1H 2022

REPORT

BPI

Grupo CaixaBank

INDEX

MANAGEMENT REPORT

CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

This document is a translation from the Portuguese original "Relatório e Contas 1º Semestre 2022". In the event of any inconsistency the Portuguese version shall prevail.

BPI Grupo CaixaBank

MANAGEMENT REPORT

1ST HALF 2022 OVERVIEW

- **BPI named 'Best Bank in Portugal 2022'**
  in Euromoney magazine's Awards for Excellence.

- **Strong support to Families and Businesses**
  Loans grow by 8% and deposits by 9%.

- **Financial strength and low risk**
  NPE of 1.6%, with 145% coverage; CET1 and total capital ratios of 13.6% and 17.3%.

- **Strong social commitment in collaboration with "la Caixa" Foundation**
  Sustainability Master Plan with target of 120 M.€ and support to 200 thousand people in 3 years.

- **Net profit of 85 M.€ in Portugal and 201 M.€ consolidated**

Deterioration of international context

The first half of 2022 was marked by the invasion of Ukraine, which strained oil and energy prices and heightened the imbalances originating from the pandemic, namely in global supply chains, and in turn put pressure on the prices of the main commodities and industrial inputs.

The persistence of high levels of inflation determined the start of the normalisation of monetary policies by the main central banks and a general increase in interest rates. The Euribor rates returned to positive ground after several years trading in negative.

Even so, the Portuguese economy is expected to post GDP growth of 6.3% in 2022 (Bank of Portugal estimate), with strong expansion in the 1st quarter, but slowing down in the 2nd half of the year.

Consolidated net profit of 201 M.€

BPI reported a consolidated net profit of 201 M.€ in the 1st half of 2022, an 8.7% increase compared with the same period in 2021.

The activity in Portugal contributed with 85 M.€ to this result, up by 17% over the 1st half 2021 excluding extraordinary items (gain on the sale of non-performing loans and costs with early retirements and voluntary terminations).

The equity holdings in BFA and BCI contributed 100 M.€ and 17 M.€, respectively, to the half year's consolidated results.

The results achieved translate a strong commercial dynamism in Portugal.
BPI posted yoy growth of 8% in loans and 9% in deposits, driving market share gains. Commercial banking gross income grew by 6.4% yoy, which, together with costs under control and a cost of risk of 9 bps (non annualised), improved recurrent ROTE in Portugal (ROTE) to 6.4%.

BPI's financial strength is underscored by a low risk profile, a comfortable liquidity position and high capitalisation levels. BPI's non-performing exposures (NPE) ratio of 1.6% is the best in the Portuguese financial sector and its coverage ratio by impairments and collaterals is 145%. Moreover, at 13.6% and 17.3%, respectively, the CET1 and total capital ratios are well above regulatory levels.

The Bank's performance and financial strength are recognised by the three main international rating agencies - Fitch Ratings, Moodys and S&P -, all of which assigned investment grade ratings to BPI.

Digital transformation

BPI continued continued to roll out its digital transformation process focused on improving the Customer experience, with new developments in the period. The number of users of the digital channels reached 806 thousand in June, with a significant take-up rate in the mobile channel, where users of the BPI App reached 574 thousand (+16% yoy).

Priority to Sustainability

BPI launched the 2022-2024 Sustainability Master Plan with three ambitions: to support the sustainable transition of businesses and society; to lead in social impact and promote social inclusion; and to lead in best governance practices.

BPI targets for 2024:

- 4 billion euros in sustainable turnover;
- 43% of women in management positions;
- 200 thousand people supported under the social commitment;
- 120 million euros in BPI | "la Caixa" Foundation investment over 2022-2024.

In the first half on 2022 BPI reinforced its sustainable offer for Individuals and Companies with the launch of new products and support in sustainable debt operations.

BPI Gestão de Ativos launched the BPI *Impacto Clima* funds, the first Portuguese funds with a sustainable investment target and compliant with the transparency requirements in the disclosure of pre-contractual information.

Support for People and Society, which is part of the identity of both BPI and the CaixaBank Group, was reinforced with the extension of "la Caixa" Foundation's activity to Portugal.

The joint action of BPI | "la Caixa" Foundation under their social commitment has a budget allocation of 40 million euros for 2022 (+10 million euros than in 2021).

