if known.

If the author of the report so required, or whenever possible, the AudC shall immediately communicate to them that the information has been received, within seven days, at most, counting from the date the report was received, except it is made anonymously.

If there are sufficient grounds, the AudC will develop all necessary investigations to become totally aware of all facts and it may request the support of the Audit Division, Risk Office, Compliance Office or any other divisions or areas of the Bank. Once the investigation is over, the AudC may make a report for the internal transmission of its conclusions so that the appropriate diligences may be adopted to correct the irregularity and sanction it, if need be. It must also report it to external entities whenever justified by the specific situation.

In the event that the report has been made non-anonymously, the response to the whistleblower must be given no later than three months after sending the acknowledgement of receipt to which the Bank is obliged, or no later than fifteen days after the conclusions reached, if the author of the report has requested it.

The communications received, as well as the reports to which they have given rise, are mandatorily kept on paper or on another durable support that allows their complete and unaltered reproduction for a minimum period of five years, and the Bank has its own archive and database where all the communications are registered.

The Policy for the Report of Irregularities ensures that when the identity of the whistleblower is known, the report cannot serve as grounds for the initiation of any disciplinary, civil or criminal proceedings, unless it is found to be wilfully false, nor for the adoption of legally prohibited discriminatory practices, as well as retaliatory measures, discrimination or any other type of unfair treatment.

The Bank draws up and submits to the BdP an annual Irregularities Report, which forms an integral part of the Self-Assessment Report. Additionally and periodically, a summary of the reported cases is produced and included in the quarterly report addressed to the AudC.

During 2024 (the period from 1 December 2023 to 30 November 2024), the AudC received 15 reports of irregularities, 1 by letter and 14 via the 'Report Irregularity' email box. Of the total number of reports received, 3 were sent anonymously and 10 were not considered to be reports of irregularities under the whistleblowing policy.

Principles of good corporate practices

The Code of Conduct establishes the fundamental principles and rules to be observed in the exercise of the activity developed by the entities that form the Group and the principles underlying the conduct, good practices and observance of the institutional values by the universe of people that form the Group.

In the light of these rules, the Bank and its employees act according to principles of respect for people's rights, preservation of social and environmental sustainability and institutional culture and values, committing themselves to behave with integrity and honesty in all the relationships they establish with each other, their customers or any other person or entity with whom they establish a relationship.

The Code of Conduct and the Code for the Prevention and Fight against Harassment also set forth the main rules concerning values and behaviour standards and of corporate responsibility to be observed by all companies part of BCP Group and describe the measures aiming at preventing discriminating behaviours and harassment at work, which are better detailed in a specific document named Code of Conduct related with Equality, Harassment and Non-Discrimination, currently in effect.

The awareness of the Code of Conduct and of the Code for the Prevention and Fight against Harassment by all their recipients is guaranteed by its regular disclosure through internal communication means, by their permanent publication in a prominent location at the Bank's internal communication system, via intranet, and by regular e-learning training sessions addressed to all their recipients.

The AUD, in its actions to supervise the Bank's functioning, guarantees the identification of irregular situations and issues recommendations to correct them.

Identification and Management of Conflicts of Interests

In addition, the Bank also has a Policy for the Prevention and Management of Conflicts of Interests, available on the Bank's corporate website, which defines the fundamental principles and processes adopted for identifying and managing conflicts of interests that occur within the Group.

The Policy implements the guidelines issued by the EBA (EBA/GL/2021/05 of 2 July 2021), on internal governance, identifies the control procedure to enable an efficient and prudent management of situations of conflict of interests at an institutional or personal level, including the segregation of functions, the information barriers, in order to simultaneously defend and protect the interests of all stakeholders and the interests of the Bank and the Group.

This Policy also formalises the governance principles applicable to the provision of investment and ancillary services and activities identified, as provided for by the SC.

The operations with the so-called "related parties" are subject to specific and complementary internal regulations, as described in section I part E.

The Compliance Office is responsible for the development of the approaches and methods that allow the identification of real or potential conflicts of interests, in compliance with the Bank's Conflicts of Interests Policy. The Compliance Office, develops, at least once a year, a global analysis to identify and assess the materiality of the situations of conflict of interests at an institutional levels and reports to the EC and the AudC the respective conclusions, identifying the measures required to correct the identified situations.

The Regulations of the BoD, in article 9 (4), also determines that, if any of its members considers as being prevented from voting due to any incompatibility or conflict of interests, that they have the duty to previously inform the Chairperson of that impediment and dictate for the minutes of meeting a statement regarding such situation. In addition, the Policy for the Prevention and Management of Conflicts of Interest stipulates that measures must be taken to ensure that there are no situations that could jeopardise the ability of the members of the corporate bodies, as well as the support committees for these bodies, to make objective and impartial decisions.

III. Internal control and risk management

50. Individuals, bodies, or committees responsible for the internal audit and/or implementation of the internal control systems.

The Group's internal control is based upon a risk management system that identifies, evaluates, monitors and controls the risks the Group and the Bank are exposed to. That system is supported by an efficient information and communication system and an effective monitoring process that ensures the adequacy and effectiveness of the internal control system, based on the three lines of defence model.

In this context, the Bank, in line with the principles of the LFCIFC and Notice 3/2020, has specific divisions that carry out risk management, compliance and internal audit functions - Risk Office, Compliance Office and the AUD.

The coordinating managers of these Divisions are responsible, at the Group, for the adequacy of the functions of the internal control system, ensuring compliance with the objectives set out in Notice no. 3/2020, namely:

- the efficiency of the performance and of the activity, ensuring that the established strategies, policies, processes systems and procedures are appropriate, duly updated, correctly applied and observed;
- the identification, assessment, monitoring and control of risks which may influence the Group's strategy and goals;
- the fulfilment of the objectives established in the strategic planning, based on the efficient performance of operations, the efficient use of the Group's resources and the safeguarding of its assets;
- the existence of comprehensive, relevant, reliable and timely financial and non-financial information, in conjunction with the Research, Planning and AML Division and the Accounting and Consolidation Division;
- the adoption of sound accounting procedures, in conjunction with the Accounting and Consolidation Division;
- compliance with the legislation, regulation and guidelines that are applicable to the Group's activity, issued by the competent authorities, as well as the compliance with the internal rules, as well as with the professional and ethical regulations and practices, and with the conduct and customer relationship rules.

The internal control system, including the prevention of money laundering aspect, covers the entire Group, including the responsibilities and functions of the management and supervisory bodies, all its business segments, structural units, namely internal control functions, outsourced activities and product distribution channels.

In addition, the EC sets up a Compliance and Operational Risks Commission. This Commission has, among others, the following competences in relation to the internal control system:

- monitor the activity of the Bank and the other Group entities, coordinating and managing the policies and obligations of the Bank and its subsidiaries on a regular basis, so as to ensure compliance with legal and internal rules, guarantee the alignment of Group strategies and the definition of priorities in compliance matters;
- monitor the operational risk management framework, which includes IT (Information Technology) and outsourcing risk management;
- monitor exposures to operational risks, as well as the state of implementation and effectiveness of risk mitigation measures and measures to strengthen the internal control environment;
- monitor the management and improvement of the Bank's processes, with a view to monitoring and reducing the levels of exposure to compliance and operational risks.

The Divisions that make up the internal control system are equipped with the technical and human resources appropriate to the size of the Bank and the complexity and magnitude of the risks inherent in the various business and business support activities.

These Divisions are also equipped to operate within the framework of an extensive volume of external and internal regulations that concern the activity carried out by the Bank within the limits of prudence, security and control defined by the regulators and the BoD. In this framework, in allocating resources to the areas mentioned, the Bank follows the principle of proportionality, matching the resources mobilised with the size and granularity of the risks and other constraints of its activities.

Despite the significant increase in the size and number of employees in the internal control areas in recent years, the Bank continues to strengthen these areas, either by equipping them with more advanced control systems or by reinforcing human skills, and this reinforcement plan is monitored quarterly by the AudC and the BoD.

The number of employees in the three internal control areas, as of the Reference Date, totalled:

- Risk Office: 99
- Compliance Office: 119
- Audit Division: 60

A) Risk Office

The primary function of the Risk Office is to support the EC and the BoD in the development and implementation of risk management and internal control policies, so that the Bank may achieve an overall view of all risks to which its activity is exposed to or may be exposed to in the future, as described in greater detail in the chapter on "Risk Management" of the Management Report 2024.

The Risk Office is an integrated area of the second line of defence of the BCP Group's internal control system and is responsible for supervising the commercial and business support areas, drawing up and implementing risk management policies and procedures, for example proposing limits on risk-taking to the competent bodies, and monitoring their execution and compliance in order to guarantee the alignment of the Bank's overall objectives and the Organic Units' specific objectives with the risk profile and appetite approved by the BoD in the Bank's Risk Strategy.

The first person in charge of the Risk Office is appointed by the BoD, after obtaining the opinions of the NRC, AudC and RAC, and their suitability to carry out their duties is assessed and authorised by the competent supervisory authority before they take up their duties.

In carrying out his/her duties, the Risk Officer reports hierarchically to the EC, namely to the Chief Risk Officer, maintaining a functional report to the RAC to facilitate monitoring of the risks to which the Bank is exposed and the framework of the risk management function by this Committee, and to the AudC for the purposes of risk assessment and control of the internal control system necessary to monitor these risks.

The Risk Officer has direct access to the Chairs of the BoD, and of the AudC and the RAC for the purpose of reporting any situations that he/she deems pertinent in the context of the Group's risk profile. There are no impediments to interactions between the Risk Officer and non-executive directors.

The AudC and the RAC give their opinion on the Risk Office's activity and annual activity plan, which is submitted for approval by the BoD and they are also the recipients of progress reports on its implementation, as well as on the evolution of the resources allocated to the risk management function.

Risk Officer: Luís Miguel Manso Correia dos Santos

B) Compliance Office

The Compliance Office's main function is to support the EC and the BoD in carrying out the compliance function, which includes control and regulatory compliance activities, analysing and advising the corporate bodies and the Bank's various Divisions prior to making decisions involving the assumption of specific risks under the monitoring of this function, in compliance with the responsibilities defined by Notice no. 3/2020.

The Compliance Office's mission is also to:

- ensure corresponding compliance by all the Group's Institutions with the relevant contractual commitments and the ethical values of the organisation, guaranteeing the existence of an internal control culture, so as to contribute towards mitigating the risk of those Institutions being subject to sanctions or suffering significant financial or reputational damage;
- promote the preparation, approval, application, verification of compliance and periodic updating of the Code of Conduct;
- ensure compliance with the regulatory framework of the internal control system, including the aspect of preventing and combating money laundering and terrorist financing (ML/FT);

- participate in the definition of policies and procedures regarding Conflicts of Interest, transactions with Related Parties and gifts, following their implementation and effective application;
- ensure the management and controls associated with the process of reporting irregularities;
- provide support to the International Entities in the development of their activities, seeking to normalise their action principles, systems and processes, in respect of local regulatory specificities;

In exercising these competences, the Compliance Office' actions are based on a risk-based approach, taking into account the business, the customers' profile and nature of the transactions.

Within the scope of functional reporting, the Compliance Officer regularly reports to the Executive Committee, the Audit Committee and the Board of Directors information regarding regulatory compliance, conduct and values, and the internal control system, including the prevention of money laundering, of the Bank and the Group.

The Compliance Officer informs the Chairperson of the Board of Directors, within the maximum period of two business days of any failure reputed to be of high risk.

The Compliance Office, in the exercise of its powers, adopts the necessary actions and/or makes reports to respond adequately and timely to unintended or expected, present or future non-compliances, namely through the following mechanisms and activities:

- make decisions, with binding force for their recipients. These decisions issued by the Compliance Office, within the scope of the functions assigned by law or other regulatory source, are binding and can only be overridden with the authorisation of the AudC, with the exception of those relating to the duties of abstention, refusal and reporting, provided for in Law no. 83/2017, of 18 August, and all others that are shown to be legally binding and cannot be reversed;
- issue determinations under the competences attributed to it by the corporate bodies, which are also binding, unless there is a contrary decision taken by the internal decision-making bodies with competence for this purpose and there is no binding legal provision referring to them;
- in the exercise of its functions and within the scope of its powers, the Compliance Office has the power to suspend any transaction or process that it considers to be contrary to the rules in force, whether external or internal.

The Compliance Office is responsible for communicating to the management and supervisory bodies any situations of non-compliance detected in the exercise of its functions that may cause the Bank to incur in an an administrative offence or other, or in significant damage to its assets or reputation. The Activity Reports, which contain this information, are submitted to the BoD every six months and to the AudC every quarter.

The Compliance Office promotes, intervenes and participates in employee training, namely by organising compliance training sessions for the entire Group, maintaining a high level of knowledge of compliance issues, namely the prevention of money laundering and combating the financing of terrorism, and developing a culture of internal control within the Group.

The Compliance Officer is appointed by the BoD following an assessment by the NRC and a binding opinion by the AudC. As Head of the Compliance Office, the Compliance Officer reports hierarchically to the EC and functionally to the AudC.

The Compliance Officer is part of the Compliance Office organisational structure and does not have at any time any kind of direct or indirect functional or hierarchical responsibility in the business areas.

The AudC gives its opinion on the Compliance Office's annual activity plan, which is submitted to the BoD for approval, and is also the recipient of the work carried out by the compliance function, including that related to regulatory compliance, conduct of values, the internal control system, including the prevention and combating of money laundering and terrorist financing, the management of conflicts of interest, the fight against corruption and the detection of irregularities.

Compliance Officer: Pedro Manuel Francisco da Silva Dias

C) Audit Division

The AUD plays the role of 3rd line of defence for the Bank's internal control system whose main mission is to assess, as a whole, and report to its Stakeholders - in particular the BoD and the AudC - on the adequacy and effectiveness of the organisational culture, the risk management process, the internal control system and the Bank's and Group's governance models.

The internal audit function is permanent and independent, carrying out its mission by adopting the guidelines of the Institute of Internal Auditors, including the Definition of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing and the principles of internal auditing defined by the institute, resulting in the issuing of recommendations focused on strengthening the internal control system and achieving the Group's strategic interests, and ensuring that:

- risks are duly identified and managed, and the implemented controls are correct, suitable and proportional to their materiality;
- methodologies for evaluating the Bank's capital and liquidity positions are adjusted and make it possible to assess their adequacy regarding the levels of exposure to the risks;
- operations are recorded correctly and the operational and financial information is true, appropriate, material, rigorous, reliable and provided in due time;
- the safeguarding and security of the interests and assets of the Bank and of the Group, or those entrusted to them, are duly ensured;
- employees perform their functions in accordance with policies, group codes, including codes of conduct, internal standards and procedures, and applicable laws and regulations;
- goods and services required for the Bank's business are procured economically, used efficiently and protected appropriately;
- legal and regulatory matters are recognised, clearly understood and duly approached and integrated in the Bank's processes;
- programmes, plans and objectives defined by the management in the Annual Budget and in the Strategic Plan are complied with;
- the Bank's various governance bodies interact adequately, effectively and efficiently, assessing the governance culture and organisational climate, as well as the Bank's internal control system as a whole.

The AUD's activity contributes to the pursuit of the objectives defined in the LFCIFC and in Notice no. 3/2020, guaranteeing the compliance of the functions of the internal control system, ensuring the existence of:

- an adequate internal control environment;
- an appropriate environment of culture, conduct and values of the management body itself and its committees;
- a solid risk management system;
- an efficient information and reporting system;
- an effective monitoring process.

The first head of the AUD reports regularly to the AudC, the EC and the BoD on the audits carried out, the main risks and recommendations to the Bank and the Group.

The head of the AUD is appointed by the Board of Directors, after obtaining the opinion of the NRC and the technical opinion of the AudC, and his/her suitability for the performance of his/her duties is assessed and authorised prior to his/her taking up his/her duties by the competent supervisory authority, in line with the provisions of Notice no. 3/2020 and the EBA guidelines on the assessment of the suitability of the members of management bodies and key function holders.

The first head of the AUD reports hierarchically to the BoD and functionally to the AudC (Committee made up of non-executive directors, most of whom are independent). Within the scope of reporting to the BoD, the AUD presents directly to the Board meetings, among other information, the conclusions of the audits carried out, as well as the execution level of the approved Audit Plan and also the status of implementation of the recommendations issued. The performance evaluation of the first person in charge of the AUD is carried out by the Chairperson of the BoD, in consultation with the AudC, and is subsequently formally assessed and decided by the NRC, which also decides on his/her remuneration conditions, both in terms of the fixed component and the variable component.

The BoD approves the AUD's Annual and Multi-Annual Activity Plans, following an opinion from the AudC.

The AUD submits to the EC, the AudC and the BoD reports on the monitoring of its activity, according to the periodicity defined at each moment, containing, namely, information on the execution of the audit plan, an overall assessment on the main deficiencies identified and respective recommendations, as well as on the status of the recommendations to be implemented and the respective implementation plans, as well as information on the activity of the subsidiaries abroad.

At least once a year, the report monitoring the activity of the AUD additionally includes an overall assessment of the adequacy and effectiveness of the Bank's organisational culture as a whole and of its governance and internal control systems, including the various components of both systems; and (ii) an overall assessment of the performance of the management and supervisory bodies and their supporting committees in the aforementioned context, on which the BoD must issue an opinion after hearing the opinion of the AudC and the EC;

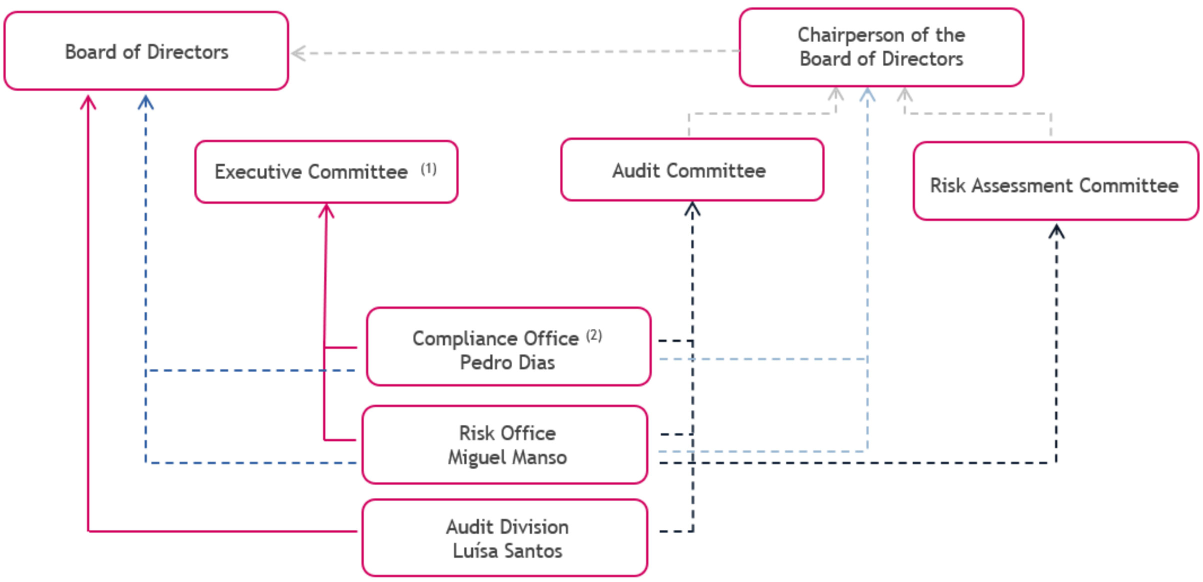
In addition, the AUD informs the Chairperson of the BoD, the Chairperson of the AudC and the Chief Executive Officer of urgent matters for which they are responsible that are of material relevance to the fulfilment of the mission of those bodies.

The AUD must also maintain and manage the database of the Group's deficiencies, classified according to the defined risk level, with the aim of ensuring that the information provided for in Article 31(13) of Notice 3/2020 and Article 3(1) to (3) of BdP Instruction 18/2020 is made available in a timely manner.

Head: Luísa Maria Videira dos Santos, who took over the responsibility from Rui Manuel Pereira Pedro in October 2024.

51. Details of hierarchical and/or functional dependency relationships with other company bodies or committees

The hierarchical and/or functional dependency of the Audit Division, the Compliance Office and the Risk Office in relation to other bodies or committees of the company, is shown in the following table:



(1) Compliance Office and Risk Office: hierarchical reporting to the Executive Committee; Director in charge (Group's CRO) - José Miguel Pessanha

(2) In matters concerning ethics and sustainability issues, the Compliance Office reports them to the Corporate Governance, Ethics and Sustainability Committee.

Hierarchical reporting
functional reporting
functional reporting COFF (quarterly) and ROFF (monthly)
six-monthly functional report
one-off functional reporting

52. Existence of other functional areas with competences in risk control

In addition to the control areas that make up the risk management system - the Risk Office, the Compliance Office and the AUD - there is an information and communication system that supports decision-making and control processes, both internally and externally, which are the responsibility of various Divisions of the Bank, such as the Accounting and Consolidation, Tax Advisory, Information Management, Studies and Planning and Assets and Liabilities Management Divisions and the Office for Economic Research, Sustainability and Supervision Affairs.

These areas guarantee the existence of substantive, up-to-date, coherent, timely and reliable information, providing a global and comprehensive view of the financial situation, the development of the business, compliance with the defined strategy and objectives, identification of the institution's risk profile and the behaviour and outlook of the markets.

The financial and management information process is supported by accounting and management support systems that record, classify, associate and archive, in a systematised, reliable, complete and consistent manner, all the operations carried out by the institution and subsidiaries, in accordance with the determinations and policies defined by the EC.

Thus, these areas, as a whole, ensure the implementation of the procedures and means necessary to obtain all the relevant information for the consolidation process and information at Group level - both of an accounting nature and to support management and the monitoring and control of risks - including, in particular:

- the definition of the content and format of the information to be reported by entities included in the consolidation perimeter, as well as the dates on which reporting is required;
- the identification and control of the intra-Group operations;
- assurance that the managerial information is consistent between the different entities, so that it is possible to measure and monitor the evolution and profitability of each business, verify compliance with the established objectives, as well as evaluate and control the risks incurred by each entity, both in absolute and relative terms.

Also within the scope of the risk control environment is the role of various specialised Divisions and offices, which are first-line structures reporting directly to management:

- the Office for the Validation and Monitoring of Models is a second line of defence unit within the model risk management framework, functionally independent from the areas responsible for internal models (model owners and developers) and from the AUD, thus ensuring an adequate functions segregation. Its mission is to monitor and validate the methodologies and internal models for risk assessment used in the Bank and the entities that integrate the Group in Portugal, as well as to ensure, in an independent manner, the assessment of the quality and adequacy of the risk management framework in terms of internal models, metrics and the completeness of the associated records.
- the Regulatory Monitoring and Supervision Office whose mission is to analyse the evolution of the Portuguese and European economy, as well as the international financial markets; to propose global and coherent sustainability and corporate social responsibility policies; and to monitor interactions with supervisory and regulatory entities, particularly in the prudential field.
- the Personal Data Protection Office, whose Head is the Bank's Data Protection Officer, and whose mission is to monitor compliance of the Bank's policies and procedures with the General Data Protection Regulation and other EU or Member State data protection provisions - and to advise on the definition of internal policies, on the protection of personal data, including the allocation of responsibilities, awareness-raising and training of employees involved in personal data processing operations, in accordance with Regulation (EU) 2016/679 of 27 April 2016 (GDPR) and other EU or Member State data protection provisions.
- the Credit Division, responsible for performing the functions of risk assessment and control, according to its main competences: (i) appraise and issue opinions or decisions on credit proposals submitted by the Bank’s business areas, as well as credit restructuring proposals submitted by the Bank’s recovery areas, pursuant to the competences defined in internal regulations; (ii) monitor and follow-up of the loan portfolio of Clients managed in the commercial areas, anticipating possible default situations and promoting restructuring solutions whenever necessary and applicable; (iii) start up and/or participate in Bank-wide projects aimed at the improvement of credit and operating risk in the underlying internal processes/procedures, including opinions on products or services with credit risk; and (iv) develop, monitor, adjust or implement algorithms and automatic processes to support the credit decision, fraud detection, default prevention, efficiency in collection and recovery.

- The mission of the Rating Division, which is involved in controlling the risks associated with credit, is to assign risk degrees to the companies that are Customers of the Bank, ensuring that they are permanently adequately assessed, and to guarantee that the property and equipment belonging to the Bank, or given as collateral in credit operations, are correctly assessed in accordance with the legal provisions. In order to ensure that this responsibility is properly carried out, centres of expertise specialising in the assessment of specific segments have been developed within the Rating Division, namely: rating units for the assessment of the risk segments Large Corporate (including the ESG assessment of Customers in this segment), Mid Corporate, Small Corporate, Real Estate Development and Projects; as well as a unit for the assessment of the Bank's real estate and equipment. The Rating Division periodically analyses the evolution of risk degrees in order to assess the suitability of the rating models used and to identify areas for improvement, and actively collaborates in monitoring the Bank's loan portfolio.

The adoption of Artificial Intelligence in different areas

The Bank has been integrating advanced analytics and artificial intelligence (AI) across its operational and business models for several years, enhancing efficiency, innovation, customer experience, and support of risk management.

This includes models in the areas of customer segmentation, propensity to buy, and next-best-offer recommendations, as well as decision support models, in particular in what concerns price and financial management. These solutions generate a wide set of personalized insights on spending patterns, estimate upcoming payments for individual customers, and project future cashflows for companies, and are made available to clients through digital platforms. Additionally, AI is used in the context of the internal control, namely to support credit risk and AML management, detect transactional fraud, and interpret and process documents automatically.

In 2024, we expanded our AI capabilities with the introduction of Generative AI. Recognizing its enormous transformative potential, as well as the challenges and risks involved, the Bank recalibrated its investment and training strategy in AI, strengthening the development of internal competencies in Generative AI and adopting responsible approaches to its implementation.

Regarding implementation, the Bank identified as priority areas for development the ones related to the support for credit and rating report generation, document fraud detection, continuous customer analysis, contact center, automated document interpretation and processing, and software development.

As a result, several of these solutions are already operating at scale, particularly in the context of the contact center, in real-time documents interpretation and processing with direct impact in the levels of fully automated credit processing, and legacy code migration. Simultaneously, several pilot projects in other domains are at different stages of testing, with continuous progress in their implementation.

To accelerate and responsibly scale the application of Generative AI, the Bank has developed several proprietary technological platforms:

- **AgentLab**: Allows business areas to autonomously create and manage intelligent agents powered by Large Language Models (LLMs), capable of integrating internal knowledge and supporting multiple models by configuration. This platform serves as the Bank's agent directory, enabling centralized, secure, and governed management of the cross-functional use of LLMs. Recently, AgentLab was enhanced to include mechanisms that improve the efficiency of multimodal model usage and agent orchestration. AgentLab is evolving to support robust and standardized governance and monitoring mechanisms that can be effectively applied across various use cases.

- **Sourcery**: A platform based on LLMs, implemented for code conversion and automatic code generation. The first version of this platform has already been used in migrating code from the Mainframe ecosystem (SAS; COBOL; JCL) to the Enterprise Data Platform (SQL-based). The platform was designed to be configurable and extensible and is evolving to better integrate with development tools, facilitating the advanced generation of complex solutions (multi-service, events, APIs), as well as evolving its capabilities to support testing activities (manual, automated, test data). The Sourcery platform reuses services provided by AgentLab.

- **Foundation Model Hub**: An integrated platform that provides foundational AI models and supports the entire lifecycle management of these models, including hosting, versioning, inference service generation and deployment, optimization of processing platforms supporting the models, and fine-tuning tools. This platform supports a set of open-source models and controls the exposure of proprietary models. The foundational models used by AgentLab are managed within the Foundation Model Hub.

The Bank will continue to expand the application of both classical and emerging AI models to new domains and use cases, leveraging the specialized platforms developed to accelerate their adoption and implementing an optimized operating model to drive value capture. In 2025, while productivity and risk management use cases will continue to dominate the agenda, the bank will explore also use cases related to the personalization of client experience and communication.

53. Details and description of the major risks (economic, financial and legal) to which the company is exposed in pursuing its business activity.

On this issue, please see the information provided in the Management Report 2024, in the Chapter under the heading “Risk Management”.

54. Description of the procedure for identification, assessment, monitoring, control and risk management

On this issue, please see the information provided in the Annual Report 2024, in the chapter on "Risk Management".

55. Core details on the internal control and risk management systems implemented in the company regarding the procedure for reporting financial information

Within the scope of its Internal Control System and, more specifically, the Risk Management System, the Bank ensures the implementation and maintenance of information and communication processes appropriate to the Bank's activity and risks, the definition of the accounting policies to be adopted by the Group through the establishment of guidelines and the definition of the options that, within the scope of these policies, must be taken in order to ensure the reliability of the financial reporting. The BoD is responsible for approving the reporting or external disclosure information produced.

In addition, the BoD ensures that there are adequate procedures for the timely circulation and disclosure of the necessary information to its corporate bodies, the Company Secretary and other Stakeholders, either through the Regulations of the respective bodies or through internal rules.

Also in accordance with Notice no. 3/2020 and CMVM Regulation no. 9/2020, the Bank's management and supervisory bodies are responsible for producing an annual self-assessment report on the adequacy and effectiveness of the organisational culture, its governance and internal control systems, with reference to 30 November of each year, which contains, among other mandatory information, the following elements:

- assessment of the supervisory body;
- assessment of the management body;
- reports from the heads of risk management, compliance and internal audit functions.

It should be noted that, in this context, the supervisory body's assessment should contain a statement on the reliability of the processes for preparing information disclosed to the public by the Bank under the applicable laws and regulations, including financial and prudential information.

These Reports were issued and delivered in December 2024, with reference to 30 November 2024.

The BoD is also responsible for disclosing how the company integrates ESG factors into its various processes, internally through dedicated group codes, and externally through its Sustainability Report, Annual Report and Market Discipline Report.

The integration of climate and environmental risk factors into financing and investment decision-making processes is materialised in the Principles of Responsible Financing, which exclude or condition the Group's operations in sectors and/or activities with a greater environmental and social impact.

IV. Investor Support

56. Service responsible for investor support, composition, functions, the information made available by the said department and contact details

Through the Investor Relations Division, the Bank establishes permanent dialogue with the financial world – Shareholders, Investors, Analysts and Rating Agencies, as well as with the financial markets in general and respective regulatory entities.

a) Composition of the Investor Relations Division

The Investor Relations Division is composed of a head and a staff of three employees who ensure the relation with the market.

b) Duties of the Investor Relations Division

The main duties of the Investor Relations Division are:

- promoting comprehensive, rigorous, transparent, efficient and available relations with investors and analysts, as well as with the financial markets in general and respective regulatory entities, namely with respect to the disclosure of privileged information and mandatory information, including the coordination and preparation of the Bank's report and accounts;
- monitoring the update of the evolution of the shareholder structure;
- representation of the Bank in conferences and other types of events targeting investors of debt or shares;
- collaboration with the commercial areas in the provision of institutional information and disclosure of the Group's activity;
- management of the relations established with Rating Agencies, including the preparation and sending of relevant information on a regular basis or related to important events.

c) Type of information provided by the Investor Relations Division

During 2024, and as in previous years, the Bank pursued broad activity related to communication with the market, adopting the recommendations of the CMVM and the best international practices in terms of financial and institutional communication.

For purposes of compliance with the legal and regulatory obligations in terms of reporting, the Bank discloses quarterly information on the Bank's results and activity, holding press conferences and conference calls with Analysts and Investors involving the participation of members of the BoD.

It also makes available the Annual Report, the Half-Yearly Report and the Interim Reports and publishes all relevant and mandatory information through the CMVM's information disclosure system.

In 2024, the Bank made more than 220 announcements to the market, of which around 30 related to insider information, took part in various events, having attended 5 conferences (all in-person) and 8 roadshows, 4 of which in-person, through which it made institutional presentations and one-to-one meetings with investors and held more than 130 meetings with more than 215 investors, which is indicative of investor interest in the Bank.

In order to deepen its relations with its shareholder base, the Bank maintained a telephone line to support shareholders, free of charge and available from 09:00 to 19:00 on business days.

The relationship with the Rating Agencies consisted, in 2024, in the holding of the following meetings:

- annual meetings with Moody's, DBRS , S&P and Fitch Ratings and Scope Ratings, rating not requested;
- 41 meetings with the aforementioned rating agencies to discuss a wide range of topics related to the Bank's development and the markets in which the Group operates, namely topics related to analysing the results released to the market, legal risk in Poland, capital, as well as other topics, namely ESG, Digitalisation, Cybersecurity and others related to clarifying announcements of inside information and other materially relevant information;
- meetings to revise the Credit Opinions, Press Releases and Rating Reports issued by the Rating Agencies in the course of the year.

All institutional and relevant public information is available on the Bank's website, on the institutional page.

d) Investor Relations Division contact information

Phone: + 351 21 113 10 84

Fax: + 351 21 113 69 82

Address: Av. Prof. Doutor Cavaco Silva, Edifício 1, no. 32 Piso 0 - Ala B, 2740-256 Porto Salvo, Portugal

e-mail: investors@millenniumbcp.pt

The company's website: www.millenniumbcp.pt/en

57. Market Liaison Officer

The Bank's representative for market relations is Bernardo Roquette de Aragão de Portugal Collaço.

58. Data on the extent and deadline for replying to the requests for information received throughout the year or pending from preceding years

During 2024, the Bank received, essentially via e-mail and telephone, a variety of requests for information from shareholders and investors. Such requests were all handled and replied to, mostly within two business days. By the end of 2024, there were no outstanding requests for information regarding previous years.

V. Website

59. Address(es)

The Bank’s website address is as follows: https://www.millenniumbcp.pt/en

60. Place where information on the company, registered office and other details referred to in Article 171 of the Commercial Companies Code is

The above information is available on the Bank’ site, in Portuguese and in English, at the following address:

https://ind.millenniumbcp.pt/pt/info/Pages/Inf_Legal.aspx

61. Place where the articles of association and regulations on the functioning of the boards and/or Committees are available

The Articles of Association and the regulations of the BoD's corporate bodies and specialised committees are available on the Bank's website, in Portuguese and in English.

62. Place where information on the identity of the corporate bodies’ members, the representative for relations with the market, the Investor Assistance Office or comparable structure, respective functions and contact details is available

Information on the identity of the corporate bodies, the Market Liaison Officer, the Investor Relations Division, their functions and means of access is available on the institutional page of the Bank's website, in Portuguese and English.

63. Place where the financial statements are available, as well as the half-yearly calendar on company events, including, among others, general meetings, disclosure of annual, half-yearly and if applicable, quarterl accounts

Information on the financial statements, for each financial year and six-month period over the last ten years (in accordance with Articles 29-G(1) and 29-J(1) of the Securities Code) is available on the Bank's website, on the institutional page.

The calendar of corporate events is published at the end of each year and refers to the following year. It includes the foreseeable dates of the GM meeting and the quarterly presentation of results (to the press, analysts and investors). It is available on the Bank's website on the institutional page.

64. Place where the notice convening the general meeting and all the preparatory and subsequent information related thereto is disclosed.

Whenever a GM is called and on the date of the call notice, a temporary page is created on the portal (www.millenniumbcp.pt) to support the GM, containing all the preparatory information and support for participation in the Meeting, and an e-mail box is opened - pmag@millenniumbcp.pt - for receiving correspondence from shareholders, including letters expressing the intention to participate and proxy letters.

65. Place where the historical archive on the resolutions passed at the company's General Meetings, share capital represented and voting results relating to the preceding 3 years is available

The historical archive, with reference to the previous ten years, including the call notice of meeting, the share capital represented, the proposals submitted and the voting results, is available on the Bank's website, in Portuguese and English, on the institutional page.

D. REMUNERATIONS

This chapter constitutes the Remuneration Report and has been drawn up in accordance with the applicable legal and regulatory provisions:

- **Legal Framework for Credit Institutions and Financial Companies**, including articles 115-C and 115-I, which establish the requirements applicable to the remuneration policies of credit institutions, as well as article 115-H, which governs the Remuneration Commission;
- **Securities Code**, specifically Article 26-G, which regulates the preparation and disclosure of the Remuneration Report of companies issuing securities admitted to trading;
- **Regulation (EU) No. 575/2013**, with a particular focus on Article 450, which defines transparency requirements for remuneration policies and practices in the financial sector;
- **Corporate Governance Code of the Portuguese Institute of Corporate Governance**, namely Recommendations VI.2.3 and VI.2.4, which reinforce the need for clear and detailed communication on remuneration policies;
- **CMVM Regulation no. 4/2013**, which establishes the mandatory structure for the preparation of corporate governance reports and the disclosure of relevant information to the market;

Although the structure of this Remuneration Report remains in compliance with CMVM Regulation 4/2013, its content has been significantly revised with the aim of making the information clearer, more accessible and transparent to the market, reflecting best practices and incorporating suggestions and comments received from various stakeholders.

With regard to the changes to the MMSB Remuneration Policy, there was criticism from some stakeholders during the vote at the GM, particularly with regard to the identification and justification of the changes introduced. Recognising the importance of ensuring rigorous and structured communication, the Bank reiterates its commitment to transparency and continuous improvement in the disclosure of information, promoting an open and constructive dialogue with shareholders and other interested parties.

The MMSB Remuneration Policy can be found in Annex IV of this report and can be consulted on the institutional page of the Bank's website.

I. Competence for determination

66. Competence to determine the remuneration of corporate bodies, members of the Executive Committee and company managers

The RWB is the body responsible for deciding the remuneration and benefits of the members of the corporate bodies, including the supplementary pensions attributed to directors.

In conjunction with the NRC, the RWB submits the MMSB Remuneration Policy to the GM every year, ensuring that it reflects the institution's principles and strategic objectives. The Chairperson and the other members of the RWB take part in the GM, providing clarification to the shareholders whenever necessary.

In addition, the RWB analyses the Supplementary Autonomous Document to the MMSB Remuneration Policy, sent annually by the NRC, closely monitoring the implementation of the Remuneration Policy and the application of the guidelines defined in that document.

It is important to emphasise that the RWB and the NRC perform complementary functions, ensuring a balance between the strategic definition of the Policy and its implementation, guaranteeing that the decisions taken reflect the best practices and the objectives defined for the Bank. While the RWB sets and reviews remuneration, ensuring that the established guidelines are implemented, the RWB plays an essential role in formulating and updating the Remuneration Policy, being responsible for defining the principles and criteria applicable to the MMSB, monitoring its evolution to ensure that it is appropriate to the Bank's context and to regulatory requirements.

The Regulations of the RWB and the Regulations of the NRC can be consulted on the institutional page of the Bank's website.

II. Remuneration and Welfare Board

67. Composition of the remuneration committee, including details of individuals or legal persons hired to support it and statement on the independence of each member and advisor

The RWB is elected by the GM under the terms of article 399 of the CC and is made up of three to five members.

In 2024, the composition was as follows:

Chairman: José António Figueiredo Almaça

Members: Jorge Manuel Baptista Magalhães Correia

Valter Rui Dias de Barros

In the 2024 financial year, the RWB issued two Unanimous Written Resolutions and met three times. Minutes of the meetings were drawn up and subsequently approved.

During this financial year, the effective participation rate of each of the RWB members is shown in the following table:

RWB members	Attendance level
José António Figueiredo Almaça	100%
Jorge Manuel Baptista Magalhães Correia	100%
Valter Rui Dias de Barros	100%

Since the RWB's mission is to observe the long-term interests of shareholders, investors and other stakeholders in the institution, as well as the public interest in general, all members in office are independent of the Executive Members of the Management Body, with two of the members being related to qualified shareholders and the Chairman being independent.

At the GM of 4 May 2022, José António Figueiredo Almaça was elected Chairman of the RWB, with an annual remuneration set at 50,000.00 euros, which was effectively paid in 2024. The other members, who combine the role of members of this Board with that of Non-Executive Directors of the BoD, do not receive any remuneration for this position.

As part of the review of the MMSB Remuneration Policy, both in 2023 and 2024, the RWB was assisted by Korn Ferry, an independent and qualified service provider, which compared markets and entities similar to the Bank in terms of size, characteristics and operations, using relevant data to define remuneration, as well as estimating the fair value of Variable Remuneration associated with long-term objectives. According to the existing contract with this entity, no other remuneration-related services will be provided to the Bank or BCP Group entities without the express agreement of the RWB and the NRC.

The RWB had the logistical and technical support of the Company Secretary's Office and of the Human Resources Division and received secretarial support from the Company Secretary.

For more information on the NRC, see item 27 b) of this report.

68. Knowledge and experience of the members of the Remuneration and Welfare Board in matters of remuneration policy

The members of the RWB have solid professional experience, having held senior positions in banking and financial entities or large companies. This background gives them knowledge and an appropriate profile in the field of remuneration policy, as can be seen from their CVs in Annex II.

It should be noted that Article 2 of the RWB's Regulations expressly states that RWB members must collectively have adequate knowledge and professional experience in remuneration policies and practices, which is assessed by the GM at the time of election.

III. Structure of remunerations

69. Description of the remuneration policy for the management and supervisory bodies

The MMSB Remuneration Policy for 2024, applicable to all Members of the Management and Supervisory Bodies, including Executive Members, came into force on 1 January 2024 and is guided by principles that guarantee:

- Alignment of the interests of stakeholders, employees and Customers;
- Transparency to avoid potential conflicts of interest that could jeopardise the Bank's integrity;
- Gender equality with the attribution of equitable remuneration free from prejudice;
- Competitive fixed remuneration that attracts and retains talent;
- Variable Remuneration that incentivises collective and individual performance, in line with the Bank's risk profile;
- Promotion of long-term sustainable practices, rewarding actions that promote social and environmental responsibility;
- Respect for the regulations applicable to the Remuneration Policy.

The MMSB Remuneration Policy can be consulted on the institutional page of the Bank's website and is available for consultation in Appendix IV of this report.

The main characteristics of the remuneration structure for MMSB are summarised below, and duly described in the articles of the Policy identified:

Fixed Remuneration (Articles 6 and 7 of the Policy)

- Executive Members: delivered in 14 monthly payments;
- Non-Executive Members: delivered in 12 monthly payments.
- The Retirement Supplement attributed to Executive Members, since it is not discretionary, constitutes Fixed Remuneration.

Variable Remuneration (Articles 8, 9 and 10 of the Policy)

Exclusive to Executive Members:

- Annual Variable Remuneration linked to annual performance and determined by corporate and individual key performance indicators (KPIs). AVR is made up of a portion paid in cash and another in shares or other instruments;
- Long-term Variable Remuneration associated with long-term performance and measured according to the period of the mandate. It is paid exclusively in Bank shares or other instruments, with established deferral periods.

Other benefits (Article 13 of the Policy)

Executive and non-executive members on an exclusive basis:

- Health insurance, mobile phone and credit card;
- Retirement supplement based on contributions from the Bank.

Malus and Clawback clauses (Article 12 of the Policy)

- Malus clauses that allow the Variable Remuneration to be reduced in the event of inadequate performance;
- Clawback clauses that make it possible to return the Variable Remuneration paid in the event of significant losses resulting from irresponsible actions.

70. Information on how remuneration is structured so as to enable the aligning of the interests of the members of the board of directors with the company's long-term interests and how it is based on the performance evaluation and how it discourages excessive risk taking

The remuneration of the members of the Board of Directors is structured in such a way as to align their interests with the Bank's long-term objectives, through various mechanisms:

- **Combination of Fixed and Variable Remuneration**, the latter consisting of AVR, paid in cash and in shares or Other Instruments, and LTVR, paid exclusively in shares and Other Instruments. Both remuneration components are subject to the instruments' deferral regime and retention periods;
- **Variable remuneration directly linked to performance evaluation, with objectives set in line with the Bank's risk profile and long-term objectives**, based on corporate and individual KPIs, defined annually by the NRC, in line with the Bank's strategic objectives, the risk appetite defined by the Bank and the respective liquidity and capital plans. Their attribution is conditional not only on the evaluation of the individual performance of the Executive Members, but also on the overall performance of the Bank, guaranteeing an effective alignment between the Remuneration Policy and the creation of sustainable value;
- **Inclusion of clauses** that allow the reduction or return of Variable Remuneration in the event of inadequate performance or actions that result in significant losses for the Bank, discouraging excessive risk-taking (Malus and Clawback mechanisms).

In drawing up the Remuneration Policy proposal and supervising its implementation, the NRC and the RWB obtain input from different BCP management areas, of which the following stand out: Human Resources Division, Risk Office, Compliance Office, Management Information Division, Research, Planning and AML Division and Internal Audit. The latter monitors the Policy's implementation and compliance by issuing an annual report (please see item 82.3, 3).

With regard to the incentives established in the Remuneration Policy, it is the responsibility of the RAC to examine whether these incentives take into account risk, capital, liquidity and earnings expectations at any given time.

The NRC, after hearing the RWB, the RAC, the AudC and the Chairperson of the BoD, is responsible for verifying situations that require the possible application of Malus or Clawback.

For more information, please see articles 6 to 10 and 12 of the MMSB Remuneration Policy.

71. Reference to the existence of a variable component of the remuneration of the executive directors and information on the possible impact of the performance evaluation on this component.

For Executive Directors, the MMSB Remuneration Policy includes two Variable Remuneration components.

The variable component of the remuneration is linked to performance and its total value may vary between zero and a maximum equivalent to twice the Annual Fixed Remuneration, except for the Chief Risk Officer, whose variable component may not exceed the fixed component each year.

Whenever the calculation of the variable remuneration exceeds the AFR, the excess amount will be subject to approval by the GM.

A - Annual Variable Remuneration:

It is attributed on the basis of the annual performance evaluation and reflects the fulfilment of corporate and individual KPIs. These KPIs are defined and monitored annually by the NRC, which ensures that they are aligned with the Bank's short- and long-term goals.

The performance evaluation directly impacts the AVR calculation, since its attribution depends on the verification of a minimum weighted average of the level of achievement of the established Corporate KPIs, and their respective weights, relative to the Bank's overall performance. In this way, AVR encourages directors to achieve results that benefit the institution as a whole.

Corporate KPIs defined for 2024:

Category	Description of BCP Group Corporate KPIs	Weight
Capital 15%	Common Equity Tier 1 (CET1) capital ratio (fully implemented) - Group	10%
	MREL-TREA (%) - Portugal Resolution Group	5%
Profitability 40%	Return On Equity - Group*	30%
	Core Operating Profit Recurring - Group	10%
Risk 20%	Total Impairments and provisions, excluding CHF Impairments - Group	10%
	Net Stable Funding Ratio (NSFR) (%) - Group	5%
	Non-performing Exposure amount - Group	5%
Transformation 25%	Level of implementation of the Sustainability Master Plan - Group	7.5%
	Digital Transformation (% active mobile customers in total active customers) - Group	7.5%
	Customer Satisfaction - BCP PT	5%
	Customer growth - Group	5%

* Exceptionally, subject to the approval of the NRC and RWB, when calculating ROE, provisions for mortgage loans in CHF (mortgage loans offered by Bank Millennium, S.A. (Poland)) will be excluded, as well as impacts related to events that are difficult to anticipate - such as moratoriums (credit holidays) - and beyond the control of management.

The overall value of the AVR to be attributed is subject to a maximum value, which may not exceed 1.00% of the net profits for the year to which the AVR refers. If the sum of the individual annual variable remunerations exceeds the calculated maximum value, an adjustment factor will be applied to the calculated individual values so that their sum does not exceed that limit.

The individual AVR takes into account the following values:

Individual AVR	% of the AFR
AVR Target 100% fulfilment of the quantitative and qualitative objectives defined	54%
Maximum value of AVR calculated Fulfilment of 150% or more of the quantitative and qualitative objectives defined	75%

The RWB, in conjunction with the NRC and after hearing the RAC and the AudC, may, in particular, in order to deal with any current or future risks, cost of own funds and liquidity necessary for the BCP Group, or to reflect exceptional factors affecting the Bank's performance (which may include relative performance in relation to its peers in Portugal), or to contribute to the cohesion of the Body:

- Adjust the individual AVR values resulting from the application of the above-mentioned percentages, respecting the legally established limits and in terms that do not affect the maximum calculated AVR value, and/or;
- Apply an adjustment factor to the maximum calculated AVR, with a minimum of -25% and a maximum of +25%.