On another front, BPI's leading positions as an employer also deserve a note: for the second consecutive year, BPI was considered #1 Bank in employer reputation in the "Employer Brand Reputation" survey conducted by OnStrategy, a consultancy firm.

BPI's Employees remained engaged to the BPI Volunteering Programme, which involved more than 69 initiatives, 761 volunteers and more than 9 000 beneficiaries in the first half of the year.

KEY INDICATORS IN JUNE 2022

43.1 Bn.€	28.7 Bn.€	40.3 Bn.€	1.8 million	4 461	339
Total assets	Loans	Resources (from Customers)	Clients	Employees	Commercial Units

Strong commercial dynamism

+8%
loan portfolio
(yoy)

+4%
Customer resources
(yoy)

11.3% in loans
11.4% in resources
market shares May22

Improved efficiency and profitability

201 M.€ consolidated
85 M.€ in Portugal
net income

53.2%
core efficiency in Portugal
(last 12 months)

6.4%
Recurrent ROTE
in Portugal
(last 12 months)

Low risk profile and high capitalisation

1.6% NPE ratio
145% coverage of NPE
(by impairments and collaterals)

17.3% total capital
13.6% CET1
capital ratios (phasing in)

23.3%
MREL ratio
(as % RWA)

Comfortable liquidity position

92%
transformation ratio
(loans as % of deposits)

Rating

investment grade

BBB	Fitch
Baa2	Moody's
BBB	S&P

(**Consolidated** amounts in M.€, except where otherwise stated)

	2018	2019	2020	2021	Jun.22
Net profit	490.6	327.9	104.8	306.8	201.2
Activity in Portugal	396.3	230.2	66.2	178.6	84.5
Equity holdings in BFA and BCI	94.4	97.6	38.6	128.2	116.7
Return on tangible equity, ROTE (last 12 months) [1]	16.3%	10.3%	3.0%	9.2%	9.2%
Recurring ROTE in the activity in Portugal (last 12 months) [1]	8.8%	8.9%	2.7%	6.8%	6.4%
Core efficiency ratio [2] in the activity in Portugal (last 12 months)	60.4%	60.2%	58.0%	54.2%	53.2%
Return on assets, ROA (last 12 months)	1.6%	1.0%	0.3%	0.8%	0.8%
Total assets (net)	31 568	31 812	37 786	41 378	43 119
Loans to Customers (gross)	23 487	24 381	25 695	27 529	28 704
Total Customer resources	33 195	34 382	36 989	40 305	40 323
Loan to deposit ratio	100%	100%	93%	91%	92%
NPE ratio (Non performing exposures; EBA criteria)	3.5%	2.5%	1.7%	1.6%	1.6%
NPE coverage by impairments and collaterals	127%	124%	140%	149%	145%
Cost of credit risk [3]	(0.18%)	(0.17%)	0.57%	0.17%	0.09%
Shareholders' equity attributable to BPI shareholders [4]	3 206	3 161	2 981	3 393	3 675
Common Equity Tier I ratio [5]	13.8%	13.4%	14.1%	14.2%	13.6%
Total capital ratio [5]	15.5%	16.6%	17.3%	17.4%	17.3%
Leverage ratio [5]	7.3%	8.4%	7.3%	6.8%	6.6%
Distribution network (no. units) [6]	498	480	425	349	339
BPI Group employees (no.)	4 888	4 840	4 622	4 478	4 461

1) The average equity considered in the calculation of ROTE is deducted from the average balance of AT1 instruments, intangible assets and goodwill of equity holdings.
2) Operating expenses (excluding non-recurrent) as % of commercial banking gross income.
3) Impairment losses and provisions for loans and guarantees, net of loan recoveries previously written off against assets / Average value of the gross loans and guarantees portfolio. Non-annualised.
4) Excludes AT1 capital instruments (275 M.€ issued in September 2019).
5) Fully loaded capital ratios until 2019 and phasing in of the impact of IFRS9 implementation in 2020, 2021 and June 2022.
6) Retail branches, mobile branch, Premier centres, Private Banking (2 centres in Portugal and one in Switzerland) and Corporate and Institutional centres.

WHO WE ARE

BUSINESS MODEL

BPI, which is 100% held by CaixaBank, focuses its activity on commercial banking in Portugal and is the **fourth largest financial institution** in the country by business volume (loans, guarantees and total Customer resources). In May, BPI had market shares of 11.3% in loans, 10.8% in deposits, and 14.1% in mutual funds, retirement saving plans and capitalisation insurance.

BPI's business model is based on the provision of a complete range of financial products and services, structured to meet the specific needs of each segment, through a specialised, fully integrated, omnichannel distribution network. Part of this offer relies on products and services provided by subsidiaries in Portugal and CaixaBank Group companies, shown in the table to the right, which also shows BPI's equity holdings in African banks.

BPI Structure and Business Model

Banco BPI

ACTIVITY IN PORTUGAL

Commercial Banking

- Individuals and Premier
- Small businesses

- Private Banking[1]

- Companies
- Corporate & Institutional Banking

Equity holdings

Allianz Portugal[2]	35.0%

- Non-life insurance

Cosec[3]	50.0%

- Export credit insurance

Investments in African Banks

BFA Angola	48.1%
BCI Mozambique	35.7%

% share capital held by Banco BPI

CAIXABANK GROUP COMPANIES

BPI Gestão de Ativos
- Mutual funds

CaixaBank Payments & Consumer[4]
- Debit and credit cards

CaixaBank Equipment Finance
- Equipment renting

BPI Vida e Pensões
- Capitalisation insurance
- Life risk insurance

Comercia Global Payments[5]
- Acquiring, POS

CaixaBank branch in Portugal
- Corporate finance
- Brokerage and *research*

[1] Includes the activity of BPI Suisse, fully owned by BPI.
[2] In partnership with Allianz, which holds 65% of the share capital.
[3] In partnership with Euler Hermes, a company of the Allianz Group, which holds 50% of the share capital.
[4] Spanish market leader.
[5] 80% held by Global Payments and 20% by CaixaBank Group.

To provide products and services to all its Individual, Small Business, Corporate and Institutional Clients, BPI relies on a physical network of 339 commercial units and 6 centres/areas of remote commercial teams articulated with the virtual channels, which include homebanking services (BPI Net and BPI Net Empresas), telephone banking (BPI Direto) and mobile applications (BPI Apps).

The new technologies are increasingly used as a mean to improve the Customers' experience in their relationship with the Bank. These technologies have allowed BPI to increase its capacity of analysis and response to the needs of each Client, to redesign several processes and to provide an innovative and multichannel offer. An example of this is the "AGE" youth segment, which now has its own website and BPI App.

As a result, BPI maintains high levels of Customer satisfaction in the digital channels, and at the end of June reached a total of **806 thousand regular users of digital banking**, of which 574 thousand in the BPI App, which corresponds to yoy increases of 9% and 16%, respectively.

To serve the Individual, Small Business, Corporate and Institutional Customers, **BPI's business is organised around three areas:**

INDIVIDUALS, BUSINESSES, PREMIER AND INTOUCH BANKING

This area, mainly backed by the **branch network**, is responsible for commercial initiatives with individual Customers, entrepreneurs, and small businesses. For the Affluent Customers – high net worth Customers or Customers with potential for wealth accumulation – BPI has a network of **Financial Advisors**, working at Premier Centres or specific retail Branches, who provide specialised financial advisory services.

At the **inTouch Centres**, which started to deploy a differentiated commercial approach in 2020, Individual Customers have at their disposal a dedicated Account Manager with whom they can communicate by telephone or by chat via the BPI App, from anywhere and during extended hours.

CORPORATE AND INSTITUTIONAL BANKING

To support its relationship of strong proximity to companies, BPI relies on a **specialised network** adapted to the needs of its clients. Besides 22 **Corporate Centres** for medium-sized companies, this network includes a Real Estate Business Centre and two new Companies and Business Development commercial areas focused on developing the relationship of the Bank with groups with turnover of up to 10 M.€, which they serve through a remote and highly flexible response.

In addition, the **Corporate and Institutional Banking** teams cater to the needs of the largest Portuguese corporate groups and large institutional clients.

PRIVATE BANKING

Through a team of specialised professionals, BPI provides **specialised discretionary management and financial advisory services** to high net worth individual Customers.

Its value proposition relies on the continuous innovation of its offer of products and services and the commitment to deliver the best Customer experience - together with his or her Financial Advisor, the Customer will find the best investment solutions.