The computation of the AVR amount is based on the results of the performance evaluation throughout the AVR Evaluation Period in question and results from the sum of two autonomous and independent components:

- 80% of the amount is based on the evaluation of the level of achievement of the individual quantitative objectives, except for the CRO whose percentage is 70%;
- 20% of the amount is based on the performance evaluation of each Director regarding the qualitative objectives, except for the CRO whose percentage is 30%.

The AVR attribution depends on the performance recorded for each individual quantitative KPI and is calculated as follows:

Performance of the KPI Fixed	Amount to be attributed calculated according to the AVR Target Range of the Fixed KPI as per the table in the Autonomous Document RV
Less than 80%	No AVR shall be attributed for that quantitative objective
Between 80% and 90%	Amount in the range of 70 % to 80 %
Between 90% and 110%	Amount in the range of 80 % to 120 %
Between 100% and 150%	Amount in the range of 120 % to 150 %
Between 150 % or more	Value in the range of 150% of AVR

The AVR due to each Executive Member, by virtue of the individual quantitative KPIs, results from the percentage of the Target AVR depending on performance.

The qualitative assessment of the Executives is measurable and is the responsibility of the NRC, having heard the Chair and Non-Executive Vice-Chairs of the BoD and the Chief Executive Officer (the latter only speaks in relation to the other EC Members).

The overall performance of the qualitative objectives of each Director results from the weighted average of the individual qualitative objectives, with a weight of 20% of the amount of each Director's performance evaluation, except for the BoD for which the percentage is 30%, and in accordance with the following parameters:

Global performance of qualitative objectives	Amount to be attributed calculated according to the Target AVR range of that objective according to the table in the VR Autonomous Document
Lower than level 2 - “Somewhat below Expected”	No addition to the AVR is calculated in this respect
Between level 2 - “Somewhat below Expected” and level 3 - “In line with Expected”	Amount in the range of 60% to 100%
Between level 3 - “In line with Expected” and level 4 - “Above Expected”	Amount in the range of 100% to 130%

B - Long Term Variable Remuneration:

Related to performance over 4 years, with the current period running from 1 January 2022 to 31 December 2025 (term of office), the LTVR aims to reward Executive Directors for achieving long-term goals, which are strategic objectives for the Bank, promoting a continuous focus on the institution's performance, sustainability of results and alignment with the long-term interests of all the Bank's stakeholders.

LTVR calculation metric:

Category		KPIs
Strategic Plan	50%	Alignment with the Group's Strategic Plan:
		a) Period 2022-2024: degree of achievement of the objectives of the Strategic Plan 2021-2024 (75% weight);
		b) Year 2025: degree of achievement of the objectives of the Strategic Plan 2025-2028 for the year 2025 (25% weight).
Total Shareholder Return	50%	Performance, measured between 31.12.2021 and 31.12.2025, of the Total Shareholder Return (TSR) of the Bank's shares compared to the TSR resulting from the weighted average TSR of the market indices calculated as follows:
		a) TSR of the PSI Index, weighted at 30%;
		b) TSR of the Stoxx Europe 600 Banks Index, weighted at 70%.

This component is paid exclusively in company shares or other instruments and is subject to deferral periods, promoting a continuous focus on the institution's performance.

The LTVR is paid taking into account the following reference values (Target) and maximum limits:

Individual LTVR	% of AFR in the LTVR evaluation period
LTVR Target 100% fulfilment of the quantitative and qualitative objectives defined	36%
Maximum value of the calculated LTVR Fulfilment of 150% or more of the quantitative and qualitative objectives defined	50%

The RWB, in articulation with the NRC and after consulting the RAC and the AUDC, may, namely, address any current or future risks, cost of own funds and liquidity required by the BCP Group, as well as to translate the Bank's exceptional performances:

- Adjust the individual LTVR values resulting from the application of the above-mentioned percentages, respecting the legally established limits and in terms that do not affect the maximum calculated LTVR value, and/or;
- Apply an adjustment factor to the maximum calculated LTVR, with a minimum of -25% and a maximum of +25%.

The calculation of the number of shares or other instruments corresponding to the LTVR to be attributed is based on the results of the performance evaluation during the LTVR evaluation period.

The attribution of the LTVR depends on the degree of fulfilment of the quantitative objectives set by the NRC, in consultation with the RWB, on 31 December 2025.

For more information, please see articles 8 to 10 of the MMSB Remuneration Policy.

72. The deferred payment of the remuneration's variable component and specify the relevant deferral period.

The MMSB Remuneration Policy establishes a deferral mechanism for the variable component of remuneration, applicable to both AVR and LTVR. This mechanism aims to encourage prudent risk management and ensure that Variable Remuneration is aligned with the Bank's long-term performance.

The AVR and LTVR are deferred by 50% over a period of 5 years, with one fifth of their value being paid each year, on the date of payment of the AVR and LTVR respectively. It is also stipulated that if the AVR, individually or together with the LTVR, is greater than two thirds of the AFR of each Executive Director, 60% of the amount must be deferred. Likewise, if the AVR, individually or together with the LTVR, is equal to or less than €50,000, and this sum does not represent more than one third of the Executive Director's total remuneration, the payment of the AVR will be made 100% in cash and there will be no deferral.

For more information, please see articles 9, item 16 and 17 and article 10, item 8 and 10 of the MMSB Remuneration Policy.

73. The criteria whereon the allocation of variable remuneration on shares is based, and also on maintaining company shares that the executive directors have had access to, on the possible share contracts, including hedging or risk transfer contracts, the corresponding limit and its relation to the total annual remuneration value

The portion of Variable Remuneration that is not paid in cash should preferably be attributed in Bank shares, except when there is adequate justification for payment in Other Instruments, as decided by the RWB. The number of shares to be attributed is determined by the quotient between the value of the Variable Remuneration and the attribution price of the AVR or LTVR.

The shares attributed are subject to a retention period of 1 year from the respective AVR payment date or LTVR payment date, as applicable.

The Policy provides for the possibility for Directors to sell or encumber shares or other instruments to the extent necessary to cover all taxes and contributions resulting from their attribution. Alternatively, they may resort to the sell-to-cover regime, whereby the number of shares or other instruments attributed is already deducted from the number required for the sale, with a view to paying the taxes and contributions corresponding to the total value of the shares or other instruments attributed.

Risk hedging mechanisms to mitigate the effects of risk alignment inherent in remuneration methods may not be used, nor may Variable Remuneration be paid through special purpose vehicles or other methods with equivalent effect.

For more information, please see article 8, items 6 to 11 and 18 of the MMSB Remuneration Policy.

74. The criteria whereon the allocation of variable remuneration on options is based and details of the deferral period and the exercise price.

In the financial year to which this report relates, the Bank did not attribute Variable Remuneration in options.

75. The key factors and grounds for any annual bonus scheme and any additional non-financial benefits

The remuneration conditions for Directors, as mentioned, are based on strict performance parameters, aligned with the Bank's strategic objectives and best market practices, promoting a culture of recognition and valuing work.

Variable Remuneration is attributed exclusively to Executive Directors and is calculated based on the total fixed remuneration, which results from the sum of the Basic Remuneration and the Retirement Supplement With regard to non-pecuniary benefits, the Bank's Directors have health insurance on the same basis as the Bank's Employees, and Executive Directors or those working in an exclusive capacity are also entitled to the use of a service car, credit card and mobile phone.

Some Directors with an employment relationship with the Bank prior to exercising management functions have home loans granted prior to their election, under the conditions laid down in the BCP Group's Collective Labour Agreement (ACT), as mentioned in note 51 to the consolidated financial statements, which also identifies the ceilings and conditions of the respective private credit cards.

For more information, please see articles 13 of the MMSB Remuneration Policy.

76. Key characteristics of the supplementary pensions or early retirement schemes for directors and state date when said schemes were approved at the general meeting, on an individual basis.

Directors benefit from an old-age or disability pension supplement constituted through capitalisation insurance contracts or, alternatively, through contributions to pension funds with a defined contribution.

The Bank's annual contributions to the supplementary retirement plan are set by the RWB and are at least equal to 20% of the annual gross fixed remuneration defined at any given time.

This supplement is non-discretionary and constitutes fixed remuneration.

In the event of termination of duties of Directors who are simultaneously Employees of the Bank and are on pre-retirement under the terms of the ACT, they are entitled to an amount equivalent to 80% of the average of the 5 highest remunerations of the Bank's General Managers, guaranteeing at least the amount corresponding to their last remuneration as an employee of the Bank. This right is granted provided that the Director has held executive office for a period of 10 years or more and has signed a non-competition agreement in the financial sector.

Amount of supplementary pension costs paid in 2024:

Chairperson and Executive Members of the Board of Directors	Retirement Supplement (€)	IRS withheld from the Retirement Supplement (€)	Amount Transferred to the Pension Fund (€)
Nuno Manuel da Silva Amado (Chairman of the BoD)	221,738.40	98,959.00	122,779.40
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	153,181.56	67,969.00	85,212.56
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	111,404.84	48,582.00	62,822.84
João Nuno de Oliveira Jorge Palma (Vice-Chair of the EC)	111,404.84	48,861.00	62,543.84
Rui Manuel da Silva Teixeira (Member of the EC)	97,479.20	42,515.00	54,964.20
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	97,479.20	42,246.00	55,233.20
Maria José Henriques Barreto Matos de Campos (Member of the EC)	97,479.20	19,149.00	78,330.20
Total	**890,167.24**	**368,281.00**	**521,886.24**

For more information, please see Articles 14 to 16 of the MMSB Remuneration Policy and Article 17 of the Articles of Association.

IV. Disclosure of remunerations

77. Indication of the annual amount of remuneration earned by the members of the company's management bodies, from the company, including fixed and variable remuneration and, with regard to the latter, mention of the different components that gave rise to it, as well as quantitative information regarding the remuneration paid to the different categories of employees provided for in Article 115-C(2) of the Legal Framework for Credit Institutions and Financial Companies

The fixed remuneration earned by the members of the Board of Directors and Supervisory Board is shown below, in aggregate and individually:

For more information on the justifications for the variations, please refer to item 82.3.

I- Annual Fixed Remuneration

Amount of the Annual Fixed Remuneration attributed and paid to the Members of the Management Bodies, on an individual basis:

Members of the Board of Directors (BoD)	Annual Fixed Remuneration A Directly paid by BCP (€)	B Received through other Companies (€)	A + B Remuneration of Corporate Bodies set by the RWB (€)	IRS withheld from the Fixed Remuneration (€)
Nuno Manuel da Silva Amado (Chair of the BoD)	705,421.50	33,706.50	739,128.00	322,770.00
Jorge Manuel Baptista Magalhães Correia (Vice-Chair of the BoD)	117,831.96	0.00	117,831.96	42,696.00
Ana Paula Alcobia Gray (Member of the BoD)	133,899.96	0.00	133,899.96	41,400.00
Julia Gu (*) (Member of the BoD)	17,333.34	0.00	17,333.34	4,332.00
Lingjiang Xu (Member of the BoD)	133,899.96	0.00	133,899.96	49,922.00
Smilla Lingzi Yuan (Member of the BoD)	139,050.00	0.00	139,050.00	34,755.00
Altina de Fátima Sebastian Gonzalez Villamarin (Member of the BoD)	133,899.96	0.00	133,899.96	49,922.00
José Pedro Rivera Ferreira Malaquias (Member of the BoD)	133,899.96	0.00	133,899.96	49,922.00
Sub-Total	**1,515,236.64**	**33,706.50**	**1,548,943.14**	**595,719.00**
Members of the Audit Committee (AudC)				
Cidália Maria da Mota Lopes (Chair of the AudC)	185,400.00	0.00	185,400.00	72,555.00
Fernando da Costa Lima (Member of the AudC)	185,400.00	0.00	185,400.00	73,072.00
Valter Rui Dias de Barros (Member of the AudC)	153,882.00	0.00	153,882.00	38,463.00
Sub-Total	**524,682.00**	**0.00**	**524,682.00**	**184,090.00**
Members of the Executive Committee (EC)				
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	732,201.44	33,706.50	765,907.94	331,365.00
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	507,092.49	49,931.53	557,024.02	225,491.00
João Nuno de Oliveira Jorge Palma (Vice-Chair of the EC)	557,024.02	0.00	557,024.02	249,062.00
Rui Manuel da Silva Teixeira (Member of the EC)	484,916.00	2,500.00	487,416.00	215,568.00
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	445,581.30	41,814.70	487,396.00	196,848.00
Maria José Henriques Barreto Matos de Campos (Member of the EC)	487,396.00	0.00	487,396.00	97,820.00
Sub-Total	**3,214,211.25**	**127,952.73**	**3,342,163.98**	**1,316,154.00**
Total amounts of the Board of Directors of BCP	**5,254,129.89**	**161,659.23**	**5,415,789.12**	**2,095,963.00**

(*)At the request of the Director, she has resumed the attribution of remuneration since the beginning of 2023. The Director resigned with effect from February 2024.

(**) The Director benefits from the IRS regime for non-habitual residents, with a rate of 20% until 2027.

The AFR corresponds to the amounts mentioned above plus the Retirement Supplement amounts described in Point 76.

II- Annual Variable Remuneration

Amount of Annual and Long-Term Variable Remuneration attributed and paid to Executive Members on an individual basis:

	Annual Variable Remuneration (AVR) and Long-Term Variable Remuneration (LTVR)							
	AVR attributed in 2024 (in respect of FY 2023)			AVR Paid in 2024 (in respect of FY 2023)			LTVR deferred in 2022 (in respect of FY 2018 to 2021)	
Members of the Executive Committee (EC)	**Value attributed in Cash (€)**	**No. of shares (a) attributed (qty.)**	**Total amount attributed (€)**	**Payment made in Cash (€)**	**No. of shares(a) made available (qty.)**	**Payment made in shares(b) (€)**	**No. of shares(c) made available (qty.)**	**Payment made in shares(b) (€)**
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	313,940.95	1,062,406	627,881.90	156,970.48	531,203	194,154.69	240,968	88,073.81
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	244,955.16	828,951	489,910.31	122,477.58	414,476	151,490.98	192,774	70,458.90
João Nuno Oliveira Jorge Palma (Vice-Chair of the EC)	218,040.63	737,870	436,081.26	109,020.32	368,935	134,845.74	192,774	70,458.90
Rui Manuel da Silva Teixeira (Member of the EC)	198,883.25	673,040	397,766.49	99,441.62	336,520	122,998.07	168,677	61,651.45
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	205,506.07	695,452	411,012.13	102,753.03	347,726	127,093.86	168,677	61,651.45
Maria José Henriques Barreto de Matos de Campos (Member of the EC) (d)	202,967.04	686,860	405,934.07	101,483.52	343,430.00	125,523.66	168,677	61,651.44
	1,384,293.10	**4,684,579**	**2,768,586.16**	**692,146.55**	**2.342.290**	**856,107.00**	**1,132,547**	**413,945.95**

(a) the lower of the average of the closing prices of BCP shares recorded in the 20 stock exchange sessions preceding the 10th of April 2024 and the price on the 3rd day preceding the respective payment: € 0,2955€.

(b) closing price of BCP shares on 05-06-2024: €0.3655.

(c) the lower of the average of the closing prices of BCP shares recorded in the 20 stock exchange sessions preceding 25th May 2023 and the price on the 3rd day preceding the respective payment: €0.2231.

(d) benefits from the IRS regime for non-habitual residents, with a rate of 20% until 2027.

	Annual Variable Remuneration deferred from previous years and paid in 2024					
	Deferred AVR of 2023 (in respect of FY 2022)			Deferred AVR of 2022 (in respect of FY 2021)		
Members of the Executive Committee (EC)	Payment made in Cash (€)	No. of shares(c) made available (qty.)	Payment made in shares(b) (€)	Payment made in Cash (€)	No. Shares(e) made available (qty.)	Payment made in shares(b) (€)
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	20,227.56	90,666	33,138.42	10,887.68	69,304	25,330.62
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	16,330.34	73,197	26,753.50	8,406.56	53,511	19,558.27
João Nuno Oliveira Jorge Palma (Vice-Chair of the EC)	14,784.36	66,268	24,220.95	7,927.84	50,464	18,444.59
Rui Manuel da Silva Teixeira (Member of the EC)	13,481.14	60,426	22,085.70	7,269.36	46,272	16,912.42
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	13,931.67	62,446	22,824.01	7,532.36	47,946	17,524.26
Maria José Henriques Barreto de Matos de Campos (Member of the EC) (d)	13,531.14	60,651	22,167.95	7,269.36	46,272	16,912.42
	92,286.21	413,654	151,190.53	49,293.16	313,769	114,682.58

(b) closing price of BCP shares on 05-06-2024: €0.3655.

(c) the lower of the average of the closing prices of BCP shares recorded in the 20 stock exchange sessions preceding 25th May 2023 and the price on the 3rd day preceding the respective payment: €0.2231.

(d) benefits from the IRS regime for non-habitual residents, with a rate of 20% until 2027.

(e) average of closing prices of BCP shares recorded in the 20 stock-exchange sessions preceding 9 May 2022: €0.1571.

	Deferred AVR of 2021 (in respect of FY 2020)			Deferred AVR of 2020 (in respect of FY 2019)		
Members of the Executive Committee (EC)	Payment made in Cash (€)	No. of shares(f) made available (qty.)	Payment made in shares(b) (€)	Payment made in Cash (€)	No. of shares(g) made available (qty.)	Payment made in shares(b) (€)
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	6,680.00	32,906	12,027.15	10,400.00	42,975	15,707.37
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	5,800.00	28,571	10,442.70	8,200.00	33,884	12,384.60
João Nuno Oliveira Jorge Palma (Vice-Chair of the EC)	5,760.00	28,374	10,370.70	8,200.00	33,884	12,384.61
Rui Manuel da Silva Teixeira (Member of the EC)	4,840.00	23,842	8,714.25	7,400.00	30,578	11,176.26
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	4,440.00	21,872	7,994.22	7,680.00	31,736	11,599.51
Maria José Henriques Barreto de Matos de Campos (Member of the EC) (d)	5,280.00	26,010	9,506.65	7,400.00	30,578	11,176.26
	32,800.00	161,575	59,055.67	49,280.00	203,635	74,428.61

(b) closing price of BCP shares on 05-06-2024: €0.3655.

(d) benefits from the IRS regime for non-habitual residents, with a rate of 20% until 2027.

(f) average closing price from 1 November 2019 to 31 December 2019 of BCP shares: €0.2030.

(g) average closing price of BCP shares on 1 November 2018: €0.2040.

Bearing in mind that in 2024 the Bank entered a new phase of normalisation of the capital structure and profitability, and that the current Policy was designed in an adverse macroeconomic context, it became necessary to adjust the remuneration policies accordingly (process initiated in 2024), ensuring full alignment with the applicable legal regime and the Bank's risk profile. In this regard, the AVR Target for executive members in the 2024 Policy was increased by 20%.

During the financial year 2024, there were no remuneration reductions resulting from performance adjustments, bonuses qualified as guaranteed variable remuneration, or compensations for termination of duties awarded in previous periods.

Information on the remuneration paid to the different categories of employees provided for in Article 115-C (2) of the Legal Framework for Credit Institutions and Financial Companies can be found in item 82.1.

78. Any amounts paid, for any reason whatsoever, by other companies in a control or group relationship, or are subject to a common control

The net value of the remuneration received annually by each Executive Director or by one working in an exclusive capacity, as a result of positions held in Companies or Corporate Bodies to which they have been appointed by indication or on behalf of the Bank, is deducted from the amounts of the respective Annual Fixed Remuneration.

Each member is obliged to report the additional compensation they receive, so that the amounts can be correctly deducted.

The deductions can be found in the table in item 77-A.

For more information, please see article 17 of the MMSB Remuneration Policy.

79. Remuneration paid in the form of profit-sharing and/or bonus payments and the reasons why such bonuses or profit sharing were granted

In the financial year to which this report relates, the Bank paid no remuneration in the form of profit-sharing and/or bonus payments.

80. Compensation paid or owed to former executive and non-executive directors in relation to the termination of contract during the financial year

In the financial year to which this report relates, and despite the termination of office of a BoD member, no compensation was paid or owed to former directors, nor were any other related costs borne by the Bank.

For more information, please see article 3, item 2 of the MMSB Remuneration Policy.

81. Details of the annual amount of remuneration earned, in aggregate and individually, by the members of the company's supervisory bodies

Please refer to the table in item 77.A - Annual Fixed Remuneration.

82. Indication of the remuneration paid to the members of the Board of the General Meeting of Shareholders in the reference year

The RWB took into account the market practices of the main listed companies with head offices in Portugal and of a similar size to BCP and, for the term of office starting in May 2020, established the Annual Fixed Remuneration of the Chair of the GM at 42,000 euros and of the Vice-Chair at 27,600 euros.

These amounts are distributed in four quarterly payments and were made in 2024.

In addition to the Fixed Remuneration, the Members of the Board of the GM are entitled to the health insurance contracted for the Bank's governing bodies.

For more information, please see articles 4 and 5 of the MMSB Remuneration Policy.

82.1 Quantitative information regarding the remuneration paid by the Bank, to the different categories of employees foreseen in article 115-C (2) of the Legal Framework for Credit Institutions and Financial Companies and other Employees as per the provisions of Article 47 of the Notice of Banco de Portugal 3/2020

In the 2024 Annual Report, in Note 7 to the Accounts, in the Chapter on Remuneration and in Section b, the aggregate quantitative data on remuneration is detailed, broken down by the Bank's area of activity, as well as the amounts of deferred remuneration related to previous years' performance - split between the amount to be received in the financial year and the amount to be received in subsequent years.

i. Employees responsible for risk-taking (15 employees)

Total amount of remuneration paid by the Bank to those responsible for risk-taking:

Remunerations	(Euros)
Fixed Remuneration	2.082.140,05
Annual Variable Remuneration in cash	309.858,00
Annual Variable Remuneration in shares	60.656,00
Sub-total	**2.452.654,05**
Mandatory social security expenses	
Social Security	386,064.69
SAMS / Médis	26,029.79
Supplementary Pension Plan	3,577.43
Sub-total	**415,671.91**
Remuneration Costs + Mandatory Social Security Expenses	**2.868.325,96**

ii. Employees responsible for control functions (30 employees)

Total amount of remuneration paid by the Bank to those responsible for control functions:

Remunerations	(Euros)
Fixed Remunerations	3.304.004,40
Annual Variable Remuneration in cash	542.526,00
Annual Variable Remuneration in shares	92,577.60
Sub-total	**3.939.108,00**
Mandatory social security expenses	
Social Security	681,407.05
SAMS / Médis	57,670.30
Supplementary Pension Plan	5,282.84
Sub-total	**744,360.19**
Remuneration Costs + Mandatory Social Security Expenses	**4.683.468,19**

iii. Senior management, composed of the first line managers who were not included in the previous paragraphs (44 Employees)

Total amount of remuneration paid by the Bank to first-line managers who are not included in the categories indicated in i. and ii.:

Remunerations		(Euros)
	Fixed Remuneration	7.478.332,38
	Annual Variable Remuneration in cash	1.121.596,09
	Annual Variable Remuneration in shares	967,585.57
	Sub-total	**9.567.514,04**
Mandatory social security expenses		
	Social Security	1,653,069.68
	SAMS / Médis	85,823.71
	Supplementary Pension Plan	9,537.16
	Sub-total	**1,748,430.55**
Remuneration Costs + Mandatory Social Security Expenses		**11.315.944,59**

82.2 Remuneration policy for employees and subsidiaries operating in Portugal

The BoD is the body responsible for approving and reviewing the remuneration policies and practices of employees, including of those responsible for the Bank's internal control functions, on the basis of a proposal from the EC and a prior opinion from the NRC.

In this context, the NRC issues, at least annually, an opinion on the Employee Remuneration Policy and the respective Supplementary Autonomous Document, ensuring that these practices are aligned with the best market references, the Bank's strategic objectives and the applicable regulatory requirements.

In addition, the NRC formulates and presents to the BoD informed and independent judgements on the remuneration policy and practices proposed by the EC, as well as on the incentives established within the scope of risk, capital and liquidity management, ensuring that these promote prudent and sustainable management of the institution.

The Employee Remuneration Policy for 2024 was approved on 22 January 2024.