Distribution network and Customer segmentation

Individuals and businesses	Corporate and institutional

PRIVATE BANKING

3 centres (2 Portugal, 1 Switzerland)

INDIVIDUALS, BUSINESSES, PREMIER & INTOUCH BANKING

16 Premier centres

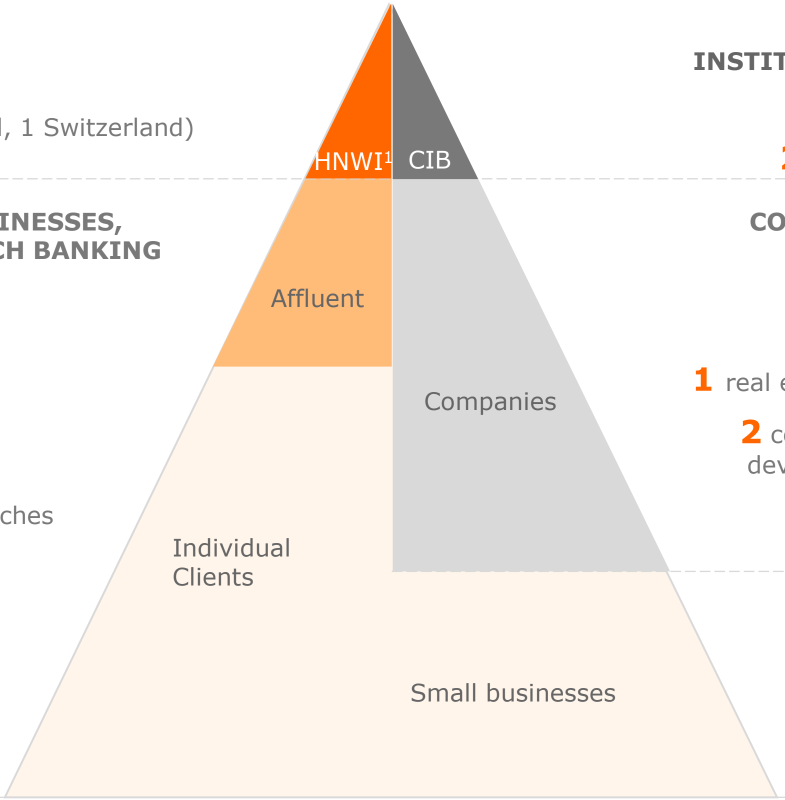
4 inTouch centres[2]

290 traditional branches

1 mobile branch

1 376 ATM

31 th. PoS



CORPORATE & INSTITUTIONAL BANKING

4 corporate centres

2 institutional centres

CORPORATE BANKING

22 corporate and institutional centres

1 real estate business centre

2 corporate and business development commercial areas[2]

30 June 2022

1.8 M. **Clients**

339 **Commercial units - physical network**

4 461 **Employees**

806 th. **Digital Banking** regular users

574 th. **BPI APP** regular users

53% Active digital clients[3]

[1] High net worth individuals.
[2] Without in-person servicing at the centre.
[3] Active customers 1st account holders; individuals and companies.

GOVERNANCE MODEL

Governance

The Company is organically structured as provided for in article 278 (1) (b) of the Commercial Companies Code, commonly referred to as the "Anglo-Saxon Model", having as corporate bodies the General Meeting, the Board of Directors and the Audit Committee, and there is also a Statutory Auditor (“*Revisor Oficial de Contas - ROC*”).

The Board of Directors comprises an Executive Committee to which it delegates the day-to-day management of the Bank, and three specialised committees: Risk Committee; Nominations, Evaluation and Remuneration Committee; Social Responsibility Committee.

At 30 June 2022

Board of the General Meeting
Chairman, Luís Graça Moura
Secretary, João Avides Moreira

Audit Committee
Chairman
Manuel Sebastião
Members
António Lobo Xavier
Elsa Maria Roncon
Fátima Barros
Lluis Vendrell

Board of Directors
Chairman
Fernando Ulrich
Deputy-Chairman
António Lobo Xavier
Members
Cristina Rios Amorim
Elsa Maria Roncon
Fátima Barros
Francisco Artur Matos
Francisco Manuel Barbeira
Gonzalo Gortázar
Ignacio Alvarez-Rendueles
Javier Pano
João Pedro Oliveira e Costa
Lluís Vendrell
Manuel Sebastião
Natividad Capella
Pedro Barreto