The BoD is also responsible for approving the revision of Group Code GR0042 - Framework for Remuneration Policies, which establishes standardised guidelines for the Remuneration Policies of subsidiaries operating in Portugal and abroad, taking into account the specificities of each country's legislation. The last revision was carried out on 26 February 2024.

82.3 Other information on Remuneration:

1. Remuneration Report mentioned by article 26-G of the Securities Code

This Report is drawn up under the terms of article 26-G of the Securities Code, with the aim of informing BCP's shareholders of the remuneration and benefits of any nature attributed to each member of the BoD, including the AudC and the EC, for the 2024 financial year.

a) Total remuneration broken down by the different components, including the relative proportion of fixed and variable remuneration

In accordance with the provisions set out in the MMSB Remuneration Policy, the decision on the respective remuneration is the responsibility of the RWB.

The Annual Fixed Remuneration is delivered in 14 monthly payments for executive members and in 12 payments for non-executive members. As it is not discretionary, the Retirement Supplement is part of the fixed component of remuneration.

The RWB internally defines the value of the AFR of directors by function, and there are different values for the position of Chairperson of the BoD, Chairperson of each of the Committees depending on the competences and responsibilities assigned to them and member of the BoD (values identified in the tables below, in euros).

In addition to the basic amounts defined, rules have been laid down for increasing the fixed remuneration in line with the other duties they carry out:

- **Members of the AudC**: given the responsibility inherent to the supervisory body, they benefit from a fixed increase of €35,000;
- **Members who hold cumulative office in the AudC and RAC**: fixed increase of €50,000;
- **Members of other Committees**: an increase of 25% of the basic fixed remuneration attributed.

The Chairperson of the BoD, who is also Chairperson of the CGESC, does not receive any additional remuneration.

In addition, the AFR of directors is adjusted annually by the RWB, with reference to the increases defined in the Collective Labour Agreement applicable to the Bank's Employees.

Members of the EC and non-executive directors in an exclusive capacity are also entitled to:

- Health insurance, credit card and mobile phone, in line with what is attributed to the remaining bank employees.
- Retirement Supplement

Remuneration of the Non-Executive Members of the BoD

Members of the Board of Directors (BoD)	Annual Fixed Remuneration (€)	Weight on Total Remun. %	Retirement Supplement (€)	Weight on Total Remun. %	Variable Remuneration attributed in 2024 (€)	Weight on Total Remun. %	Annual Total Remuneration (€)	Total IRS withheld (€)	Deferred Variable Remuneration (€)	Total Annual Remuneration paid net of IRS withheld (€)
Nuno Manuel da Silva Amado (Chair of the BoD)	739,128	76.92%	221,738	23.08%	n.a.	n.a.	960,866	421,729	n.a.	539,137
Jorge Manuel Baptista Magalhães Correia (Vice-Chair of the BoD)	117,832	100.00%	n.a.	—%	n.a.	n.a.	117,832	42,696	n.a.	75,136
Ana Paula Alcobia Gray (Member of the BoD)	133,900	100.00%	n.a.	—%	n.a.	n.a.	133,900	41,400	n.a.	92,500
Julia Gu (Member of the BoD)	17,333	—%	n.a.	—%	n.a.	n.a.	17,333	4,332	n.a.	13,001
Lingjiang Xu (Member of the BoD)	133,900	100.00%	n.a.	—%	n.a.	n.a.	133,900	49,922	n.a.	83,978
Smilla Lingzi Yuan (Member of the BoD)	139,050	100.00%	n.a.	—%	n.a.	n.a.	139,050	34,755	n.a.	104,295
Altina de Fátima Sebastian Gonzalez Villamarin (Member of the BoD)	133,900	100.00%	n.a.	—%	n.a.	n.a.	133,900	49,922	n.a.	83,978
José Pedro Rivera Ferreira Malaquias (Member of the BoD)	133,900	100.00%	n.a.	—%	n.a.	n.a.	133,900	49,922	n.a.	83,978
Sub-Total	1,548,943	87.48%	221,738	12.52%			1,770,682	694,678		1,076,004

Remuneration of AudC Members

Members of the Audit Committee (AudC)	Annual Fixed Remuneration (€)	Weight on Total Remun. %	Retirement Supplement (€)	Weight on Total Remun. %	Variable Remuneration attributed in 2024 (€)	Weight on Total Remun. %	Annual Total Remuneration (€)	Total IRS withheld (€)	Deferred Variable Remuneration (€)	Total Annual Remuneration paid net of IRS withheld (€)
Cidália Maria Mota Lopes (Chair of the AudC)	185,400	100.0%	0	—%	n.a.	n.a.	185,400	72,555	n.a.	112,845
Fernando da Costa Lima (Member of the AudC)	185,400	100.0%	0	—%	n.a.	n.a.	185,400	73,072	n.a.	112,328
Valter Rui Dias de Barros (Member of the AudC)	153,882	100.0%	0	—%	n.a.	n.a.	153,882	38,463	n.a.	115,419
Sub-Total	524,682	100.0%					524,682	184,090		340,592

The amounts earned by the Chairwoman of the AudC, Cidália Maria Mota Lopes, and by Fernando Costa Lima, a member of this Committee, were the same, given that the latter accumulates the function of Chairman of the RAC, and the rules of increase identified above apply.

Remuneration of EC Members

Members of the Executive Committee (EC)	Annual Fixed Remuneration (€)	Weight on Total Remun. %	Retirement Supplement (€)	Weight on Total Remun. %	Variable Remuneration attributed in 2024 (€)	Weight on Total Remun. %	Annual Total Remuneration (€)	Total IRS withheld (€)	Deferred Variable Remuneration (€)	Total Annual Remuneration paid net of IRS withheld (€)
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	765,908	49,51%	153,182	9.90%	627,882	40.59%	1,546,972	668,753	313,941	878,219
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	557,024	48.09%	111,405	9.62%	489,910	42.29%	1,158,339	486,294	244,955	672,045
João Nuno Oliveira Jorge Palma (Vice-Chair of the EC)	557,024	50.43%	111,405	10.09%	436,081	39.48%	1,104,510	493,223	218,041	611,287
Rui Manuel da SilvaTeixeira (Member of the EC)	487,416	49.60%	97,479	9.92%	397,766	40.48%	982,661	438,548	198,883	544,113
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	487,396	48.94%	97,479	9.79%	411,012	41.27%	995,887	419,594	205,506	576,293
Maria José Henriques Barreto de Matos de Campos (Member of the EC)	487,396	49.19%	97,479	9.84%	405,934	40.97%	990,809	193,350	202,967	797,459
Sub-Total	3,342,164	49.30%	668,429	9.86%	2,768,586	40.84%	6,779,178	2,699,762	1,384,293	4,079,416

Benchmark assessment

In 2023, the NRC commissioned a benchmarking study on remuneration, carried out by the independent and qualified consultancy Korn Ferry, with the main objective of assessing the level of external competitiveness of EC members' remuneration compared to the following markets:

Benchmark	
Banking sect	Main banks in Portugal
	Banks in Spain (CEO analysis) . 7 Spanish banks of comparable size, characteristics and activities
	European banking market Top executives 43 European banks
General market	Top executives Portugal 93 companies from 12 different sectors

Considering Total Direct Remuneration (which includes base salary, short-term incentives and long-term incentives), BCP's CEO is below market practice (market median), standing at the following percentiles: 93% compared to Top Banks Portugal, 73% compared to Top Executives Portugal, 72% compared to Spanish Banks and 62% compared to the European Top Executives Banking Market.

The remaining EC members are in line with or even above market practice compared to Top Banks Portugal.

Based on this study, in 2024, the Chief Executive Officer's AFR was revised by 10%. As a result of this increase, which was not verified for the other executive members because the benchmark study identified that they had competitive remuneration, the Deputy Chief Executive Officers receive 72.7% of the CEO's AFR, while the members receive 63.6%.

Nevertheless, during this financial year, the AFR of EC members increased by 3%, in line with the values defined in the ACT for Employees.

AVR attributed in 2024

EC members may also earn an AVR, made up of a component attributed by reference to the respective financial year. In determining this for 2024, the following was taken into account:

- Quantitative evaluation of the defined KPIs, both corporate and individual, aligned with the Bank's strategic objectives, prudent risk management, shareholder interests and institutional values, ensuring the mitigation of potential conflicts of interest and the sustainability of organisational performance;
- Qualitative evaluation of the EC members, conducted by the NRC, based on an individual analysis of their performance, considering their contribution to the Bank's strategic objectives and the adoption of good management practices;
- Overall evaluation, which determines the individual amount of AVR, ensuring a pay-for-performance model in which remuneration is directly linked to individual and collective performance and the creation of sustainable value for the Bank and its shareholders.

It should be noted that the MMSB Remuneration Policy for 2024, approved by the General Meeting of 22 May 2024, introduced some changes with the aim of adjusting the Policy to the Bank's new levels of profitability and capital, guaranteeing a competitive remuneration package, in line with BCP's risk profile and value creation:

- Review of quantitative performance evaluation KPIs, ensuring transparency and alignment with best market practices and regulatory requirements, organised into four categories: Capital (15% weight), Profitability (40% weight), Risk (15% weight) and Transformation (30% weight);
- Increase in the individual AVR target to 54% and the maximum to 75%;
- Increase in the individual LTVR target to 36% and the maximum to 50%;
- Inclusion of a performance comparison factor with peers in the adjustments possible under the policy.

With the same arguments and insofar as the maximum numerical results attributable calculated in accordance with the policy in force were out of step with the conclusions drawn from the remuneration benchmark conducted by Korn Ferry and the specific context of the Bank and the financial system, the NRC and the RWB identified the need to make a positive adjustment to the overall value of the AVR to be attributed for the year 2023, in order to ensure that the remuneration system remains adequate and competitive in the face of the challenges of the banking sector and in line with the best market practices.

For more information, please see item 71. A of the Remuneration Report.

In order to define the AVR attributed in 2024 for the 2023 financial year, the following degree of execution of the Bank's corporate KPIs was taken into account, to which individual KPIs that are not disclosed for confidentiality reasons were added:

Consolidated Bank Corporate KPIs (Group BCP) - Annual variable remuneration 2023	Unit	Objective for 2023	Fulfilment in 2023	Execution level	KPI weight
Total Impairments and provisions, excluding CHF impairments - Group	millions €	< 449	425	105%	10%
Common Equity Tier 1 (CET1) capital ratio (fully implemented) - Group	%	> 13.9%	15.4%	150%	15%
Recurring core operating profit	millions €	> 1956	2 450	125%	10%
Annual decrease non-performing exposures - Group	millions €	>-110	-266	121%	5%
Non-performing exposures ratio - Group (RAS definition)	%	< 3.65%	3.55%	125%	5%
Recurring cost-to-income - Group	%	< 37.8%	31.6%	116%	10%
Return on equity - Group	%	> 10.3%	16.00%	150%	20%
Digital transformation (% of active mobile customers in relation to total active customers) - Group	%	> 66%	67.3%	102%	8.34%
Customer Satisfaction - BCP PT	%	100%	96.6%	97%	8.33%
Level of implementation of the Sustainability Master Plan - BCP PT	%	85%	97.2%	114%	8.33%
Level of execution of corporate KPIs				**126%**	

LTVR for the period 2022-2025

Executive directors can also earn LTVR at the end of the 2025 financial year, which corresponds to the last year of their term of office (2022-2025).

Since the LTVR verification KPIs are only verifiable after the LTVR evaluation period has elapsed, the following should be noted with regard to the degree of execution verified up to the Reference Date:

1. **Indicator "Alignment with the Strategic Plan"**: Regarding component 1 (Period 2022-2024, with a weight of 75%), the level of execution to be considered is 133%. Component 2 (Year 2025, with a 25% weighting) concerns fulfilment of the first year of the current Strategic Plan.

2. **"TSR Comparison" indicator:** The calculation method is as follows: [(Average of the closing prices of the BCP share for the two months immediately prior to the end of the LTVR Evaluation Period – Average of the closing prices of the BCP shares during the two months immediately prior to the beginning of the LTVR Evaluation Period) + Dividends per share paid to the shareholders] / Average of the closing prices of the BCP shares for the two months immediately prior to the beginning of the LTVR Evaluation Period, adjusting stock prices to reflect the effects of share capital increases, incorporation of reserves or similar transactions.

Just for reference and considering the evaluation period from 31.12.2021 to 31.12.2024, the execution level of this category would be 150 % (TSR BCP + 248.48%, TSR PSO + 28.91%, TSR Stoxx Europe 600 Banks Index + 77.5%). Since the KPIs will be verified with reference to 31 December 2025, there may still be significant variations depending on the evolution of the remaining period, particularly in what concerns the TSR evolution. Considering the 2024 indicative value referred above, the variable remuneration would exceed 100% of the AFR and, if such happens, it would be subject to the approval of the GM.

Total Remuneration of Members of Management and Supervision Bodies

Manag. and Supervisory Bodies	Annual Fixed Remuneration (€)	Weight on remun. Total (%)	Retirement Supplement (€)	Weight on remun. Total (%)	Variable Remuneration attributed in 2024 (€)	Weight on remun. Total (%)	Annual Total Remuneration (€)	Total IRS withheld (€)	Deferred Variable Remuneration (€)	Total Annual Remuneration paid net of IRS withheld (€)
Total Amounts	5,415,789	59.68%	890,167	9.81%	2,768,585	30.51%	9,074,542	3,578,530	1,384,293	5,496,012

b) The remunerations coming from companies belonging to the same group

The remuneration of executive members and non-executive members on an exclusive basis covers both activities carried out directly in BCP and in related companies, including those in a controlling or group relationship with BCP Group, or in corporate bodies to which they have been appointed by indication or in representation of the Bank.

In this context, the net value of the remuneration earned annually for the performance of these duties is adjusted by deducting the corresponding amount from each member's AFR.

For more information, please see article 17 of the MMSB Remuneration Policy.

Remuneration amounts included in the fixed component and deducted from the AFR paid by the Bank:

Members of the Board of Directors (BoD)	Subsidiary	Annual Fixed Remuneration (€)
Nuno Manuel da Silva Amado (Chairman of the BoD)	Bank Millennium, S.A. (Poland)	33,706.50
Sub-Total		**33,706.50**
Members of the Executive Committee (EC)		
Miguel Maya Dias Pinheiro (Vice-Chairman of the BoD and CEO)	Bank Millennium, S.A. (Poland)	33,706.50
Miguel de Campos Pereira de Bragança (Vice-Chairman of the EC)	Bank Millennium, S.A. (Poland)	49,931.53
Rui Manuel da Silva Teixeira (Member of the EC)	Banque BCP, S.A. (France)	2,500.00
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	Bank Millennium, S.A. (Poland)	41,814.70
Sub-Total		**127,952.73**
Total		**161,659.23**

c) Shares attributed in 2024 and the main conditions for exercising the rights, including the price and the date of such exercise and any change in those conditions

The AVR of EC members is paid 50% in cash and 50% in BCP shares or in Other Additional Tier 1 or Tier 2 capital instruments, or in instruments fully convertible into Tier 1 core capital, or whose value can be reduced.

These instruments must adequately reflect the Bank's credit quality and be appropriate for the payment of the VR, both in its deferred and non-deferred component.

In the event that the VR is greater than 2/3 of the AFR, the MMSB Remuneration Policy provides for 60% of the respective value to be deferred.

The **LTVR** is paid in full in Bank shares or in the instruments mentioned.

Whenever possible, the component not paid in cash will preferably be allocated in Bank shares, except when there are relevant justifications for its long-term interests. In these cases, the decision rests with the RWB, after the NRC has issued an opinion.

In 2024, the number of shares attributed to each EC member was calculated based on 50% of the value of the AVR attributed to each member for the 2023 financial year. The reference value used was €0.2955, corresponding to the lower of:

- The average of the closing prices of BCP shares in the 20 stock exchange sessions prior to 10 April 2024;
- The share price on the 3rd business day prior to payment, which took place on 5th June 2024.

The annual variable remuneration attributed to the EC in 2024, relating to the 2023 financial year, observed the following conditions:

- Payment in June 2024 of 50% of the amount attributed, 50% of which will be paid in cash and 50% in BCP shares, corresponding to 50% of the total number of shares attributed in 2024;
- Deferred payment over the following 5 years of 50% of the amount attributed, i.e. 10% of the amount attributed is paid annually in June. Each deferred payment will be made 50% in cash and 50% in BCP shares, with the number of shares delivered each year being equivalent to 10% of the total shares initially attributed in 2024.

In 2024, although the amount attributed exceeded the aforementioned threshold of 2/3 of the AFR, by mistake, the payment was made with a deferral of 50% (and not the expected 60%). As this discrepancy was detected, and since the Bank cannot acquire its own shares, it was decided to correct the amounts on the date of payment of the first deferral, in 2025.

After the shares are delivered each year, they are subject to a one-year retention period, under the terms of Article 8.9 of the MMSB Remuneration Policy. There are no additional obligations to hold shares, in compliance with the applicable legislation.

Number of shares attributed in 2024 to each EC member relating to the AVR for the 2023 financial year:

Members of the Executive Committee (EC)	Variable remuneration attributed in 2024(€)	Variable remuneration attributed in shares (€)	No. of shares attributed (QTY)
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and Chairman of the EC)	627,881.90	313,940.95	1,062,406
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	489,910.31	244,955.16	828,951
João Nuno Oliveira Jorge Palma (Vice-Chair of the EC)	436,081.26	218,040.63	737,870
Rui Manuel da Silva Teixeira (Member of the EC)	397,766.49	198,883.25	673,040
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	411,012.13	205,506.07	695,452
Maria José Henriques Barreto de Matos de Campos (Member of the EC)	405,934.07	202,967.04	686,860
Total	**2,768,586.16**	**1,384,293.10**	**4.684.5794**

The way in which the number of shares attributed to each EC member is calculated is determined by the quotient between the value of the VR and the attribution price in the following terms:

- For the AVR, the number of shares is obtained by dividing the value of the AVR attributed by the AVR attribution price;
- For the LTVR, the number of shares is obtained by dividing the value of the LTVR attributed by the LTVR Attribution Price.

In addition, dividends relating to the shares attributed or income from Other Instruments attributed but not yet paid because they belong to the deferred component are neither due nor paid by the Bank to the directors.

In June 2024, BCP shares relating to the deferred component of the AVR granted for the financial years 2019, 2020, 2021 and 2022, as well as the LTVR for the period from 1 January 2018 to 31 December 2021, were delivered to EC members.

Total number of BCP shares delivered in 2024 to each member of the EC, relating to the non-deferred components of the AVR for 2023, as well as the deferred components of the VR from previous years and the LTVR for the period from 1 January 2018 to 31 December 2021, adjusted by the sell-to-cover regime adopted by all members:

Members of the Executive Committee (EC)	No of Shares (*) delivered in 2024 (qty.)
Miguel Maya Dias Pinheiro (Vice-Chair of the BoD and CEO)	534,554
Miguel de Campos Pereira de Bragança (Vice-Chair of the EC)	422,736
João Nuno Oliveira Jorge Palma (Vice-Chair of the EC)	393,310
Rui Manuel da Silva Teixeira (Member of the EC)	346,484
José Miguel Bensliman Schorcht da Silva Pessanha (Member of the EC)	361,429
Maria José Henriques Barreto Matos de Campos (Member of the EC)	540,495
Total	**2,559,372**

(*) Under the terms of article 9(11) of the Remuneration Policy for MMSB, each director may opt for the sell-to-cover scheme, whereby the number of shares to be received is already deducted from the shares that would have to be sold to cover the payment of taxes and contributions due on the value of the shares attributed.

For more information, please see articles 8, 9 and 10 of the MMSB Remuneration Policy.

d) Variation over the last five financial years in remuneration, BCP's performance and the average remuneration of employees

Below it is provided information on the amounts of the main Bank's consolidated performance indicators and the variation between 2019 and 2024 in the Bank's financial performance, in the remuneration of the management and supervisory bodies and in the average remuneration of the Bank's employees (excluding the members of these bodies).

The information provided here relates to the year in which the remuneration is paid which, in the case of variable remuneration, is attributed and paid in a certain year but refers to the previous year's performance.

	2020	2021	2022	2023	2024
BCP Group Performance Indicators (1)					
Consolidated Net Profit (millions €)	183.0	138.1	197.4	856.1	906.4
Adjusted Consolidated Net Profit (2) (millions €)	258.6	404.9	599.1	1,168.0	1,215.7
Return on Equity (ROE) (%)	3.13%	2.36%	4.02%	16.00%	13.82%

	Var. 20'19	Var. 21'20	Var. 22'21	Var. 23'22	Var. 24'23
BCP Group Performance Indicators (1)					
Consolidated Net Profit (%)	-39.4%	-24.6%	42.9%	333.7%	5.9%
Adjusted Consolidated Net Profit (2) (%)	-21.2%	56.6%	48.0%	95.0%	4.1%
Consolidated Operating Profit (%)	1.5%	2.7%	47.2%	45.3%	-13.0%
Total Consolidated Assets (%)	5.1%	8.3%	-3.3%	5.0%	8.2%
Net Income Activity in Portugal (%)	-7.1%	28.5%	104.6%	105.0%	8.5%
Employees annual average remuneration (3) (%)	—%	1.7%	1.9%	5.0%	8.0%
of which: average annual fixed remuneration (%)	0.4%	1.9%	0.9%	3.6%	4.9%
of which: average annual variable remuneration (3) (%)	-6.6%	-2,9%	20.6%	27.3%	47.8%
Remuneration of the Members of Management and Supervisory Bodies					
Executive Committee - Total remuneration attributed (%)	5.9%	-11.0%	42.4%	-9.2%	19.8%
Executive Committee - Recurring total remuneration attributed (5) (%)	5.9%	-11.0%	11.9%	15.5%	19.8%
of which: annual fixed remuneration (%)	3.2%	-3.5%	3.0%	4.0%	5.2%
of which: annual variable remuneration attributed (4) (%)	14.8%	-33.4%	50.3%	49.8%	50.0%
Board of Directors - Non-Executive members (%)	6.7%	0.3%	-2.6%	13.1%	2.3%
Annual Total Remuneration (%)	6.1%	-7.7%	28.2%	-3.9%	14.9%
Recurring Total Annual Remuneration (5) (%)	6.1%	-7.7%	7.3%	14.8%	14.9%

Notes to the figures submitted:

(1) The figures for 2022 and 2023 are restated due to the adoption of IFRS 17 and IFRS9 by Millennium bcp Ageas.

(2) Net results excluding the impacts associated with Swiss Franc loans at Bank Millennium (Poland).

(3) Excluding distribution of profits on an exceptional basis.

(4) Annual Variable Remuneration attributed in the year, relative to the previous year.

(5) Relating to the year itself (without long-term variable remuneration).

The EC received AVR in 2019, 2020, 2021, 2022, 2023 and 2024, attributed with reference to the performance of the respective previous financial year. Additionally, in 2022, LTVR was attributed for the 2018-2021 period.

It should be noted that the evolution of the EC's attributed total remuneration in 2022 and 2023 was impacted by the attribution, in 2022, of the LTVR for the 2018-2021 term of office, in the amount of 1,334.4 thousand euros.