Statutory Auditor
Member in office
PricewaterhouseCoopers & Associados, SROC, Lda., represented by José Manuel Bernardo and Cláudia Sofia Parente Gonçalves da Palma
Alternate
Ana Maria Ávila de Oliveira Lopes Bertão

Company Secretary
Member in office
João Avides Moreira
Alternate
Miguel Pessanha Moreira

Risk Committee
Chairman
Cristina Rios Amorim
Members
Elsa Maria Roncon
Javier Pano
Manuel Sebastião

Executive Committee of the Board of Directors
Chairman
João Pedro Oliveira e Costa
Members
Francisco Artur Matos
Francisco Manuel Barbeira
Ignacio Alvarez-Rendueles
Pedro Barreto

Nominations, Evaluation and Remuneration Committee
Chairman
Fátima Barros
Members
Cristina Rios Amorim
Lluís Vendrell

Social Responsibility Committee
Chairman
Artur Santos Silva
Members
António Barreto
Isabel Jonet
José Pena do Amaral
Rafael Chueca

INTRODUCTION
WHO WE ARE
Business Model
Governance Model
Risk Management
2022-2024 Strategic Plan
OUR PERFORMANCE
SUPPLEMENTARY INFORMATION

RISK MANAGEMENT

General principles

BPI seeks to guarantee an adequate and effective **risk management**, based on the constant identification, evaluation, monitoring and reporting of the exposure to the various risks. This management work is essential to achieve the objectives of maximising results against the risks assumed, within the risk appetite framework defined by the governing bodies and in accordance with the Bank's global risk strategy.

BPI has in place **control mechanisms** that ensure adequate monitoring and prevention of the risks arising from its activity, in line with the corporate policy and risk model implemented at CaixaBank Group level.

BPI's **Strategic Risk processes** include the annual self-assessment of the risk profile, by means of which the Bank appraises its risk profile, the associated management, control and governance structures and analyses the appearance of new risks (emerging or potential), included in the Risk Catalogue, so as to comply with the risk profile defined by the Board of Directors.

Risk management general principles, defined in **Banco BPI's Global Risk Management Policy**:

- **solid governance structure**;
- **involvement of the entire organisation**, with an adequate segregation of functions according to the different lines of defence;
- **proactive management of risk**, taking into consideration the Bank's strategy and risk profile;
- management tools and methods in line with supervisors' **recommendations** and **best practices**;
- implementation of a **risk culture**;
- socially responsible management of all the risks underlying the **sustainability strategy**;
- **timely communication** of the different risks to stakeholders with the appropriate level of detail and transparency.

Organisation

BPI's risk organisation transposes the guidelines issued by the regulator and seeks to follow the sector's best practices and adapt CaixaBank Group's corporate policies while respecting its own specific characteristics.

Risk management at BPI is structured into **three lines of defence**.

3 Lines of Defence
(3LoD)

Risk-taking (1LoD)

Control (2LoD)

Audit (3LoD)

This structure, set forth in the EBA Guidelines, attributes a fundamental role to the 2LoD as guarantor of an adequate management and holistic vision of all the risks faced by the Institution.

Risk Management Organisational Chart

Below is a description of the more important Committees and their responsibilities:

Board of Directors

Executive Committee of the Board of Directors

Asset-Liability Committee (ALCO)

- Management, monitoring and control of **liquidity and funding risks**, **market risk**, **interest rate risk on the banking book** (IRRBB) and **foreign exchange** risk;
- Optimisation of the balance sheet's **financial structure profitability**;
- Determining the **transfer rates** for the various businesses, and monitoring prices, maturities and volumes of asset- and liability-generating activities, in accordance with the policies, risk appetite and risk limits approved by the Board of Directors.

Permanent Credit Committee

- Decide on **credit proposals** (including Credit Recovery) as per internal regulations and in accordance with the Executive Committee of the Board of Directors delegation of powers;
- Issue opinions on proposals to be decided by the Executive Committee and the Board of Directors;
- Ensure that the **limits set for Large Exposures** are met, both internally and at group level.

Risk Committee

- Supervise the **activity of the 1LoD** and **2LoD** (including Committees and Departments under its dependence);
- Monitor the **risk management** policies;
- Monitor the **financial-actuarial risk management** policy (applicable to the Company's Pension Fund);
- Submit to the Board of Directors **changes to risk policies**, and report on main exposures and risk indicators;
- Inform and advise the Board of Directors on **decision-making** with an impact on the Bank's strategy and risk profile.