Without this event, the change in attributed total remuneration would have been 11.9% in 2022 and 15.5% in 2023, while the Total Annual Remuneration of the MMSB would have grown by 7.3% in 2022 and 14.8% in 2023.

e) How the total remuneration complies with the remuneration policy adopted, how it contributes to the company's long term performance and information on how the performance criteria have been applied

The total remuneration attributed to the MMSBs is in compliance with the MMSB Remuneration Policy, ensuring the following principles:

- Adequacy of the fixed remuneration amounts, taking into account the level of involvement, the exclusivity of each member's duties and the best market practices in Portuguese companies of comparable complexity and size;
- Attribution of Retirement Supplements to the Chairman of the BoD and to the executive members, given the regime of exclusivity of their functions;
- VR awarded exclusively to executive members;
- Scheme for establishing and paying AVR and LTVR, designed to promote the Bank's long-term sustainable performance;
- Maximum AVR attributed to executive members based on the Bank's performance, measured by the degree of achievement of the objectives established for a set of KPIs defined in the Policy and by the net profit obtained;
- The individual AVR of each executive member is calculated on the basis of a qualitative and quantitative evaluation, where: i) the quantitative evaluation is based on the degree of achievement of specific objectives, defined for each member of the EC, according to their areas of responsibility; and ii) the qualitative evaluation is carried out independently by the NRC, and it is up to the RWB to decide on the final values of the individual AVR, on a proposal from the NRC;
- LTVR attributed at the end of a 4-year period, according to BCP's performance, measured by the degree of achievement of the objectives defined for a set of KPIs and by the evolution of profitability for shareholders, compared to a market benchmark, encouraging sustained growth and the increasing value of the Bank;
- AVR attributed in cash and BCP shares or Other Eligible Own Funds Instruments, subject to 5-year deferral periods, and LTVR attributed exclusively in BCP shares or the equivalent instruments mentioned, also with a 5-year deferral period, ensuring alignment with the Bank's strategic objectives;
- Malus and Clawback mechanisms, applicable regardless of the existence of acquired rights, allowing, respectively, the total or partial reduction of the deferred VR before its payment (Malus) or the total or partial reversal of the VR already paid (Clawback), which can be activated in situations of high relevance, previously defined, in which the beneficiaries have had direct participation.

f) Information on the application of the Remuneration Policy in 2024

In 2024, the MMSB Remuneration Policy in force was fully applied and no derogations or exceptions to the procedures set out therein were recorded.

g) Possibility of requesting the refund of a variable remuneration

As mentioned above, the restitution of VR is limited to significant events in which those concerned have played an active role, with intent or serious negligence, and the Malus and Clawback mechanisms apply in this context.

For more information, please see article 12 of the MMSB Remuneration Policy.

2. Report on the Impact on BCP Group of the Remuneration Practices Implemented by the Subsidiaries Abroad (Article 53 of Notice of the BdP No. 3/2020)

For the purposes of Article 53 of Banco de Portugal Notice 3/2020, the Compliance Office, the Risk Office and the Nominations and Remunerations Committee (NRC) analysed the impact of the remuneration practices of foreign subsidiaries, particularly with regard to risk management, with special emphasis on the Bank's capital and liquidity risks.

This analysis is transcribed below:

PURPOSE OF THIS REPORT

The purpose of this report is to present the conclusions of the Compliance Office, the Risk Office and the Nominations and Remunerations Committee on the analysis of the impact of the remuneration practices of the subsidiaries abroad, in particular with regard to risk management with special emphasis on the Bank's capital and liquidity risks, with reference to December 2024, producing this report with a view to being presented to the General Meeting and to BCP's management and supervisory bodies.

WORK PERFORMED

This report is based on the comparative analysis of the remuneration policies of the BCP Group's subsidiaries carried out during December 2024 by the Compliance Office and the Human Resources Division, within the scope defined in article 53(3) of the aforementioned Notice.

In order to assess the adequacy of the BCP Group Entities' remuneration policies, the methodology used was based on the following approach:

- Analysis of the Group Code "GR0042 - Remuneration Policy Framework", in its version 8, published on 28 February 2024, which defines the framework of remuneration policies that must be approved by all BCP Group entities covered by the prudential consolidation perimeter;
- Comparative analysis/benchmark of GR0042 provisions with the provisions adopted in the policies in force at Bank Millennium and Millennium Bim.

The analysis focused on the following key aspects defined in GR0042:

- Identification of local remuneration policies;
- Existence of variable and fixed remuneration components and a maximum ratio between them;
- Quantitative and qualitative performance criteria versus the risks incurred;
- Definition and clearance of bonus pools;
- Definition of the deferral period of the variable remuneration payment;
- Components of variable remuneration (cash versus financial instruments);
- How risks are taken into account ex post, including malus and clawback;
- Comparison of the impact of remunerations on BCP Group's Own Funds and liquidity.

ASSESSMENT CONCLUSIONS

Considering the results of the work described above, the assessment made by the Risk Office, the Compliance Office and the NRC on the impact of remuneration practices, namely on risk management, with special emphasis on the capital and liquidity risks of Group Subsidiaries abroad, are as follows:

1. Pursuant to the provisions of Article 115-C (1) of the LFCIFC, the Group Entities, in general, have implemented remuneration policies that are, namely for all the aspects included in the benchmark analysis mentioned above, generally consistent with the remuneration policy defined by BCP Group, in the Group Code "GR0042 – Remuneration Policy Framework", which was in force on 31 December, 2024;

2. The entities of the Bank Millennium Group and Millennium BIM have remuneration policies in line with those of the parent company, without prejudice to the following deviation identified in the assessment, relating to the portion of variable remuneration paid in cash and in shares or other eligible financial instruments, when applicable, as well as the retention period associated with both types of instruments, it is noted that Millennium BIM does not clearly specify, in one of its internal regulations, that, for relevant function holders,

no interest or dividends should be paid on deferred instruments. This issue will be addressed in the next revision of the document.

3. The potential impact of the remuneration policies of the Group Entities on capital is not significant, considering that both the Subsidiaries and the BCP Group, in 2024 they have a weight of staff costs in the net banking product of less than 20%, and the weight of variable remuneration in total staff costs does not exceed 11%.

4. Similarly, the impact of remuneration policies on the liquidity position of the banks and the Group is immaterial, with the total variable remuneration not exceeding 0.25% of total customer deposits in each geography.

5. Regarding the way in which risk-taking is analysed ex post, including malus and clawback, the policies are compliant, considering that, according to the legislation of Poland and Mozambique, the legal system does not allow the application of the clawback mechanism.

6. The deviation identified in item 2 was communicated to the respective subsidiary, with the aim of promoting greater alignment of its policies with the provisions of the aforementioned Group Code.

Porto Salvo, 19 March 2025

Risk Officer

Compliance Officer

Nominations and Remunerations Committee

3. Assessment of Compliance with Remuneration Policies and Procedures Adopted by the Bank (Article 44 of Notice of Banco de Portugal No. 3/2020)

Pursuant to Article 44 of Banco de Portugal Notice 3/2020, the Nominations and Remunerations Committee has assessed compliance with the remuneration policies and procedures adopted by the Bank, based on the analysis carried out by the Audit Division.

The following is a transcript of the assessment:

"Assessment of the Compliance with the Remuneration Policies and Procedures adopted by the Bank

(Art.44 of Banco de Portugal Notice 3/2020)

The Nominations and Remunerations Committee (CNR), by delegation of the Board of Directors, appraised the annual analysis of the implementation and compliance of the remuneration policies and procedures adopted by Banco Comercial Português, S.A., prepared independently by the Audit Division (DAU).

The analysis carried out by the AUD focused on the compliance of the Remuneration Policy for Members of the Management and Supervisory Bodies (MMSBs), Employees and MMSBs of subsidiaries in Portugal. The main objective was to verify the alignment of these policies with the applicable legal and regulatory requirements, namely the Legal Framework for Credit Institutions and Financial Companies, the European Banking Authority Guidelines (EBA/GL/2021/04) and other relevant standards related to the design, approval, disclosure, application and control of remuneration policies.

In its assessment, the AUD verified that the remuneration policies adopted by the Bank comply with the provisions of the Group Code “GR0042 - Remuneration Policy Framework”, which establishes the principles, rules and governance model applicable to the drafting, approval and monitoring of remuneration policies. In addition, compliance with current legislation and regulations was confirmed.

Based on this analysis, the NRC considered the following main aspects:

- The MMSB Remuneration Policies of BCP, ActivoBank and Interfundos, as well as the Employee Remuneration Policy applicable to BCP and its subsidiaries in Portugal for 2024, were updated and approved by the competent bodies, in accordance with the internal guidelines set out in the GR0042 Group Code;
- The MMSB Remuneration Policies of the subsidiaries located in Poland and Mozambique are generally in compliance with Group Code GR0042 and applicable legislation. These policies include the attribution of variable remuneration, exclude discretionary performance-based pension benefits and define clear criteria for the payment of the variable component, covering quantitative and qualitative performance indicators. The policies were also duly published on the respective websites;
- The evaluation of the performance of key function holders, including the director responsible for the risk management function, was carried out on the basis of specific criteria and in an autonomous manner, ensuring that the remuneration of those evaluated is independent of the business units they supervise;
- The Bank complied with its reporting obligations to Banco de Portugal, in accordance with instructions 17/2023 and 18/2020, regarding information on highly paid employees and employees with a material impact on the institution's risk profile;
- The commercial incentive models analysed (Credit Recovery Division, Specialised Recovery Division and Private Banking Division) proved to be adequate, establishing clear eligibility and exclusion criteria, ensuring alignment with the Group's strategic objectives, as well as the independence and autonomy of the units involved in attributing incentives.

The NRC also considered three moderate risk recommendations (F2) issued by the AUD:

- Ensure that the payment of the deferred component of the MMSBs' annual variable remuneration (AVR) for the 2023 financial year is duly corrected and that the calculation of the deferred component to be paid is done correctly;

- Define clear criteria for adjustments to commercial incentives, including the maximum variation allowed, and ensure that all adjustments made are documented, justified and approved by the Coordinating Manager;
- Ensure the integrity of the reporting process to Banco de Portugal by appointing a second employee, documenting the steps, updating the validation tool and strengthening data quality controls.

The Committee also learnt that the Audit Division gave an overall rating of “Satisfactory” to the implementation of and compliance with remuneration policies.

In view of the above, the Nominations and Remunerations Committee concluded that the remuneration policies and procedures adopted by the Bank are appropriate to its structure, nature and the risks inherent in the activity.

Porto Salvo, 19 March 2025

Nominations and Remunerations Committee

Smilla Yuen

V. Agreements with remunerative implications

83. Contractual limitations foreseen for the compensation payable for the unfair dismissal of directors and its relationship with the variable component of remuneration

The policy, like Article 403(5) of the CC provides that a director who ceases to hold office before the end of the term, except for resignation or dismissal with just cause, is entitled to compensation, calculated by the NRC and approved by the RWB, once the RAC has been heard. In these cases, the compensation is not considered fixed remuneration and is subject to a non-compete commitment for the remainder of the term of office.

The compensation may not exceed the fixed remunerations that would be due until the end of the mandate.

In the case of Executive Directors, after the end of the evaluation period, but before the payment of the AVR and LTVR, the AVR and LTVR will still be paid in full, corresponding to that evaluation period, in compliance with the deferral and compounding periods provided for in the policy (cash, shares or Other Instruments, as applicable).

For more information, please see item 3 of article 3, item 17 of article 9, item 10 of article 10 and article 11 of the MMSB Remuneration Policy.

84. Reference to the existence and description, with an indication of the amounts involved, of agreements between the company and members of the board of directors and senior managers, which provide for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change of control of the company.

There are no agreements between the Company and the Members of the Management Body, managers or any other Employee reporting directly to the management providing for compensation in the event of resignation, unfair dismissal or termination of the employment relationship following a change of control of the Company.

Exceptions are those resulting from the applicable general law and those provided for in the Policy regarding the possibility of compensation in the event of termination of office before the end of the term, except in situations of resignation or dismissal with just cause, the amount being calculated by the NRC and approved by the RWB, under the terms mentioned above.

For more information, please see article 11 of the MMSB Remuneration Policy.

VI. Plans for the attribution of shares or stock options

85. to 88.

There are no plans for attributing shares or stock options.

E. TRANSACTIONS WITH RELATED PARTIES

I. Control mechanisms and procedures

89. Mechanisms implemented by the Company for the purpose of controlling transactions with related parties

The Policy on Related Parties of the Bank aims at ensuring that the Bank:

- identifies its Related Parties in a comprehensive and global list, quarterly revised;
- that operations with related parties follow a rigorous analysis process and that they comply with the provisions of Notice no. 3/2020 and of the LFCIFC.
- discloses all information regarding operations with Related Parties for IFRS/IAS and the Securities Code effects.
- discloses to the Group subsidiaries the information needed to comply with the report obligations resulting from what is indicated.

In the context of drawing up the list of related parties, it should be noted that the Bank identifies all the members of the management bodies and key functions holders and their related parties, shareholders and entities of the groups, companies and funds under the management of the BCP Group, among others, and this information is updated in the customer database and IT records. In this way, it is possible to automatically identify and flag, regardless of the origin of the transaction, the transactions that should follow the procedures of a related party transaction.

Business between the Bank and its related parties are subject to a special approval procedure, under which the transaction is approved by a two-thirds majority of the BoD, on a proposal from the EC, after a prior opinion has been issued by the AudC. The procedure also depends on the issuing of prior opinions:

(i) from the Compliance Office, regarding the compliance of the proposed operations with the internal rules and applicable legal and regulatory provisions, namely regarding possible conflicts of interest, as well as compliance with normal market conditions, and

(ii) of the Risk Office, which assesses and issues an opinion on the risks inherent to the transaction.

There are, however, simplified approval procedures for transactions with related parties considered to be of lower risk, which have been defined taking into account the legal framework in force, in particular Notice 3/2020.

Proposals relating to this universe are submitted to the AudC by the EC, which in turn and by way of example only receives them from the Credit Commission or the Costs and Investments Sub-Commission, depending on the nature of the transaction.

The BoD, in accordance with its competences, conferred to it by its Regulations, reserves for itself the necessary and sufficient powers for the following acts:

- approve the internal policy foreseeing the definition, identification and updating of the Bank's related parties, on the proposal of the EC, and after obtaining the opinion from the AudC and the prior opinions of the Compliance Office and Risk Office;
- approve, in compliance with the law and internal regulations, transactions with related parties, on the proposal of the EC and after obtaining the opinion of the AudC and the prior opinions of the Compliance Office and the Risk Office;
- ensure that the Bank identifies, in a complete and quarterly updated list, its related parties, making it available to the supervisory authority whenever requested;
- approve the Policy for the Prevention of Conflicts of Interest and after obtaining the opinion of the AudC.

Whenever an operation with a related party is being debated, the Chair of the AudC, qualified as independent member of the Board of Directors, or in his/her absence (which has never occurred) a member appointed for that purpose, informs the Board with detail on the contents of the prior opinion of the AudC.

As a result of the governance model adopted by the Bank, the Chief Executive Officer and the other members of the Audit Committee, as non-executive members of the BoD, also vote on the proposal, so it is not necessary, because it would be redundant, to make any autonomous communication of the decision taken by the Board to the AudC. Every quarter, cases involving Conflicts of Interests are reported by the Compliance Office to the AudC and form an integral part of the Conflict of Interests Report.

In what specifically regards credit transactions and under the LFCIFC, the granting of credit, directly or indirectly, in any form or modality (including the provision of guarantees) to members of the Bank's management and supervisory bodies, or to companies or other collective entities directly or indirectly controlled by them, is not permitted.

We underline that the limitation referred above does not apply to transactions of a social nature or purpose or, also, transactions resulting from staff management policies, as well as to loans granted due to the use of credit cards associated with the current deposits account, under the similar conditions applicable to other Customers with a similar risk profile. Notwithstanding, these transactions, in which the beneficiaries are members of the management and supervisory bodies of the Bank, or entities related with them, must obey to the following rules:

- In credit cards, 100% monthly payment of the amount used;
- In loans resulting from staff management policy, the conditions in force within the scope of this policy for the majority of Employees must be fully observed.

It should also be noted that there are also transactions of low material value or qualified as low risk that follow a simplified approval regime, as described in the Related Party Transactions Policy available on the Bank's website.

As a result of the governance model adopted by the Bank, the Chief Executive Officer and the other members of the Audit Committee, as non-executive members of the BoD, also vote on the proposal, so it is not necessary, because it would be redundant, to make any autonomous communication of the decision taken by the Board to the AudC. Every quarter, cases involving Conflicts of Interests are reported by the Compliance Office to the AudC and form an integral part of the Conflict of Interests Report.In any of these situations, approval by a majority of at least two-thirds of the remaining members of the management body and favourable prior opinions from the AudC, the Compliance Office and the Risk Office are required.

90. Details of transactions that were subject to control in the referred year.

During the 2024 financial year, the AudC issued a total of twenty-two opinions concerning the granting of credit to related parties, five of which concerned proposals relating to holders of qualifying stakes and entities related to them. The AudC is responsible for analysing credit operations from the perspective of preventing conflicts of interest and ensuring that no special advantage is granted to the client, making sure that these operations are carried out under normal market conditions and that their inherent risks are duly assessed, taking into account the aforementioned prior opinions submitted to it.

In the financial year to which this report refers, proposals for the acquisition of goods and the hiring of services between the Bank and related parties were also analysed, and the AudC issued a total of fifteen opinions on this matter, none of which concerned proposals relating to holders of qualifying stakes and entities related to them.

91. A description of the procedures and criteria applicable to the supervisory body when same provides preliminary assessment of the business deals to be carried out between the company and the holders of qualifying holdings or entity-relationships with the former, as envisaged in Article 20 of the Securities Code.

As mentioned in item 89, the business deals to be conducted between the Bank and related parties are subject to appraisal and approval by the BoD, supported by analyses and technical opinions issued by the AudC, which in turn takes into consideration the assessments made by the EC, based on opinions issued by the Credit Division, in the case of credit operations, or by the Costs and Investments Sub-Commission and/or other areas involved in the contract, in the case of contracts for the supply of goods and services. Operations also require a prior opinion from the Compliance Office as to their compliance with internal rules, legal and regulatory provisions and other constraints applicable to them, and an opinion from the Risk Office assessing the risks inherent in the operation. Operations that follow the simplified approval regime are all known to the AudC.

II. Elements relative to business

92. Details of the place where the financial statements including information on business dealings with related parties are available, in accordance with IAS 24, or alternatively a copy of said data

On this issue, please see the information provided in the Annual Report for 2024, in appraisal 51 of the Notes to the Consolidated Financial Statements.

Part II

Assessment of the Compliance with the Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)

The Bank assesses the compliance and justifies the non-compliance with the recommendations and sub-recommendations of the Corporate Governance Code from IPCG in the following table:

ASSESSMENT OF THE COMPLIANCE WITH THE RECOMMENDATIONS AND SUB-RECOMMENDATIONS FROM THE CORPORATE GOVERNANCE CODE FROM IPCG (2023)

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
I.1.(1) I.1.(2)	I.1. The company explains how its strategy seeks to ensure the fulfilment of its long-term objectives and what the main contributions resulting from this are for society in general.	Items: 21 - Board of Directors; 27a) Risk Committee and Report & Accounts - Business Model, Strategy, Risk and non-financial information and 38.	Compliant
I.2.(1) I.2.(2)	I.2. The company identifies the main policies and measures adopted regarding the fulfilment of its environmental and social objectives.	Item 27 c) - Corporate Governance, Ethics and Sustainability Committee and Item 21 - Board of Directors	Compliant
II.1.1.	II.1.1. The company must establish mechanisms to ensure, in an adequate and strict manner, the timely handling or disclosure of the information needed to its corporate bodies, company secretary, shareholders, investors, financial analysts, remaining stakeholders and to the market in general.	Items: 21 - Board of Directors; 22 and 55 to 65 and Recommendations; II.3.1 and II.3.2	Compliant
II.2.1.	II.2.1. Companies establish, previously and in abstract, criteria and requirements relating to the profile of members of the corporate bodies suitable for the function to be performed, considering, in particular, individual attributes (such as competence, independence, integrity, availability and experience), and diversity requirements (with particular attention to equality between men and women), which may contribute to improving the performance of the body and balance in its composition.	Items: 16,17,25, 26 and 36	Compliant
II.2.2.(1) II.2.2.(2) II.2.2.(3) II.2.2.(4) II.2.2.(5) II.2.2.(6)	II.2.2. The management and supervisory bodies and its internal committees must have internal regulations - namely on the exercise of the respective attributions, chairmanship, frequency of the meetings, functioning and duties of its members- fully disclosed on the website of the company, and minutes should be drawn from their meetings.	Items: 20 to 23, 27, 34, 61 and 67	Compliant
II.2.3.(1) II.2.3.(2)	II.2.3. The composition and the number of each year meetings of the management, supervisory bodies and of its internal committees should be disclosed through the company's website.	Items: 17, 21, 23, 27 and 67	Compliant
II.2.4.(1) II.2.4.(2)	II.2.4. The companies adopt a policy of whistleblowing that explains the main rules and procedures to be followed for each communication and an internal denunciation channel that includes access also by non-employees, under the terms foreseen in the applicable law.	Item: 49	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
II.2.5. (1) II.2.5. (2) II.2.5 (3) II.2.5 (4)	II.2.5. Companies shall have specialised committees in matters of corporate governance, remuneration, appointment of members of the company bodies and performance assessment, separately or cumulatively. If the committee for remunerations provided for in article 399 of the Companies Code has been created, this recommendation may be complied with by attributing to this committee, if not prohibited by law, competence in the said matters.	Items: 22, 24, 27, 29 and 67	Compliant
II.3.1.	II.3.1. The articles of association or other equivalent methods adopted by the company must set up mechanisms to ensure that, within the boundaries of the applicable legislation, it is permanently ensured to the members of the management and supervisory bodies the access to all information needed to assess the performance, the standing and development prospects of the company, including, namely, the minutes of meetings, the documents supporting the decisions made, the call notices and the filing of the documents relating to the meetings of the executive management body, without damaging the access to any other documents or to people to whom explanations may be requested.	Items: 21, 23, 26 and 56 to 65. and Recommendation II.1.1	Compliant
II.3.2.	II.3.2. Each body and committee of the company shall ensure, in a timely and appropriate manner, the inter-organic flow of information necessary for the exercise of the legal and statutory powers of each of the other bodies and committees.	Items: 21, 22 and 27	Compliant
II.4.1.	II.4.1. By internal regulations or equivalent, the members of the management and supervisory bodies and internal committees are obliged to inform the respective body or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	Items: 10, 20 to 22, 27, 49, 89 to 91	Compliant
II.4.2.	II.4.2. The company adopts procedures to guarantee that the member in conflict does not interfere in the decision-making process, without harming the duty of providing information and clarifications that the body or committee or the respective members may eventually ask.	Item: 20	Compliant
II.5.1.	II.5.1. The management body discloses in the governance report or by other publicly available means, the internal verification procedure of transactions with related parties.	Items: 10, 37, 89 to 91	Compliant
III.1.(1)	III.1. The company shall not set an excessively high number of shares necessary to give the right to one vote and shall inform in the governance report of its option whenever each share does not correspond to one vote.	Items: 5, 12, 14 and 48	Compliant
III.1.(2)		Not applicable	
III.2.	III.2. The company that has issued shares with special plural voting rights shall identify, in its corporate governance report, the issues that, under the terms of the company's articles of association, are excluded from the scope of the plural voting rights.	Item: 12	Not applicable
III.3.	III.3. The company should not adopt mechanisms that hinder the taking of deliberations by their shareholders, in particular establishing a deliberative quorum higher than that established by law.	Items: 5, 12, 14, 48	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
III.4.	III.4. The company implements the appropriate means for the participation not in person of the shareholders at the general meeting by electronic means, under terms proportionate to their size.	Item: 12	Compliant
III.5.	III.5. The company shall also implement appropriate means for the non-face-to-face exercise of the right to vote, including by correspondence and by electronic means.	Item: 12	Compliant
III.6.	III.6. The articles of association of the company which foresee the limitation of the number of votes which may be held or exercised by a single shareholder, individually or in combination with other shareholders, must also establish that, at least every five years, the alteration or maintenance of this statutory provision will be subject to deliberation by the General Meeting – without requirement of a quorum larger than that legally established – and that, in this deliberation, all the votes cast will count, without the application of this limitation.	Items: 5 and 13	Not-compliant but justified
III.7.	III.7. Defensive measures should not be adopted if they imply payments or the assumption of expenses by the company in the event of the transfer of control or change of the composition of the management body, and which might hinder the free transferability of shares and the free appraisal by the shareholders of the performance of members of the management body.	Item: 4	Compliant
IV.1.1.(1) IV.1.1.(2) IV.1.1.(3)	IV.1.1. The management body should assure that the company acts in accordance with its objectives, and should not delegate its competence, namely, with respect to: i) definition of the strategy and general policies of the company; ii) organization and coordination of the entrepreneurial structure; iii) issues which should be considered strategic due to their amount, risk or special features.	Item: 21 - Board of Directors	Compliant
IV.1.2.	IV.1.2. The management body approves, through an internal regulation or an equivalent mean, the performance regime of the executive directors and their exercise of executive functions in entities outside the group.	Item: 21- Board of Directors and Executive Committee and 26-B	Compliant
IV.2.1.	IV.2.1. Without prejudice to the legal functions of the chairperson of the board of directors, if he/she is not independent, the independent directors - or, if there are not enough non-executive directors, the non-executive directors - shall appoint a coordinator from among themselves, namely: (i) act, whenever necessary, as interlocutor with the chairperson of the board of directors and with the remaining directors; (ii) endeavour that they all have the necessary conditions and means for the exercise of their functions; and (iii) coordinate them in the assessment of the performance by the administration body as foreseen in recommendation VI.1.1.; alternatively , the company may establish another equivalent mechanism to ensure such coordination.	Item:18- complies through an equivalent mechanism that ensures coordination	Compliant
IV.2.2.	IV.2.2. The number of non-executive members of the management body shall be appropriate to the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them and the formulation of this suitability judgement must be included in the governance report.	Item: 18 and 21	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
IV.2.3.	IV.2.3. The number of non-executive directors must exceed that of executive directors.	Item: 17 and 18	Compliant
IV.2.4.	IV.2.4. The number of non-executive directors meeting the independence requirements shall be plural and shall not be less than one third of the total number of non-executive directors. For the purposes of this recommendation, a person is considered independent as long as he/she is not associated with any group of specific interests in the company, or is not in a position susceptible to affect his/her ability to make an impartial analysis or decision, in particular due to: i. To have held, continuously or intermittently, positions in any corporate body for more than twelve years, regardless of whether this period matches with the end of the mandate; (...) ii. Have been an employee of the company or of a company in a controlling or group position with it in the last three years; iii. To have provided services or established a significant commercial relationship with the company or a company in a control or group relationship with the company in the last three years, either directly or as a partner, director, manager or manager of a legal person; iv. To be the beneficiary of a remuneration paid by the Company or by a company that is in a control or group relationship with it, in addition to the remuneration arising from the exercise of the functions of director; v. Living in non-marital cohabitation or being the spouse, relative or relative-in-law in a straight line and until the 3rd degree, inclusively, in the collateral line, of directors of the company, of a legal person holder of a qualifying stake in the company or of natural persons directly or indirectly holding qualifying stakes; vi. To be the holder, directly or indirectly, of a qualifying stake or the representative of a shareholder with qualifying stake;	Item: 17 and 18	Compliant
IV.2.5.	IV.2.5. The provisions of paragraph (i) of the previous recommendation shall not preclude the qualification of a new director as independent if, between the termination of his/her duties in any company body and his/her new designation, at least three years have elapsed (cooling-off period).	Item: 18	Not applicable
V.1.(1) V.1.(2)	V.1. In compliance with the powers conferred upon it by law, the supervisory body is informed of the strategic guidelines and assesses and gives its opinion on the risk policy, prior to its final approval by the board of directors.	27 a), 37 and 38	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
V.2.(1)	V.2. The number of members of the supervisory body and of the committee for financial matters shall be adequate for the size of the company and the complexity of the risks inherent to its activity, but sufficient to ensure the efficient performance of the tasks entrusted to them and the formulation of this value judgement must be included in the governance report.	Items: 18 and 30 to 32	Compliant
V.2.(2)		Not applicable	
VI.1.1.(1) VI.1.1.(2) VI.1.1.(3)	VI.1.1. The management body - or committee with powers in the matter, composed of a majority of non-executive members - annually assesses its performance, as well as the performance of the executive committee, the executive directors and the company committees, taking into account compliance with the company's strategic plan and budget, risk management, its internal functioning and the contribution of each member to the effect, as well as the relationship between the bodies and committees of the company	Items: 24, 25, 27-b) and c) the last one in particular for the reference to independent external evaluation	Compliant
VI.2.1.	VI.2.1. The company sets up a remunerations committee, the composition of which ensures its independence versus management. It may be a remunerations committee appointed in accordance with article 399 of the Companies Code.	Items: 27b), 66 and 67	Compliant
VI.2.2.	VI.2.2. The setting up of the remunerations of the members of the administrative and supervisory bodies and of the company committees shall be the responsibility of the committee for remunerations or the general meeting, at the proposal of that committee.	Items: 66 and 67	Compliant
VI.2.3.	VI.2.3. The company discloses in the corporate governance report, or in the remuneration report, the termination of office of members of the company bodies or committees, indicating the amounts of all the company charges related to the termination of office, for any reason, during the financial year in question.	Items: 80	Compliant
VI.2.4.	VI.2.4. In order to provide information or clarification to shareholders, the chairman or another member of the committee for remunerations must be present at the annual general meeting and any other meetings if the respective agenda includes a matter related to the remuneration of members of the company's bodies and committees or if such presence has been requested by shareholders.	Items: 66 and 67	Compliant
VI.2.5.	VI.2.5. Within the company's budgetary constraints, the Remuneration Committee may freely decide on the hiring by the company of consultancy services that are necessary or convenient for the performance of its duties	Items: 25, 27-b) and 67	Compliant
VI.2.6.	VI.2.6. The committee for remunerations ensures that those services are provided independently.	Items: 25, 27-b) and 67	Compliant
VI.2.7.	VI.2.7. The providers of such services shall not be engaged, by the company itself or by others with which it is in a controlling or group relationship, for the provision to the company of any other services related to the competencies of the committee for remunerations, without its express authorisation.	Items: 27-b) and 67	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
VI.2.8.	VI.2.8. Bearing in mind the alignment of interests between the company and the executive directors, a portion of their remuneration should be of a variable nature so as to reflect the sustained performance of the company and does not encourage excessive risk-taking.	Items: 69, 71 and 73	Compliant
VI.2.9.	VI.2.9. A significant portion of the variable component is partially deferred in time, for a period of not less than three years, associating it, in terms defined in the company's remuneration policy, with the confirmation of the performance sustainability.	Items: 69 and 72	Compliant
VI.2.10.	VI.2.10. When the variable remuneration comprehends the attribution of options or other instruments that are directly or indirectly dependent on the shares value, the beginning of the exercise period must be deferred for a period of time not inferior to three years	Item: 85	Not applicable
VI.2.11.	VI.2.11. The remuneration of the non-executive members of the management body do not include any component whose value depends on the performance or value of the company.	Items: 69 and 77	Compliant
VI.3.1.	VI.3.1. The company promotes, under such terms as it deems appropriate, but in a manner that can be demonstrated, that proposals for the election of members of the company bodies are accompanied by a justification on suitability of the profile, expertise and curriculum to the function of each candidate.	Items: 17 and 25	Compliant
VI.3.2.	The committee for nominations of members of corporate bodies includes a majority of independent directors.	Items: 17 and 27-b)	Not compliant
VI.3.3.	VI.3.3. Unless the size of the company does not justify it, the function of follow-up and support to the appointment of senior managers must be attributed to a committee for nominations.	Item: 27-b)	Compliant
VI.3.4.	VI.3.4. The committee for nominations of senior executives provides its terms of reference and promotes, to the extent of its competencies, the adoption of transparent selection processes that include effective mechanisms for identifying potential candidates, and that those who present the greatest merit, are best suited to the requirements of the function and promote, within the organisation, adequate diversity including gender equality.	Items: 17 and 25	Compliant
VII.1.(1) VII.1.(2)	VII.1. The management body debates and approves the strategic plan and the risk policy of the company, which includes setting limits on risk-taking.	Items: 21- Board of Directors, 27-a), 53 and 54	Compliant
VII.2.	VII.2. The company has a specialised committee or a commission composed of specialists in risk issues that regularly reports to the management body.	Items: 21-a) Risk Assessment Committee	Compliant
VII.3.	VII.3. The supervisory body sets out its internal organization by implementing periodical control mechanisms and procedures aiming at ensuring that the risks effectively incurred by the company are consistent with the objectives established by the management body.	Items: 38 and 50 to 54.	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
VII.4.	VII.4. The internal control system, comprising the risk management function, compliance and internal audit, should be structured in terms that match the size of the company and the complexity of the risks inherent to its activity and the supervisory body must assess it, within the scope of its competence to supervise the effectiveness of this system, propose the required adjustments.	Items: 50 to 54	Compliant
VII.5.	VII.5. The company establishes supervision procedures, periodical assessment and of adjustment of the internal control system, including an annual assessment of the degree of internal compliance and the performance of that system, as well as the projections to change the previously defined risk framework.	Items: 21 - Board of Directors, 27-a) Risk Assessment Committee, 38 and 54.	Compliant
VII.6.(1) VII.6. (2) VII.6.(3) VII.6.(4)	VII.6. Based on its risk policy, the company establish a risk management system, identifying (i) the main risks to which it is exposed in the development of its activity, (ii) the probability of their occurrence and their impact, (iii) the instruments and measures to be adopted with for the purpose of their mitigation (iv) monitoring procedures for their follow-up.	Item: 54	Compliant
VII.7.	VII.7. The company establishes processes to collect and process data related to environmental and social sustainability, to alert the management body to risks that the company is incurring and to propose strategies for their mitigation.	Items 21 - Board of Directors, 27-a), 27-c), 52 (DESC).	Compliant
VII.8.	VII.8. The company reports on how climate change is considered in the organisation and how it takes climate risk analysis into account in decision-making processes.	Items: 27-a) and 27-c)	Compliant
VII.9.	VII.9. The company informs, in the governance report, on the terms under which artificial intelligence mechanisms have been used as a decision-making tool by the corporate bodies.	Item: 52	Compliant
VII.10	VII.10. The supervisory body issues an opinion on the work plans and on the resources allocated to the services of the internal control system, including the risk management functions, compliance and internal audit and may propose the adjustments deemed necessary.	Items: 38, 50 to 55	Compliant
VII.11.	VII.11. The supervisory body must be the recipient of the reports made by the internal control services, including the risk management functions, compliance and internal audit at least when concerning matters related to the presentation of accounts, the identification or resolution of conflicts of interests and the detection of potential irregularities.	Items: 38 and 50-a) to 55	Compliant
VIII.1.1.	VIII.1.1. The internal regulations of the supervisory body requires it to monitors the appropriateness of the process of preparation and disclosure of information by the management body, including the appropriateness of accounting policies, estimates, judgements, relevant disclosures and their consistent application from year to year, duly documented and reported.	Items: 37, 38 and 55	Compliant
VIII.2.1.	VIII.2.1. Through an internal regulation, the supervisory body defines, in accordance with the applicable legal requirements, the supervision procedures aimed at ensuring the independence of the statutory auditor.	Items: 37, 38, IV. Statutory Auditor and 45	Compliant

	Recommendations and sub-recommendations from the IPCG Corporate Governance Code (2023)	Index for Items of Part I of the Report	Compliance
VIII.2.2.(1) VIII.2.2.(2)	VIII.2.2. The supervisory body should be the main item of contact of the external auditor and the first receiver of the respective reports, being entrusted, in particular, with proposing the respective remuneration and ensure that the right conditions are in place within the company for the provision of services.	Items: 37, Title IV. Statutory Auditor and 45	Compliant
VIII.2.3.	VIII.2.3. Every year, the supervisory body assesses the work carried out by the statutory auditor, its independence and suitability to carry out its duties and proposes to the competent body that it be dismissed or that the contract for the provision of its services be terminated whenever there is just cause to do so.	Items: 37, 38 and 45	Compliant

ANNEX I

CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS OF BANCO COMERCIAL PORTUGUÊS, S.A.

(Regarding the positions held simultaneously in other companies, in and outside the Group, and other relevant activities performed, please see table 26 of this Report)

Non-Executive Members of the Board of Directors

(The curricula are available on the Bank's website, on the institutional page).

Nuno Manuel da Silva Amado

Chairman of the Board of Directors

With a Licentiate Degree in Corporate Organisation and Management from Instituto Superior das Ciências do Trabalho e da Empresa (ISCTE), Nuno Amado was, between 2012 and 2018, Vice-Chairman of the Board of Directors and Chief Executive Officer of Banco Comercial Português, S.A. (BCP) and since 2018, he has been Chairman of the Board of Directors of BCP, in charge of the Support Office for the Board of Directors, the Company Secretary Office, the Audit Division and the Client's Ombudsman Office.

He began his career in 1985 in various entities in the banking and capital markets sector, joining the Santander Group in 1997, where he served as a member of the Executive Committee of various Santander Group entities, including Banco Santander Portugal. After the merger by incorporation of Banco Totta & Açores and Santander de Portugal into Crédito Predial Português, entities where he was an executive director, in 2005 he took on the role of Deputy Chief Executive Officer and member of the Board of Directors of the new institution, which was named Banco Santander-Totta, as well as Banco Santander Totta, SGPS. In 2006, he became Chief Executive Officer and Vice-Chairman of the Board of Directors of Banco Santander Totta, S.A. and Banco Santander Totta, SGPS.

In 2018 he was awarded the Ordem do Infante D. Henrique – Grã-Cruz de Mérito (Order of Prince Henry the Navigator - Grand Cross of Merit). In 2009, he was awarded the Real Ordem de Isabel a Católica (Royal Order of Isabella the Catholic) by the Kingdom of Spain.

Within the BCP Group, he is currently Vice-Chairman of the Supervisory Board of Bank Millennium, S.A. (Poland) and of the Board of Directors of BIM - Banco Internacional de Moçambique, S.A., and Chairman of the Board of Trustees of Fundação Millennium bcp (Millennium bcp Foundation). Outside the Group, he is a member of the Board of Auditors of Fundação Bial (Bial Foundation), of the Advisory Board of the Forum for Competitiveness, of the General Council of AESE - Associação de Estudos Superiores de Empresa (Business School) and of the Board of the Business Roundtable Portugal; Chairman of the Senior Board of the Alumni Clube ISCTE and Chairman of the Board of the General Assembly of Santa Casa da Misericórdia de Torres Vedras.

Jorge Manuel Baptista Magalhães Correia

1st Vice-Chairman of the Board of Directors and member of the Remunerations and Welfare Board

Licentiate Degree in Law from the Faculty of Law of the University of Lisbon, Jorge Magalhães Correia is, since 2018, 1st Vice-Chairman of the Board of Directors of Banco Comercial Português, S. A., and currently also member of the Remunerations and Welfare Board.

With a long career in the insurance sector, he was a director of several insurance companies in Portugal, and since 2000, he has been a director of Fidelidade Group, having been CEO of Companhia de Seguros Fidelidade, S.A. from 2014 to 2020, when he became Chairman of the Board of Directors of the same company.

In addition to this, he currently holds positions outside the Group as member of the Board of Directors of REN- Redes Eléctricas Nacionais, S.G.P.S., S.A. and Chairman of the Board of Directors of Luz Saúde, S.A.

Ana Paula Alcobia Gray

Member of the Board of Directors and member of the Risk Assessment Committee.

Bachelor 's degree in Commerce and postgraduates in Commerce and Accounting from the University of South Africa, as well as Master's Degree in Business Management (MBA) from the University of Witwatersrand, Ana Paula Gray is, since 2018, non-executive member of the Board of Directors of Banco Comercial Português, S.A.

She began her career in 1982 in the financial sector, working as an internal auditor and financial manager at Saficon Investments Ltd. Group, as an auditor at Ernst & Young (South Africa), in several management positions at Investec Bank Group (South Africa, England and Hong Kong) and as a member of the board of directors at BAI Group banks (Portugal and Angola). She is a member of the South African Institute of Chartered Accountants.

José Pedro Rivera Ferreira Malaquias

Member of the Board of Directors and member of the Corporate Governance, Ethics and Sustainability Committee

Licentiate Degree in Law from the Faculty of Law of University of Lisbon, with Post Graduate Degree in EU Law, Collége d'Europe - Bruges, having attended the 24th Senior Management Program - AESE- Business School, Pedro Ferreira Malaquias is, since 2022, Member of the Board of Directors of Banco Comercial Português, S.A.

Between 2004 and 2022, he was partner and head of the Departamento Bancário e Seguros (Bank and Insurance Division) of Uría Menendez-Proença de Carvalho, and between 1995 and 2001, was head of the Legal Division of Banco Comercial Português de Investimento, S.A. Between 1988 and 2023, he also acted as legal adviser to Associação Portuguesa de Bancos (Portuguese Banking Association).

Currently, outside the Group, he is partner at Abreu Advogados, Sociedade de Advogados and Chairman of the Board of General Meeting of the Closed Venture Capital Fund Premium Investments Portugal Fund. He is also member of the European Financial Markets Lawyers Group – EFMLG (Welcome to the EFMLG Website).

Lingzi Yuan (Smilla Yuan)

Member of the Board of Directors and Chair of the Nominations and Remunerations Committee

With a bachelor's degree from the Department of Economics, Fudan University, and an EMBA from the China European International Business School, Smilla Yuan is, since 2022, a member of the Board of Directors of Banco Comercial Português, S.A..

She began her career in 1998, in various entities in the financial sector, as a Senior Consultant at Arthur Anderson Business Consulting, having held various positions in the Human Capital area of the Willis Towers Watson Group (from 2000 to 2020), her last role in WTW was the CEO of Greater China, WTW.

Between 2020 and 2022 she was Head of Cabinet at the CHRO and Head of the Organisational Development Department at ByteDance Global.

Esmeralda Dourado

Member of the Board of Directors

Licentiate in Industrial Chemical Engineering from Instituto Superior Técnico and with a diploma in Advanced Corporate Finance from Harvard University, she is, since 2025, non-executive member of the Board of Directors of Banco Comercial Português, S.A.

She began her professional career, in 1978, in the glass industry, has head of an industrial area and of the New Business Development at COVINA - C.ª Vidreira Nacional (Saint-Gobain Group). After this experience, she spent more than fifteen years in the financial and banking sector, performing duties as Vice-Chairwoman of Citibank Portugal, as Chief Corporate Banking (from 1985 to 1990), as member of the Board of Directors of Banco Fonsecas & Burnay (from 1991 to 1993), of União de Bancos Portugueses, S.A. (from 1993 to 1995) and of Interbanco, S.A. (from 1996 to 2000), as head of the Business Areas.

Subsequently, she developed her career in several organisations, focusing on strategic and financial planning, namely at PARTAC SGPS S.A., where she was Chairwoman of the Board of Directors and of the Strategic Board, at SAG SGPS SA, where she held several key positions as CEO in Portugal and as Chairwoman in Brazil (from 2000 to 2019) and at BCP Capital, as a non-executive director and member of the Investments Committee. She was also a non-executive member of the Board of Directors and the Audit and Affairs Committee of TAP Portugal (from 2017 to 2021) and member of the General Board of EDP - Energias de Portugal, S.A (from 2021 to 2024).

In addition, and over the years, she has also cooperated with several non-profit, private and governmental organisations, namely as - Chairwoman of the Board of FAE, member of the Executive Committee of EMCE, member of the General Council of the University of Coimbra and member of the General Council of IPCG - Instituto Português de Corporate Governance.

In 2005, she was awarded the Business Woman Prize in Portugal, and in 2006 she was considered the ADVB Golden Personality - Association of Sales and Marketing Managers in Brazil.

Currently, outside the Group, she is Chairwoman of the Supervisory Board of Active Cap - Capital Partners SCR, S.A., member of the Supervisory Board of Mystic Invest Holding S.A., and member of the Board of Directors of several companies in which she holds shares. She also works in the social sphere, as Chairwoman of the Supervisory Board of two private social solidarity organisations.

Members of the Board of Directors (Members of the Audit Committee)

(The curricula are available on the Bank's website, on the institutional page).

Cidália Maria da Mota Lopes

Chairwoman of the Audit Committee and Member of the Board of Directors of BCP

With a Master's Degree in European Economics from the Faculty of Economics of Universidade de Coimbra a Degree in Economics, a PhD in Management and a Postgraduate Diploma in Banking, Stock Exchange and Insurance from the Faculty of Law of Universidade de Coimbra, Cidália Lopes was, between 2015 and 2018, an independent non-executive member of the Audit Committee and the Board of Directors of Banco Comercial Português, S.A. (BCP), and since 2019 she has been Chairwoman of BCP's Audit Committee.

In 2010 she received the Award Professor Doutor António de Sousa Franco, granted by the Chartered Accountants Association (OCC), due to her papers: "Quanto custa pagar impostos em Portugal? – Os custos de cumprimento da tributação do rendimento (How much does it cost to pay taxes in Portugal?)

She began her teaching career in 1994 at the Coimbra Business School - ISCAC, and from 2000 to 2020 she was a trainer at the Portuguese Association of Certified Accountants (OCC), and a member of the Working Groups for Tax Simplification and Tax Policy in Portugal.

Currently, outside the Group, she is a Professor at the Coimbra Business School - ISCAC in the tax area and a guest Professor at the Faculty of Law of Universidade de Coimbra and she is also a member of the Scientific Council of the Associação Fiscal Portuguesa (Portuguese Fiscal Association).

Fernando da Costa Lima

Chairman of the Risk Assessment Committee and member of the Board of Directors and of the Audit Committee

Degree in Economics from the Porto School of Economics, MBA from the Lisbon Universidade Nova, Fernando da Costa Lima is, since 2019, independent non-executive member of the Board of Directors and of the Audit Committee of Banco Comercial Português, S. A.

In 1988, he began his career in the financial and capital markets sector as General Manager at the Oporto Stock Exchange (1988 to 1990), was the 1st Chairman of the Governing Council of the Portuguese Securities Market Commission (from 1991 to 1995), Chairman of the Board of Directors of the Oporto Derivatives Exchange (1998 to 1999) and non-Executive Director of the Lisbon Stock Exchange (1997 to 1999). He was also Central Manager (1997 to 2002; 2006 to 2017) and non-Executive Director (2012 to 2017) of Banco Português de Investimento. He was also the first Executive Chairman of the Portuguese Investment Agency (2002 to 2006).

Outside the Group, he is currently non-executive Director of Euronext Lisbon, Chairman of the General Board of OBEGEF - Observatory of Economics and Fraud Management, and Invited Professor at the Faculty of Economics of the University of Porto.

Valter Rui Dias de Barros

2nd Vice-Chairman of the Board of Directors, member of the Audit Committee, member of the Nominations and Remunerations Committee and member of the Remunerations and Welfare Board

Licentiate Degree in Mathematics Applied to Computer Science from the Faculty of Sciences of the University of Porto, with a Master's Degree in Electronic Engineering and Computing from the Faculty of Engineering of the University of Porto, Valter Barros is, since 2028, 2nd Vice-Chairman of the Board of Directors and Member of the Audit Committee of Banco Comercial Português, S.A.

From 1998 to 20002, he held the position of Manager of the IT Office of Banco Comercial Angolano, and was, from 2003 to 2006, Head of the IT Division of Banco Totta de Angola. From 2006 to 2016, he held functions as Executive Director of Banco de Desenvolvimento de Angola, Luanda and, from 2018 to 2019, he held the position of Chairman of the Board of Directors of Instituto de Gestão de Activos e Participações do Estado (IGAPE), in Angola.

Outside the Group, he is currently Chairman of the Board of Directors of Recredit-Gestão de Ativos, S.A., in Angola.

Altina de Fátima Sebastian Gonzalez Villamarin

Member of the Board of Directors, member of Risk Assessment Committee and Alternate Member of the Audit Committee

Licentiate Degree in Business Management from Universidade Católica Portuguesa with PhD in Business Management, Altina Sebastian Gonzalez is recipient of a scholarship from Calouste Gulbenkian Foundation at IESE, University of Navarra and Research Assistant to Professor Samuel L. Hayes III, Jacob H. Schiff Professor of Investment Banking at Harvard Business School, and, since 2022, independent non-executive member of the Board of Directors of Banco Comercial Português, S.A.

She is a university professor since 1977, and since 2003 she holds positions in banking organisations, when she took up the position of independent Director and Chairwoman of the Audit Committee of Banco Caixa Geral (Ex-Simeón) (2003 to 2019). In 2015, she became an independent non-executive Director and Chairwoman of the Audit Committee of Instituição Financeira de Desenvolvimento (now Banco Português de Fomento), a position she held until 2018 when she became a non-executive Director of Caixa Geral de Depósitos, Member of the Audit Committee and Chairwoman of that organisation's Governance Committee. From 2010 to 2017, she worked with the Association of Portuguese Banks as an external consultant.