Sustainability Committee

- Approve and monitor BPI's **sustainability strategy and practices**;
- Propose and submit for approval to the corresponding governing bodies the **relevant policies** for **sustainability management;**
- Supervise BPI's **Sustainability Master Plan** and assess the level of compliance therewith.

Money Laundering Prevention Committee

- AML/TF internal control, with deliberation and decision functions;
- Establish and propose the AML/TF policy and procedures.

Audit Committee

- Supervise the **Company's management**;
- Supervise the **3LoD activities**;
- Review the works developed by the **External Auditor** and the **2LoD**;
- Monitor **the position and evolution of all the risks** to which the Bank is subject, for which it has the support of the Risk Committee**.**

Global Risk Committee

- Ensure and assess the **Internal control system**;
- Ensure that **risk levels** and **decisions** are **in accordance** with the **risk strategy** established by the Board of Directors through the Risk Appetite Framework;
- Ensure that **risk policies** are properly updated and implemented.
- **Monitor the activity of the Delegated Committees.** Among these, the following stand out:
  - i. Global Loan Recovery and NPL Committee;
  - ii. Models Committee;
  - iii. Impairment Committee;
  - iv. Operational Risk Committee;
  - v. Risk Policies Committee.

3 Lines of Defence Model

The structure of BPI's Risk Management Divisions is based on the "three lines of defence model", in compliance with the provisions of Bank of Portugal Notice 3/2020:

1st Line of Defence (1LoD) RISK-TAKING

Formed by the **business areas**, **risk-takers**, and their **support functions**.

Function: develop and maintain **effective controls** over the businesses; identify, manage and monitor, control, mitigate and report the **main risks** originated in the ongoing exercise of their activity.

The following stand out, on account of their importance:

- **Credit Division**: performs the functions of independent analysis of proponents, sureties and operations, backed by various risk indicators and scoring models produced by the Risk Management Division (RMF);
- **Credit Recovery Division:** manages credit recovery processes of defaulting loans;
- **Business Development Division:** manages credit, business and conduct risk with regard to the monitoring of the loan portfolio and control of the business areas.

2nd Line of Defence (2LoD) CONTROL

At Banco BPI it is formed by the **Risk Management Division** and **Compliance Division**

Function: ensure the **implementation of adequate measures** to identify, control, monitor, prevent and report **all the Bank's risks.**

- Acts **independently** from the business lines and first-line of control.

Segregation of responsibilities:

- **Risk Management Division** (RMF), responsible for the identification, monitoring, analysis, measurement, management and reporting of the Bank's risks. Comprises the following areas:
  - **Internal validation of risk models:** the main objective is to issue an independent technical opinion on the adequacy of the internal and/or regulatory models used by the Bank;
  - **Financial Information Control:** acts as the 2LoD for Information Reliability risk regarding information sourced from outside the Risk Management Division.
- **Compliance Division:** identifies, monitors and controls the Conduct, Legal and Regulatory, and Reputational risks.

3rd Line of Defence (3LoD) AUDIT

Held by the **Internal Audit Division**, which is functionally answerable and reports to the Audit Committee, so as to guarantee its independence and authority.

Objective: to provide the Bank's management and supervision bodies a **reasonable degree of assurance** about compliance with the legislation in force and the internal policies and regulations, the reliability and integrity of the financial and operational information, and the effectiveness of the risk mitigation systems in place.

Risk appetite

In the context of its **Risk Appetite Framework (RAF)**, BPI defines the levels of risk that it is prepared to assume, taking into consideration its risk and business strategies.

The RAF is updated on an annual basis, together with the remaining **Risk Strategic Processes.**

Risk Strategic Processes

Risks Catalogue	*Risk Assessment*
Facilitates risk monitoring and internal and external reporting	Identification, definition and assessment of the risks which the Bank incurs or may incur

Based on these processes the Bank ensures the **permanent assessment of its risk profile** (current, future and potential under stress scenarios), as well as its recurrent revision.

In addition, in the exercises subject to regulatory supervision (**ICAAP and ILAAP**), the Bank makes projections of the evolution of its risk profile under baseline and stress scenarios, which give its governing bodies a vision about the Bank's resilience to internal and/or external events.