Currently, outside the Group, she is independent Director and Member of the Audit Committee - Grupo Empresarial San Jose, a company listed on the Madrid Stock Exchange, and she is Member of the Advisory Board of Expansión y Actualidad Economica. Previously, she also worked as Director and Chairwoman of the Audit Committee of Parquesol, a company listed on the Madrid Stock Exchange. She is also Invited Professor of Permanent Executive Programs for Members of the Board of Directors of Cooperative Banks - Instituto Español de Analistas Financeiros, Invited Professor at Católica Lisbon Business & Economics and Associate Professor of Universidade Complutense de Madrid. She is author of seven books and regularly publishes articles in specialised finance and banking magazines.

Executive Members of the Board of Directors

(The curricula are available on the Bank's website, on the institutional page).

Miguel Maya Dias Pinheiro

Chief Executive Officer and Vice-Chairman of the Board of Directors

With a licentiate degree in Business Organisation and Management from Instituto Superior das Ciências do Trabalho e da Empresa (Higher Institute of Labour and Business Sciences) (ISCTE), Miguel Maya is, since 2009, executive Member of the Board of Directors and, since 2018, Chief Executive Officer and Vice-Chairman of the Board of Directors of Banco Comercial Português, S.A., (BCP), head of the Credit, Human Resources and Communication Divisions.

In 1996, he joined the staff of the BCP Group, having been a director since 1997, and a member of the Group's Top Management since 1999, when he held first line positions at BCP and BIM - Banco Internacional de Moçambique, S.A., having also completed the Senior Management Programme (PADE) - AESE and the Advanced Management Training Programme - INSEAD. After his appointment as executive director of BCP in 2009, he held, for a period, cumulative office as Chairman of the Board of Directors of Banco ActivoBank, S.A. (2009-2011), of BCP Capital – Sociedade de Capital de Risco, S.A. (2015-2018) and of Interfundos – Sociedade Gestora de Organismos de Investimento Coletivo, S.A. (2012-2019). He was also Chairman (2012-2016) and Vice-Chairman (2016-2022) of the Board of Directors of do Banco Millennium Angola, S.A., currently Banco Millennium Atlântico, S.A.

Within the BCP Group, he is currently non-executive Chairman of Board of Directors of Banco ActivoBank, S.A., Manager of BCP África, SGPS, Lda, Member of the Board of Directors and •Chairman of Remunerations and Welfare Board of BIM – Banco Internacional de Moçambique, S.A., Member of the Supervisory Board of Bank Millennium, S.A. (Poland) and Vice-Chairman of the Board of Curators of Fundação Millennium bcp. Outside the Group, he is Vice-Chairman of APB – Associação Portuguesa de Bancos (Portuguese Banking Association), representing Banco Comercial Português, S.A. and Member of the Advisory Board of BCSD Portugal – Business Council for Sustainable Development, representing Banco Comercial Português, S.A.

Miguel de Campos Pereira de Bragança

Deputy Chief Executive Officer (Chief Financial Officer) and member of the Board of Directors

With a Licentiate Degree in Business Administration and Management from Universidade Católica Portuguesa (Portuguese Catholic University), Miguel de Bragança has been Deputy Chief Executive Officer and a member of the Board of Directors of Banco Comercial Português, S.A (BCP) since 2012, responsible for the Divisions of Investor Relations, Accounting and Consolidation, Research Planning and AML, Management Information, Legal and Litigation Advisory and Means of Payment and Acquiring.

He began his career in 1989 in capital markets and investment banking, and since 1993 has been a member of the executive board of financial institutions in Portugal, Brazil (Santander Brasil) and Great Britain (Abbey National). Between 2008 and 2012 he was Manager in charge of Finance, Accounting and Management Control, Marketing and Products, at Banco Santander Totta and Banco Santander de Negócios (Portugal). From 1993 to 2000 – Director (previously, Manager in charge of the Corporate Finance Area) in Banco Santander Negócios Portugal, S.A.. He also completed an MBA programme at INSEAD, Fontainebleau, and was presented with the Henry Ford II Prize, awarded each year to the students with the highest final grade point average.

Currently, within the BCP Group, he also holds the positions of Non-Executive Deputy Chief Officer of the Board of Directors of Banco ActivoBank, S.A., Manager of BCP África, SGPS, Lda and of Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda. and Member of the Supervisory Board of Bank Millennium, S.A. (Poland) and, outside the Group, the positions of Non-Executive Director of UNICRE-Instituição Financeira de Crédito, S.A., representing BCP, SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A..

João Nuno de Oliveira Jorge Palma

2nd Vice-Chairman of the Executive Committee (Chief Corporate Officer) and Member of the Board of Directors

With a licentiate degree in Economics from Faculdade de Economia da Universidade Nova de Lisboa (Faculty of Economics of Universidade Nova of Lisbon) (FEUNL), João Nuno Palma is, since 2017, Vice-Chairman of the Executive Committee and Member of the Board of Directors of Banco Comercial Português, S.A., (BCP), head of the Treasury, Markets and International; Companies, Corporate and Large Corporates - North and South; Corporate, Business and Institutional Marketing; Investment Banking and Private Banking Divisions. He is also head of the Asian Desk.

He began his career in 1991 as a financial analyst and, since 2004, has been a Director in several companies, including CFO of Banco Caixa Geral in Spain of Caixa Geral de Depósitos Group (2008-2010), CFO of REN (2010-2011), and between 2012-2016, Executive Director/CFO of Caixa Geral de Depósitos, S.A. He was also non-executive Chairman of Caixa Seguros e Saúde (2013-2016), non-executive Chairman of Caixa Gestão Activos (2014-2016), non-executive director of BCI - Banco Comercial de Moçambique, S.A. (2013- 2016), non-executive Chairman of Banco Caixa Geral, S.A. (Spain) (2013-2016), First Vice-Chairman of Banco Caixa Geral Angola (2014-2016), Vice-Chairman of Banco Caixa Geral Brasil (2014-2016) and Vice-Chairman of Fidelidade (2014-2016).

Within the BCP Group, he is currently a Member of the Board of Directors, of the Nominations and Remunerations Committee and of the Remunerations and Welfare Board of BIM - Banco Internacional de Moçambique, S.A. Outside the Group he is a Member of BCSD-Business Council for Sustainable Development and Vice-Chairman of the General Board of CIP – Confederação Empresarial de Portugal (Business Confederation of Portugal).

José Miguel Bensliman Schorcht da Silva Pessanha

Member of the Executive Committee (Chief Risk Officer) and member of the Board of Directors

With a licentiate degree in Economics from Universidade Católica Portuguesa (Portuguese Catholic University), a Master's in Economics from Université Catholique de Louvain (Louvain Catholic University) (Belgium) and in Operational Research (academic part) from Instituto Superior Técnico (Técnico Higher Institute) (Lisbon), José Miguel Pessanha is a Member of the Executive Committee and a member of the Board of Directors of Banco Comercial Português, S.A. (BCP) since 2015, head of the Risk Office and Compliance Office, as well as of the Rating Division and the Studies, Sustainability and Supervision; Validation and Monitoring of Models and Personal Data Protection Offices.

He began his career in 1982 as a consultant to financial institutions and joined the staff of Banco Português do Atlântico, S.A. in 1989, which was merged into BCP in 1995. Amongst the main functions he has held, Manager responsible for the Asset and Liability Management areas of BPA (1995-1998) and BCP (1998-2000) and responsible for the design, development and launch of the ‘cidadebcp’ banking website, as well as coordinating the Investment Products Unit should be highlighted. From 2003 to 2015 - he held the position of Group Risk Officer of BCP.

Within the BCP Group, he is currently a non-executive Member of the Board of Directors of Banco ActivoBank, S.A.; Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Millennium bcp Ageas Grupo Segurador, SGPS, S.A., Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. and Ageas - Sociedade Gestora de Fundos de Pensões, S.A. He is a Member of the Board of Directors and Chairman of the Audit Committee of BIM Banco Internacional de Moçambique, S.A.; Vice-Chairman of the Board of Directors and Chairman of the Audit Committee of Banco Millennium Atlântico, S.A. (Angola) and Member of the Supervisory Board and Audit Committee of Bank Millennium, S.A. (Poland).

Maria José Henriques Barreto de Matos de Campos

Member of the Executive Committee (Chief Operating Officer e Chief Transformation Officer) and of the Board of Directors

Licentiate Degree in Electronic Engineering and Telecommunications from Universidade de Aveiro, Maria José Campos is, since 2018, Member of the Executive Committee and member of the Board of Directors of Banco Comercial Português, S.A. (BCP), currently head of the Direct Banking; Corporate Direct Banking, Customer Intelligence; Digital Transformation Office; IT and Technology; Information Security; Operations; Specialised Recovery; Retail Recovery; and Procurement and Logistics Divisions.

After holding positions in technology areas in several companies, in 1999, Maria José Campos took on the role of IT Manager at Banco Comercial de Macau (at the time a subsidiary of BCP), having held a number of senior positions at the BCP Group since then, including head of IT of Bank Millennium, S.A. (Poland) and the Millennium BCP group. Between 2011 and 2018, she held the position of executive director of Bank Millennium, S.A. (Poland).

Currently, within BCP Group, she holds the positions of non-executive Chairwoman of the Board of Directors of Millennium bcp Prestação de Serviços, ACE.

Rui Manuel da Silva Teixeira

Member of the Executive Committee (Chief Retail Officer) and member of the Board of Directors

With a Licentiate Degree in Electrical Engineering from Faculdade de Engenharia da Universidade do Porto (Faculty of Engineering of the University of Oporto), Rui Manuel Teixeira has been a member of the Executive Committee and a member of the Board of Directors of Banco Comercial Português, S.A. (BCP) since 2011, in charge of the Retail Banking North Division, • Retail Banking South Division, Marketing and Network Support Division, Wealth Management Division and Specialized Credit and Real Estate Division.

In 1987, he joined BCP, having been a manager since 1991, and a member of the Group's Top Management since 1994 and since then, he has held various first-line positions at BCP and Bank Millennium, SA (Poland), in areas mainly related to Marketing, Retail and Asset Management. In 2009, he was appointed executive director and executive Vice- chairman of Bank Millennium SA (Poland). Following his appointment as an executive director of BCP in 2011, he served, for a period, cumulatively as Chairman of the Board of Directors of Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A. (2012-2015), as Chairman of the Board of Directors of Banque Privée (Suisse), S.A. (2013-2017), as a member of the Board of Directors of UNICRE, S.A. (2012-2017) and as Chairman of the Board of Directors of Banco ActivoBank, S.A. (2015-2018).

Currently, within the BCP Group, he is also the non-executive Chairman of the Board of Directors of Interfundos - Sociedade Gestora de Organismos de Investimento Coletivo, S.A. and a member of the Board of Directors of Millenniumbcp Ageas Grupo Segurador, SGPS, S.A., Ocidental-Companhia Portuguesa de Seguros Vida, S.A. and Ageas - Sociedade. Outside the Group, the position of Vice- Chairman of Conseil de Surveillance (“Supervisory Board”) of Banque BCP, S.A.S. (France).

ANNEX II

CURRICULA VITAE OF THE MEMBERS OF THE REMUNERATION AND WELFARE BOARD OF BANCO COMERCIAL PORTUGUÊS, S.A.

(The curricula are available on the institutional page of the Bank's website.)

José António Figueiredo Almaça

Chairman of the Remunerations and Welfare Board

With a PhD in Economics and Business Sciences from Universidade Autónoma de Madrid, he has been Chairman of the Remunerations and Welfare Board of Banco Comercial Português, S. A. since 2022.

He was Chairman and a member of the Board of Auditors of several companies in the Victoria/Ergo Insurance group (from 1997 to 2012) and Chairman of the Board of Directors of Conselho de Administração da Autoridade de Supervisão de Seguros e Fundos de Pensões (Insurance and Pension Funds Supervisory Authority) (from 2012 to 2019), and during this period he also served as an effective member of the Supervisory Board of EIOPA - European Insurance and Occupational Pensions Authority and ESRB - European Systemic Risk Board.

He also has extensive academic experience, which began in 1986 as a Professor at Universidade Autónoma de Lisboa in the areas of Strategic Management and Business Management, where he taught Strategic Management, Banking Economics, Financial Management and Mergers and Acquisitions. Since 2019, he has been a Full Professor at Universidade Autónoma; he is an Honorary Professor at Universidade Autónoma de Madrid and a Visiting Professor at Universidades Austral de Buenos Aires and National de Córdoba in Argentina and at Universidade Javeriana de Bogotá in Colombia.

Currently, outside the BCP Group, he carries out other activities, namely, Vice-Chairman of Una Vida and Una Seguros and Chairman of the Board of Auditors of the Founding Entity of Universidade Autónoma de Lisboa;

Jorge Manuel Baptista Magalhães Correia

Please see Annex I - Curricula Vitae of the Members of the Board of Directors of Banco Comercial Português, S.A.

Valter Rui Dias de Barros

Please see Annex I - Curricula Vitae of the Members of the Board of Directors of Banco Comercial Português, S.A.

ANNEX III

CURRICULA VITAE OF THE MEMBERS OF THE BOARD OF THE GENERAL MEETING OF BANCO COMERCIAL PORTUGUÊS, S.A.

(The curricula are available on the institutional page of the Bank's website.)

Pedro Miguel Duarte Rebelo de Sousa

Chairman of the Board of the General Meeting

Licentiate Degree in Law from Faculdade de Direito da Universidade de Lisboa, postgraduate in Commercial and Corporate Law from Universidade Pontifícia Católica in Brazil and Master's in Business Administration from Fundação Getúlio Vargas – Escola de Administração de Empresas in São Paulo, he is, since 2017, Chairman of the Board of the General Meeting of Banco Comercial Português, S.A.

From 1985 to 2017, he was Curator of the Portuguese Chamber of Commerce in São Paulo and from 1998 to 2010, he performed duties as non-executive director at Intesa SanPaolo IMI International, Portugal. From 1999 to 2009, he was partner of Simmons & Simmons (Sociedade de Advogados Internacional), exercising functions as Director of the Company at the United Kingdom (2004 to 2009). He was also non-executive Director and member of the Audit Committee of Caixa Geral de Depósitos, S.A. (2011 to 2013), as well as non-executive member of the Board of Directors at Cimpor – Cimentos de Portugal, SGPS, S.A. (from 2012 to 2018). He also held the position of Chairman of the Board of the General Meeting of several companies, such as PT Internacional, Galp, S.A. and CTT.

He is Founder and Senior partner of Sociedade Rebelo de Sousa & Advogados (SRS).

Currently, outside the Group, he is Chairman of the Board of Auditors of Associação dos Amigos do Hospital de Stª Maria, Chairman of the General Board of Instituto Português de Corporate Governance and member of the Remunerations Committee of Novabase S.A.

Currently, outside the Group, he is Chairman of the Board of Auditors of Associação dos Amigos do Hospital de Stª Maria, Chairman of the General Board of Instituto Português de Corporate Governance and member of the Remunerations Committee of Novabase S.A.

He is also Chairman of the Board of the General Meeting of several institutions and associations, namely Sumolis Group Refrigor and COSEC.

Octávio Manuel de Castro Castelo Paulo

Vice-Chairman of the Board of the General Meeting

Licentiate Degree in Law from Universidade Lusíada de Lisboa, he is, since 2017, Vice-Chairman of the Board of the General Meeting of Banco Comercial Português, S. A.

Lawyer since 1993, (registered at the Portuguese Lawyers Association and at the Lawyers Association of Angola), he was a partner (Equity Partner) of the international law firm Simmons & Simmons, with registered office in London (between 2003 and 2009). He was Manager of the Portuguese Institute of Corporate Governance (from 2009 to 2011).

Currently, outside the Group, he is Partner of SRS Advogados since 2009 and since 1 January 2024 he is co-managing partner. He also performs the functions of Chairman of the non-Executive Board of Directors and Chairman of the Nominations and Remunerations Committee and of the Technology Committee of Standard Bank Angola, and Chairman of the Board of the General Meeting of several companies. He regularly advises companies on capital market operations and mergers and acquisitions, as well as on corporate governance matters, an area in which he specialises. In Angola, he collaborates with several companies and institutions, particularly on corporate, foreign investment and regulatory issues.

ANNEX IV

Remuneration Policy of Members of the Management and Supervisory Bodies

Basic Principles

This Remuneration Policy applies to the members of the management and supervisory bodies (MMSB) of Banco Comercial Português, S.A. ("BCP" or "Bank"), and was made in compliance with the provisions of the Group Regulation GR0042 on remuneration policies and is based on a number of principles that aim to ensure:

a) A governance model able to promote the alignment of the interests of all stakeholders, namely in what concerns to compliance with the strategy defined for the Bank, the sustainability of short-, medium- and long-term earnings and a prudent management of risk;

b) A competitive fixed remuneration that attracts and retains competent professionals and a variable remuneration intended to stimulate individual and Group performance and to reward results achieved in line with the Bank's current and future risk profile and tolerance;

c) The attribution of benefits, namely in what concerns the retirement benefits, aligned with market practices;

d) The compliance with the applicable regulations and guidelines in terms of procedures and remuneration policy;

e) Behaviour and commercial practices in line with the interests and needs of the Group's Customers.

f) Alignment of the criteria used to assess the Bank's performance and the calculation of the variable remuneration amounts of the different Bank's Remunerations Policies.

To this end, the Nominations and Remunerations Committee (NRC) is responsible for defining and annually reviewing the principles framing the MMSB Remuneration Policy and, together with the Remunerations and Welfare Board (RWB), proposing this policy for approval at the Bank's General Meeting of Shareholders.

The Risk Assessment Committee (RAC) is responsible for examining whether the incentives established in the MMSB Remuneration Policy take into account risk, capital, liquidity and expectations of results at any given time.

Whenever the NRC does not have, at least, one member of the RAC in its composition, the latter must indicate a representative to participate in the NRC meetings that include in its agenda the final version of the Remuneration Policy or whenever the NRC deems it relevant to the issues under discussion.

In order to draw up the Remuneration Policy proposal and supervise its implementation, the NRC must consult the RWB and obtain contributions from the different management areas of BCP, of which the following stand out:

a) The Risk Office, which should be involved to ensure that limits are not exceeded in terms of risk, total equity, and liquidity of the institution, contributing for the definition of the measures for implementing the variable remuneration based on risk, namely ex ante and ex post measures and verify if the variable remuneration structure is in line with the Group's risk profile and culture;

b) The Human Resources Division, which should contribute to the preparation and evaluation of the Policy for the Remuneration of Employees, namely regarding the structure and levels of remuneration and estimation of the amounts of AVR to attribute, considering strategic and budgetary goals, employee profile, retention strategies and market conditions.

c) The Compliance Office, which must analyse to what extent the principles and practices of the Remuneration Policy may affect BCP's Group capacity to comply with the legislation, regulations, rulings, internal requirements, and the respect for the company's culture, as well as the absence of conflicts of interest, reporting to the RWB and to the NRC any anomalous situation which may jeopardize or compromise that compliance;

d) The Internal Audit Division, which must develop annual independent mechanisms for the validation / revision of the design of the Remuneration Policy and also for its implementation, calculation and respective effects.

In the independent analysis for the implementation of the Remuneration Policy, the NRC, with the support from the Internal Audit, will verify the implementation and compliance with the remuneration policies and procedures adopted and will communicate its conclusions to the RWB.

While making the proposal for the Remuneration Policy, the NRC follows clear and transparent procedures,which are documented, the documents regarding the making of the proposal and decisions being kept by means of minutes of meetings, reports and other relevant documents.

The NRC may hire independent and qualified experts and external consultants for support, to assist one or more of its members in the performance of its functions and that contribute and support the performance of its duties.

It is considered essential that the fixed remuneration represents a sufficiently high portion of the total remuneration so as to ensure the adequate balance between the fixed and variable components of the total remuneration.

The variable remuneration is in line with the strategy defined for the Bank and with the Bank's objectives, values and long term interests. This way, the Bank guarantees a sustainable performance, adjusted to its risk profile.

According to these guidelines, the attribution of variable remuneration is linked to the performance and sustainable evolution of the Bank's results and the adequacy of its capital ratios, as well as to market conditions and possible risks, present and future, that may affect the business. In this way, a financially sustainable model is guaranteed, which is not detrimental to the institution, depositors, employees, shareholders and other stakeholders.

The remuneration of the director responsible for Risk and Compliance reflects the need to ensure greater independence in relation to the Bank's performance, which is why qualitative indicators as well as quantitative indicators related to compliance with behavioural and prudential rules should be favoured when calculating the variable remuneration.

The definition of deferral deadlines for the variable remuneration payment and the payment of a significant part of its value in Bank shares or Other Instruments is aimed at ensuring that individual performance is in line with the Bank's long-term and sustainability objectives, adapted to its risk profile.

There are also mechanisms for reducing (malus) or reversal (clawback) all or part of the variable remuneration, to comply with legal and regulatory requirements, as well as to observe the recommendations and guidelines issued by the competent entities.

Article 1 (Object)

This Policy establishes the rules for the attribution of the annual fixed remuneration, the annual variable remuneration, long term variable remuneration and other benefits able of being attributed to the members of the corporate bodies of the Company, including the Retirement Supplementary Regime.

Article 2 (Definitions)

1. The following expressions and acronyms, when capitalized, shall have the following meaning:

i) BCP, Bank or Company – Banco Comercial Português, S.A.

ii) AudC – Audit Committee

iii) RAC – Risk Assessment Committee

iv) CEO – Chairperson of the Executive Committee

v) NRC – Nominations and Remunerations Committee

vi) Retirement Supplement – Supplementary retirement scheme for old age or disability payable by the Company, provided for in Article 17 of the Articles of Association of the Company

vii) CRO – Chief Risk Officer

viii) RWB – Remuneration and Welfare Board

ix) AVR Attribution Date – Corresponds to the date of the RWB meeting at which the AVR is established

x) AVR Payment Date – Corresponds to a date up to the date of payment of the fixed remuneration, in the month following the approval of the financial statements by the Annual General Meeting

xi) LTVR Attribution Date LTVR Attribution Date – Corresponds to the date of the RWB meeting at which the LTVR is established

xii) LTVR Payment Date – Corresponds to a date up to the date of payment of the fixed remuneration, in the month following the approval of accounts by the Annual General Meeting

xiii) AFR Autonomous Document – Document containing the specific amounts of the remuneration of the different members of the corporate bodies, approved by the RWB

xiv) VR Autonomous Document – Document containing the calculation formulas, indicators or indexes to be used for the purpose of determining the AVR and LTVR, this second part of the Autonomous Document being approved by the NRC and the RWB

xv) Group or BCP Group – Includes the Company and all the companies in a control or group relationship with the Company and Millenniumbcp Prestação de Serviços ACE

xvi) MMSB – Members of the Management and Supervisory Bodies

xvii) Other Instruments – Other additional Tier 1 or Tier 2 equity instruments or other instruments that can be fully converted into core Tier 1 equity instruments or whose value can be reduced to the extent that they adequately reflect the Bank's credit quality and are appropriate for the payment of variable remuneration

xviii) AVR Evaluation Period – Period of time from January 1 until 31 December 2024

xix) LTVR Evaluation Period – Period of time from January 1, 2022, to December 31, 2025

xx) AVR Attribution Price – Corresponds to the average of the closing prices of the BCP shares or other instruments, as applicable, recorded in the previous 20 stock- exchange sessions preceding the AVR Attribution Date, or the closing price of the third business day prior to the AVR Payment Date, if lower than the average previously defined

xxi) LTRV Attribution Price – Corresponds to the average of the closing prices of the BCP shares or other instruments, as applicable, recorded in the 20 stock- exchange sessions preceding the LTVR Attribution Date, or the closing price of the third business day prior to the LTVR Attribution Date, if lower than the average previously defined

xxii) PSI – Portuguese stock index – PSI Index, composed of the companies chosen, at each moment, by the competent bodies of Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A..

xxiii) AFR – Annual fixed remuneration

xxiv) AVR - Annual variable remuneration

xxv) AVR Target– Annual variable remuneration corresponding to the fulfilment of 100% of the quantitative and qualitative objectives mentioned in the VR Autonomous Document

xxvi) LTVR – Long-term variable remuneration

xxvii) LTVR Target – Long-term variable remuneration corresponding to the fulfilment of 100% of the objectives mentioned in the VR Autonomous Document

xxviii) Stoxx Europe 600 Banks Index (SX7P) – Index of shares composed by large European Banks

xxix) TSR – Total shareholder return, calculated using the following equation, whose data is obtained from an independent and recognised market information platform (ex: Bloomberg or Reuters): [(Average of the closing prices of the shares for the two months prior to the end of the evaluation period – Average of the closing prices of the shares for the two months prior to the beginning of the evaluation period) + Dividends per share paid to the shareholders in that period] / Average of the closing prices of the shares for the two months prior to the beginning of the evaluation period, adjusting stock prices to reflect the effects of share capital increases, incorporation of reserves or similar.

Chapter I Members of the Management and Supervisory Bodies

Article 3 (Exercise of functions and termination conditions)

1. The MMSB shall hold office for the duration of the term of office for which they were elected by the General Meeting of Shareholders or, in the case of co-option, for the remainder of the current term of office.

2. If any of the MMSB intends to cease functions, resigning from his/her position, this will only take effect by the end of the month following the communication of his/her intention, and the Board of Directors may, with the favourable opinion of the AudC, dismiss this pre-notice, without any indemnity payment.

3. If a MMSB is dismissed under the terms of the applicable law without just cause, the amount of compensation due must correspond at least to the remuneration due until the end of the term of office, and the MMSB concerned may waive all or part of this compensation. If the termination of functions is based on just cause, there will be no indemnity payment.

Artigo 4 (Annual Fixed Remuneration, variable remuneration and benefits)

1. The RWB is responsible for setting the remuneration and benefits of the MMSB and the Members of the Board of the General Meeting.

2. The members of the Executive Committee and the non-executive Directors exercising functions under an exclusivity regime, are also entitled to the benefits foreseen in article 13.

Article 5 (Annual fixed remuneration)

The members of the Board of the General Meeting of the Company are entitled to an annual fixed remuneration established by the RWB, which is included in the AFR Autonomous Document, paid in four quarterly payments and to the health insurance for corporate bodies subscribed by the Bank at each moment.

Chapter III Non-executive Members of the Board of Directors

Article 6 (Annual fixed remuneration)

1. The non-executive members of the Board of Directors of the Company are entitled to an annual fixed remuneration, which is included in the RFA Autonomous Document, paid in 12 monthly payments and to the health insurance subscribed by the Bank at each moment for its Employees and Executive Directors.

2. The RWB may, at its own request, resolve not to attribute remuneration to non-executive member(s) of the Board of Directors of the Company who are related to shareholders with qualifying stakes.

Chapter IV Executive Members of the Board of Directors

Article 7 (Annual fixed remuneration)

1. The members of the Executive Committee are entitled to an annual fixed remuneration paid in 14 monthly instalments and included in the AFR Autonomous Document.

2. The Retirement Supplement due to old age and disability mentioned in article 13 does not have a discretionary nature; therefore, it is a fixed remuneration.

Article 8 (Variable remuneration)

1. The members of the Executive Committee may also earn a variable remuneration, resulting of a component attributed by reference to the annual financial year (AVR) and by a long-term component (LTVR) attributed by reference to the term of office.

2. The attribution and setting of variable remuneration are based on the assessment of Corporate and Individual performance KPIs of the members of the Executive Committee and is the responsibility of the RWB on a proposal from the NRC, having obtained the opinion of the RAC on the matters within its competence for the purposes of the above Basic Principles.

3. The definition of the Corporate and Individual KPIs on the basis of which the performance of the members of the Executive Board is assessed is made by the NRC, after consulting the RAC and is carried out based on the Bank's strategic goals, key risk indicators being also considered as an integral part of the definition process, so as to ensure an alignment of the risk profile of the members of the Executive Committee with the risk level tolerated by the Bank.

4. The variable remuneration of the CRO privileges qualitative and quantitative indicators related with the compliance with the prudential and behavioural rules, as well as the evolution of the Bank's risk profile.

5. The calculation process of the variable remuneration, with the purpose of its subsequent approval, must be concluded by the end of March, and for this process, the amount of the Annual Variable Remuneration to be attributed to the Bank's Employees must also be considered.

Payment in shares or Other Instruments

6. The portion of the variable remuneration that is not paid in cash (see articles 9 and 10) will preferably be paid in BCP shares, unless duly justified the payment in other instruments in accordance with the the Bank's long-term interests and by decision of the RWB, after discussion and favourable opinion of the NRC.

7. The number of shares of the Company or Other Instruments to be attributed to each member of the Executive Committee results from the quotient between the Variable Remuneration value and the AVR Attribution Price or the LTVR Attribution Price, as applicable. In any case, the dividends relating to the shares attributed, or income from Other Instruments attributed, as applicable, to a member of the Executive Committee, but not paid because they belong to the deferred component, are not due and will not be paid by the Company to the Director.

8. Unless expressly requested by the beneficiary Director, the number of shares or Other Instruments to be delivered to comply with the provisions of the previous paragraph will correspond to the amount payable in shares or Other Instruments gross of income tax (IRS).

9. The Company's shares or Other Instruments awarded as Variable Remuneration, pursuant to no. 8 above, are subject to a retention policy for a period of one year from the respective AVR Payment Date or LTVR Payment Date, as applicable.

10. If the member of the Executive Committee is not elected for a new term of office, the unavailability regime foreseen in the previous number shall continue to be in effect.

11. Notwithstanding the provisions of no. 9, the member of the Executive Committee may sell or encumber the shares or Other Instruments, in an amount necessary to cover all taxes and contributions payable arising from the allocation of shares or Other Instruments. As an alternative, the Director will be able to choose the sell-to-cover regime, through which the number of shares or Other Instruments that will be delivered to him/her will already be deducted from the number of shares or Other Instruments which must be sold in order to pay taxes and contributions corresponding to the total value of the shares or Other Instruments attributed.

Limitations and constraints

12. The variable remuneration may not be attributed by decision from the RWB in exceptional cases, or be conditionally postponed, namely if, after hearing the NRC and the RAC, one of the following situations arises: (i) there is no solid capital base; (ii) its attribution could unduly limit the Company's ability to strengthen its own capital or (iii) the attribution of the same does not observe the applicable legislation, regulations and guidelines. The RWB, having heard the NRC and RAC, may decide not to take into account

for the purposes of the above ratios extraordinary operations which, due to their size and/or impact, affect capital.

13. The sum of the annual and pluri-annual variable remuneration parts of the Executive Committee members, due in each year, may not exceed, as a whole, the amount set in the Bank's articles of association.

14. No guaranteed variable remuneration shall be granted, except when hiring a new executive committee member and, in that case, only in the first year of activity and it will only be granted by the RWB after consulting the AudC and the RAC for Risk Assessment, and having verified that the institution has a solid and strong capital base.

15. The variable component of the remuneration is associated with performance, so its total value may vary between zero, if the achievement degree of the objectives is below the minimum defined, and a maximum that may, each year and in compliance with the conditions set out in this document and in the law, reach twice the AFR, except for the CRO whose variable component of the remuneration may not, in each year, exceed the fixed component.

16. Under no circumstances may each beneficiary be awarded a variable remuneration which, after conversion of the number of shares or Other Instruments (valued at the award price), totals a value higher than 200% of the corresponding AFR, either in years when there is only AVR, or in years when AVR and LTVR coexist (with the exception mentioned in no. 15 above of this Article). To calculate the 200% limit, the share of the LTVR attributable to each financial year is considered, which for this purpose considers the amount that can be allocated in each of the years to which it refers, starting with the first year and progressively filling in the entire amount, if necessary, until the last year to which it refers.

17. Whenever the variable remuneration, calculated under the terms of the previous paragraph, exceeds a component of the AFR, the amount exceeding the AFR is subject to approval by the General Meeting, under the terms of the law.

18. As foreseen in no. 19 of article 115-E of the Legal Framework for Credit Institutions and Financial Companies, no risk hedging mechanisms may be used to mitigate the effects of risk alignment inherent in the remuneration arrangements, nor may variable remuneration be paid through special purpose vehicles or other methods with equivalent effect.

Article 9 (Annual variable remuneration)

1. The AVR attribution depends on the verification of a weighted average equal to or greater than the percentage referred in the VR Autonomous Document of the execution level of the Corporative KPIs set, and their respective weights, relating to the Bank's overall performance, which are indicated below and detailed in the VR Autonomous Document:

Category		KPI
Capital	**15%**	Common Equity Tier 1 (CET1) capital ratio (fully implemented) - Group
		MREL-TREA (%) - Portugal Resolution - Grupo
Profitability	**40%**	Return On Equity - Group
		Core Operating Profit Recurring - Group
Risk	**20%**	Total Impairments and provisions, excluding CHF Impairments - Group
		Net Stable Funding Ratio (NSFR) (%) - Group
		Non-performing Exposure amount - Group
Transformation	**25%**	Level the execution of the Sustentability Master Plan - Group
		Digital Transformation (% of mobile active customers in total active customers) - Group
		Customer Satisfaction- BCP PT
		Growth in the number of Costumers - Group

2. The overall value of the AVR to be attributed is subject to a maximum value, calculated on the basis of the terms defined in the AVR Autonomous Document and in paragraph 4 of this article, and its overall value may not exceed 1.00% of the net profits for the year to which the AVR refers. If the sum of the individual annual variable remunerations exceeds the calculated maximum value, an adjustment factor

will be applied to the calculated individual values so that their sum does not exceed the calculated maximum value.

3. The individual AVR considers the following values (without prejudice to the provisions of Article 8 (4) and (5) and (16) and (17):

i) AVR Target – 54% of the respective AFR (corresponding to 60% of the sum of the Target AVR and Target LTVR)

ii) Maximum value of the AVR calculated in accordance with the terms defined in the VR Autonomous Document – 75% of the respective AFR

4. The RWB, articulating with the CNR and after consulting the RAC and the AudC, may, in particular to address any current or future risks, cost of own funds and liquidity required by the BCP Group, or to reflect exceptional factors affecting the Bank's performance, and may incorporate the relative performance vis-à-vis its peers, in Portugal, or to contribute to the cohesion of the Body:

i) Adjust the individual values of the AVR resulting from the application of the percentages provided for in the previous number, in compliance with the legally established limits and in terms that do not affect the maximum calculated AVR, and/or

ii) Apply an adjustment factor to the calculated maximum amount of the AVR provided for in paragraph 2 of this article, with a minimum of -25% and a maximum of +25%

5. Any adjustment made pursuant to the preceding paragraph shall be the subject of a written statement of grounds recorded in the minutes.
6. The calculation of the AVR amount is based on the results of the performance evaluation for the AVR Evaluation Period in question, and results from the sum of two autonomous and independent components:

i) 80% of the amount is based on the evaluation of the achievement level of the individual quantitative objectives, except for the CRO whose percentage is 70%

ii) 20% of the amount is based on the performance evaluation of each Director regarding the qualitative objectives, except for the CRO whose percentage is 30%

7. The Corporate KPIs (used to define the maximum calculated value) are defined each year by the NRC, in consultation with the RWB and the RAC, on the basis of the Business Plan or Budget for the respective period previously approved by the Board of Directors, and will appear in the Autonomous Document, as well as the respective values and weights.

8. The KPIs should be in line with the goals of the Strategic Plan and consider the risk appetite defined by the Bank and the capital and liquidity plans, Corporative KPIs being set for the global performance of the Bank and Individual KPIs for each director, adjusted to the corresponding areas of responsibility, under the provisions of the Corporative KPIs chapter of the VR Autonomous Document.

9. The calculation of the AVR amounts shall be made by the Human Resources Division and shall be audited by the Audit Division and, pursuant to a resolution adopted by the RWB or the NRC, those estimations may be validated by an external independent entity.

10. The attribution of the AVR depends on the performance recorded for each individual quantitative KPI, and is calculated as follows (without prejudice to the provisions of Article 8(16) and (17)):

Performance of the KPI Fixed	Amount to be attributed calculated according to the Target AVR range of the Fixed KPI according to the table in the VR Autonomous Document
Less than 80%	No AVR can be attributed for the same objective;
Between 80% and 90%	Amount between 70% to 80%
Between 90% and 110%	Amount between 80% to 120%
Between 110% and 150%	Amount between 120% to 150%
150% or more	The amount corresponding to 150% of the AVR

11. The AVR attributed to each Executive Committee member due to the individual quantitative KPIs results from the following equation: percentage of the Target AVR based on the performance in accordance with the provision of no. 3 i).

12. The qualitative assessment of the members of the Executive Committee is the NRC's responsibility, after hearing the non-executive Chairperson and Vice-Chairpersons of the Board of Directors and the Chairperson of the Executive Committee, who will only decide on the other members of the Executive Committee.

13. The weighted annual assessment of the qualitative objectives will be measurable and determined according to a grid drawn up under the terms of the VR Autonomous Document.

14. The global performance of the qualitative objectives of each director results from the weighted average of the objectives set forth in the VR Autonomous Document (rounded to the unit), with the weight mentioned in no. 6, ii) of this article and according to the following parameters:

Global performance of qualitative objectives	Amount to be attributed calculated according to the Target AVR range of that objective according to the table in the VR Autonomous Document
Lower than level 2 - "Somewhat Lower than Expected"	No excess regarding the AVR will be calculated, as such
Between level 2 - "Somewhat Lower than Expected" and level 3 "Meets the Expected"	Amount between 60% to 100%
Between level 3 - "Meets the Expected" and level 4 "Above the Expected"	Amount between 100% to 130%

15. The AVR will be paid 50% in cash and 50% in shares or Other Instruments, on the AVR Payment Date, both in the deferred and non-deferred components.

16. The AVR will be deferred by 50% over a period of 5 years, one fifth of which will be paid in each year, on the AVR Payment Date, with the payment to be made 50% in cash and 50% in shares of the Company or Other Instruments, both in the deferred and non-deferred components. If the AVR equals or exceeds two thirds of the AFR of each member, 60% of that amount must be paid in a deferred manner. If the AVR, considered alone or together with the LTVR paid in the same year, is equal to or less than € 50,000.00 and this sum does not represent more than one third of the Director's total annual remuneration, the AVR payment will be 100% in cash and there will be no deferral.

17. In the event of the Executive Committee member leaving office for any reason, with the exception of dismissal for just cause, after the end of the evaluation period but before the AVR is paid, the full AVR corresponding to that evaluation period will be paid, with due regard for the deferral periods and composition (cash, shares or Other Instruments).

18. The AVR payment corresponding to the evaluation period in which the member of the Executive Committee ceases functions will not be due, except if such cessation occurs by mutual agreement, retirement, death, disability or in any other case of termination of term-of-office for a reason not imputable or unrelated to the member of the Executive Committee, namely change of control of the Company, among others, following a takeover bid, in which cases there will be a proposal for the attribution of the AVR pro-rata temporis - after resolution by the RWB, after hearing the NRC - and the maximum amount of the compensation shall consider the AVR average of the last 3 years, or a lower number of years if the Director has been in office for a period of less than 3 years.

19. If a new executive director starts in the middle of their term of office, they are entitled to the AVR pro rata temporis.

Article 10 (Long-term variable remuneration)

1. The long-term variable remuneration (LTVR) is paid, on the LTVR Payment Date, exclusively by the attribution of shares of the Company or Other Instruments, taking into consideration the following benchmark values ("Target") and maximum limits [without prejudice to the provisions of article 8 (13)(14)]:

    i. LTVR Target – 36% of the respective AFR of the LTVR evaluation period (corresponding to 40% of the sum of the Target AVR and Target LTVR)

    ii. Maximum value of the LTVR in accordance with the provisions of the Autonomous Document - 50% of the respective AFR of the LTVR evaluation period

2. The RWB, in articulation with the NRC and after consulting the RAC and the AudC, may, namely, address any current or future risks, cost of own funds and liquidity required by the BCP Group, as well as to translate the Bank's exceptional performances:

    i. Adjust the individual values of the LTVR resulting from the application of the percentages provided for in the previous number, in compliance with the legally established limits and in terms that do not affect the maximum calculated AVR, and/or

    ii. Apply an adjustment factor to the calculated maximum amount of the LTVR provided for in paragraph 1 of this article, with a minimum of -25% and a maximum of +25%

3. Any adjustment made pursuant to the preceding paragraph shall be the subject of a written statement of grounds recorded in the minutes.

4. The calculation of the number of shares or Other Instruments corresponding to the LTVR to attribute is based on the results of the performance evaluation made during the LTVR Evaluation Period and is determined in accordance with the VR Autonomous Document.

5. The attribution of LTVR regarding the performance foreseen in the previous paragraphs depends on the degree of fulfilment of the objectives as of 31 December 2025 contained in the Autonomous Document LTVR.

6. The performance evaluation components are of a quantitative nature and are established by the NRC, after listening to the RWB and contained in the VR Autonomous Document.

7. In case there is an operation changing the perimeter of BCP with relevant impact and the Board of Directors approves the alteration of the objectives of the Strategic Plan, the evaluation components must be revised accordingly by the NRC, after hearing the RWB.

8. The LTVR shall be deferred by 50% over a period of 5 years and one fifth shall be paid in each year, on the LTVR Payment Date. If the LTVR is, regarding each member, equal to or greater than two-thirds of the AFRs due for the LTVR Evaluation Period, the deferred amount shall be 60%. If the sum of the LTVR with the AVR paid in the same year equals or is lower than €50,000.00 and that sum does not represent more than one third of the total annual remuneration of the Director, the LTVR payment will not be deferred.

9. The LTVR payment requires the full exercise of the term of office or the remaining term of office for which the Executive Committee member was appointed, except in situations of mutual agreement dismissal, retirement, death, disability or any other cause for an early cessation of the term of office due to a cause not imputable or alien to the Executive Committee member, namely a change in the control of the Company, among others, following a takeover bid, in which cases there will be a proposal to allocate the LTVR pro rata temporis, after deliberation by the RWB, after hearing the NRC, at the end of the LTVR Evaluation Period.

10. If the member of the Executive Committee leaves office, for any reason other than dismissal with just cause, after the end of the evaluation period, but before the LTVR payment, there will be payment in full, corresponding to that evaluation period, with respect to the limits and periods of deferral and composition (shares or Other Instruments) provided for in the Policy.

11. Notwithstanding the provisions of this Article, the determination of the LTVR final amount shall consider the AVR amount, and the limitations provided for in Article 8 (16) and (17).

Article 11 (Termination of functions before the end of the term of office)

1. A Director who terminates functions before the end of the term of office without being based on resignation or dismissal with just cause, shall be entitled to compensation to be calculated by the NRC in accordance with article 3 above and the exact amount is to be approved by the RWB after hearing the RAC.

2. The compensation to be attributed in compliance with the provisions of the preceding paragraph shall not qualify as fixed remuneration, and its payment shall be subject to the signing of a non-competition commitment, for a period corresponding to the term of office in progress at the date of the dismissal.

3. The amounts to be attributed in compliance with the provisions of number 1 above may not exceed the global fixed remuneration that would be due until the end of the mandate plus, in the case of executive

committee members, an amount corresponding to the average of the AVRs allocated to them in the years in which they were in office during the mandate in which they ceased.

Article 12 (Malus and clawback clauses)

1. The total variable remuneration, regardless of whether or not vested rights have already been established, is subject to reduction or reversal mechanisms whenever it is proven that the member of the Executive Committee, through wilful misconduct or gross negligence, participated in or was responsible for an action that resulted in significant losses for the Group or failed to fulfil Fit & Proper criteria up to the date of the last payment of the variable remuneration in the case of the reduction mechanism and up to 3 years after payment of the deferred remuneration in the case of the reversal mechanism.

2. The option to reduce (malus), in whole or in part, the payment of deferred remuneration, the payment of which is not yet a vested right, as well as the return of variable remuneration paid, the payment of which constitutes a vested right (clawback), is limited to significant events, duly identified, in which the persons concerned have had, with intent or serious negligence, an active participation.

3. The reduction or reversion of the variable remuneration should always be related with the performance or the risk and should respond to the effective results of risks or alterations in the continuing risks faced by the Group, the Bank or by the areas of the responsibility of the Executive Committee member in question, and should not be based on the amount of dividends paid or on the evolution of the share price or Other Instruments.

4. The application of the clawback mechanism must be supplementary to the reduction mechanism; in other words, if a significant event is verified, the application of the reduction mechanism (malus) will be prioritised and only when this has been exhausted, is insufficient, or arises from the verification that the Director has contributed significantly to the Group's negative financial performance or to the application of regulatory sanctions, or in the event of fraud or other wilful misconduct or serious negligence that has caused significant losses, should recourse to the clawback mechanism be considered.

5. In any event and concerning the application of malus or clawback mechanisms, the EBA (European Banking Authority) guidelines that are in effect at the time, must always be observed and complied with.

6. The occurrence of the situations described in this article is supervised by the NRC and the application of those mechanisms shall be decided after hearing the RWB, the RAC, the AudC and the Chairperson of the Board of Directors.

Chapter V Other Provisions

Article 13 (Benefits)

The Executive Committee members and the non-executive Directors exercising functions under an exclusivity regime, are entitled to the following benefits:

i. Health insurance, credit card and mobile phone, in line with what is attributed to the remaining Bank employees

ii. Retirement Supplement

Article 14 (Retirement pension supplement for disability and old age)

1. The Directors mentioned in the previous article shall benefit from the social security regime applicable in each case.

2. The Directors mentioned in the previous article also have the right to a Retirement Supplement, constituted through capitalisation insurance contracts in which each Director will be the beneficiary

3. Pursuant to an agreement established with each Director, the capitalization insurance contract may be replaced by contributions to pension funds with a defined contribution.

4. The annual amount of the Bank’s contributions, within the scope of the two previous numbers, shall be established by the RWB, after hearing the NRC.

5. The Bank's annual contribution for the plan set forth in the previous paragraph is equal to at least the value, before applying any income tax deductions for individuals, corresponding to 20% of the annual gross fixed remuneration defined at any given time by the RWB.

6. The Bank shall not bear any additional expenses with the retirement and disability pensions after the termination of each Director's functions.

7. The right to the supplement shall only become effective if the beneficiary retires due to old age or disability, under the terms of the social security scheme applicable to him/her.

8. At the time of de facto retirement, the beneficiary may opt to redeem the capital if and to the extent that the contract underlying the alternative they have chosen allows it.

9. If, at the time of retirement, the beneficiary continues to occupy the position that gave rise to the retirement supplement, the plan should only be activated when they cease to occupy the position that entitles them to this benefit.

10. In case of death before retirement, the right to receive the accrued capital shall remain effective pursuant to the applicable provisions established by the contract or by law.

Article 15 (Pension discretionary benefits)

The attribution of pension discretionary benefits, based on the Bank's performance or on the individual performance or on any other factors with a discretionary nature is not planned. However, the General Meeting of Shareholders may approve the attribution of an extraordinary contribution.

Article 16 (Pre-retirement)

The Bank's employees who have held management positions at BCP and who, at the time and within the scope of leaving those positions, are older than the age provided for in the Collective Labour Agreement to be eligible for pre-retirement status, may benefit from this status by earning, between the date of pre-retirement and the effective date of retirement, 80% of the average of the 5 highest remunerations of the Bank's General Managers at the time, with their last remuneration as an employee of the Bank as a minimum, provided that they have held the position of executive director for a period of 10 years or more and have signed a non-competition pact with the Bank in the financial sector.

Article 17 (Remuneration earned due to the performance of other functions related with BCP)

1. Bearing in mind that the remuneration of the executive members of the Board of Directors, as well as the non-executive members in an exclusivity regime, is intended to compensate for activities they carry out in BCP directly, as well as in companies related to it (namely companies in a control or group relationship with BCP), or corporate bodies to which they have been indicated by appointment or on behalf of the Bank, the net value of the remuneration earned annually for such functions by each executive member of the Board of Directors and each non-executive member in an exclusivity regime, will be deducted from the respective AFR value.

2. It is the obligation and responsibility of each member of the Board of Directors to inform the Bank of any additional compensation they may have received, for the purposes of complying with the procedure established above.

Article 18 (Insurances)

1. Members of the Management and Supervisory Bodies are obliged to take out bond insurance in accordance with Article 396 of the Companies Code.

2. In addition to the above, the Bank takes out Directors & Officers insurance in accordance with market practice.

Article 19 (Entry into force)

1. This Policy shall be applicable from January 1, 2024.

2. Regarding the instruments used to pay the variable remuneration, the provisions of number 278 of the EBA/GL/2021/04 (EN) relating to Directive 36 of the European Union must be observed, on the date of its attribution, regardless of the year to which it relates.

2024 Annual Report & Accounts

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