Description and Structure

In a process consistent with its other strategic documents – Strategic Plan, Budget, Internal Capital Adequacy Assessment Process, (ICAAP) and Recovery Plan –, BPI defined its **risk appetite directives**, which are incorporated into the Bank's culture and strategy and are at the core of all its activities.

Strategic Documents

Strategic Plan | **Budget** | **ICAAP** | **Recovery Plan**

In line with the sector's best practices, the Board of Directors approved a set of **risk-appetite statements** that summarise the principles by which the Bank must govern itself:

- to maintain a **medium-low risk** profile, and comfortable capital adequacy position, strengthening customer confidence through its financial strength;
- to be permanently in a position to meet **contractual obligations** and provide to its **funding needs** in a timely manner, even under adverse market conditions;
- to have a **stable and diversified funding base** in order to preserve and protect the interests of its depositors;
- to generate **income** in a balanced and diversified manner;
- to align the business strategy and relationship with the clients with **responsible social action**, the highest ethical and governance standards and taking into consideration the potential impacts on climate change and the environment;
- to promote **its own risk culture** integrated into management through policies, communication and employee training;
- to strive for **excellence, quality and operational resilience**, to continue providing financial services to clients in line with their expectations, even in adverse scenarios.

Monitoring and Governance of the Risk Appetite Framework

The Board of Directors is responsible for the approval, monitoring, and any correction to, the Framework metrics.
The monitoring of the metrics is aided by a set of objectives, tolerance levels and limits laid down by the Board of Directors.

Level 1 metrics

Objective: **Optimum risk level**, that defines the risk appetite and is aligned with the return sought by the Bank or the strategic goal pursued

Tolerance: **Risk level considered significant** by the Bank, which should lead to a debate where corrective action may be considered

Limit: **Level at which risk represents a serious threat** to the Bank's business, requiring immediate remedial measures, following an action plan prepared by the area responsible for risk control

Level 2 RAF: BPI also has a Framework in place for level 2 metrics.

RAF monitoring: the Risk Management Division is responsible for updating, monitoring and reporting on the RAF, under the guidance of the Board of Directors.

Governance structure: in order to ensure compliance with the best international practices, a RAF reporting structure was established that allows for exhaustive monitoring by the responsible divisions and bodies.

Such monitoring is carried out according to a **specific schedule of submissions to the following bodies**:

Global Risk Committee:

- Assesses, reviews and discusses the current risk situation, instances of overstepped limits / tolerances and the status of individual metrics (RAF monitoring);
- Approves and monitors the action plan in the event of a breach of the appetite threshold (marked in yellow) of a Level 1 RAF metric and reports to the Risk Committee.

Risk Committee:

- Analyses the global risk performance;
- Assesses the status of overstepped metrics, discusses the status of individual metrics, checks for the continued effectiveness and adequacy of the RAF.

Audit Committee and Board of Directors

- Analyse BPI's global risk performance and decide on critical situations.

Risks Catalogue

Repository of definitions of all material risks faced by the Bank. Helps with risk monitoring and internal and external reporting and is regularly reviewed (at least on an annual basis). The results of this review are submitted to the Global Risk Committee and the Risk Committee, and finally to the Board of Directors, for approval.

BUSINESS MODEL RISKS

Business Profitability

The risk of BPI posting results below market expectations and the targets set in its business plan and strategy, that prevent it from reaching a sustainable level of profitability above the cost of capital.

Capital and Solvency

The risk of constraints to BPI's capacity to comply with regulatory requirements for capital ratios, or of a change in its risk profile due to insufficient own funds.

Liquidity and Funding

Risk of insufficient liquid assets or limitations on access to market funding that prevent the Bank to meet contractual obligations at maturity, comply with regulatory requirements or provide for its investment needs.

RISKS SPECIFIC TO FINANCIAL ACTIVITY

Credit

Risk of financial loss due to the loss of value of the Bank's assets as a result of the deterioration of clients' and counterparties' capacity to honour their commitments.

Actuarial

Risk of loss or deterioration of the value of commitments assumed under insurance or pension agreements entered into with clients or employees, as a result of differences between the assumptions taken to estimate the actuarial variables used to calculate the responsibilities and the actual figures.

Structural Rates

Negative financial impact on the economic value of balance sheet items, or on the Net interest income, as a result of changes in the time structure of interest rates or exchange rates that affect asset, liability or off-balance sheet products not booked in the trading book.

Market

Loss of value of a portfolio (set of assets and liabilities) due to unfavourable price or market rate movements, with an impact on results or equity.

OPERATIONAL AND REPUTATIONAL RISKS

Conduct and Compliance

The application of conduct criteria that run contrary to the interests of Customers and stakeholders, or acts or omissions on the part of the Bank non-compliant with the legal or regulatory framework, or with internal policies, standards and procedures, or codes of conduct, ethical standards and good practices.

Legal and Regulatory

Potential loss or decrease in the Bank's profitability as a result of changes in the legislation the incorrect application of the legislation in BPI's processes, the inappropriate interpretation of the same in various operations, the inadequate management of court or administrative injunctions, or of claims or complaints received.

Technology

The risk of material or potential loss due to inadequate or failed technology infrastructure, due to cyber-attacks or other circumstances, and the inability to make changes to the ICT in a timely and cost-effective manner, compromising the availability, integrity, accessibility and security of infrastructure and data.

OPERATIONAL AND REPUTATIONAL RISKS (cont.)

Model[1]

Possible adverse consequences for the Bank that may arise as a result of decisions based primarily on the results of internal models with construction errors or errors in their application or use.

Other Operational Risks

Loss or damage caused by errors or failures in processes, due to external events, or actions of third parties outside the Group, whether accidental or intentional. It includes, among others, risk factors related to external events or external fraud.

Reputational

The risk of loss of competitiveness due to the deterioration of trust in BPI by any of its Stakeholders on account of the assessment made of acts or omissions, actual or alleged, by the Bank, attributed to its Senior Management or its Governing Bodies, or due to the failure of related unconsolidated entities (Step-in risk).

Emerging Risks

Risks with **increasing materiality or importance**, which may be subsequently included in the Risks Catalogue.

Sustainability Risk

Sustainability Risk concerns the potential loss caused by the impact of the Bank's failure to meet the expectations of its stakeholders in terms of its direct or indirect contribution to the achievement of global and sustainable development objectives on environmental, social and governance issues.

Unlike the risks already presented in this report, this risk not only considers the negative impacts on the Bank, but also those that may be caused by the organisation, categorised according to their origin and effect:

- **Inside-out impacts**: impacts generated by BPI that have an effect on people, society or the planet;
- **Outside-in impacts on BPI**: impacts caused by environmental, social or governance factors that have an effect on the bank itself.

With the objective of striking a balance between return and risk, BPI implemented the **Environmental Risk Management Policy**, which seeks to establish a guide of global principles in order to avoid, mitigate and offset the factors which may represent a significant risk to the environment or to society.

Outside-in impacts on BPI provoked by ESG factors are currently embedded in other risks, namely:

- **Credit Risk,** through the deterioration in the debt service capacity of the Bank's debtors due to environmental factors;
- **Market Risk**, through the potential devaluation of financial instruments, also due to causes related to ESG factors.

Risk Management Function

At the end of 2021, a new area was created within the Risk Management Function, which will act as the second line of defence for sustainability risk and will be responsible for implementing the respective control model.

It will be responsible for integrating ESG factors into the Bank's risk governance model and into the management of other material risks, in particular credit monitoring, market, liquidity and funding risk analysis, and operational risk control.

[1] Includes Model Quality, Model Governance and Model Control.

Strategic Events

Relevant events that may result in a significant impact on BPI in the medium term.

Only events which have not yet materialised and are not part of the Risks Catalogue, but to which BPI is exposed, are considered. Their impact may occur in one or more risks of the catalogue.

The more relevant strategic events:

CHANGES TO THE LEGAL, REGULATORY OR SUPERVISORY FRAMEWORK

- The risk of increased pressure from the legal, regulatory or supervisory environment identified in the risk self-assessment exercise, which may have an impact in the short or medium term.
- The need to maintain constant monitoring of new regulatory proposals and their implementation.
- **Mitigants**: control and monitoring of regulations by BPI's different areas, control over the effective implementation of regulations.

NATIONAL AND INTERNATIONAL GEOPOLITICAL ENVIRONMENT

- Marked and persistent deterioration of the macroeconomic outlook and **increased risk-aversion in the financial markets**.
- **Possible causes**: drawing out of the pandemic; global geopolitical impacts; domestic political factors and social discontent; re-emergence of tensions in the euro zone increasing the risk of fragmentation.
- **Possible consequences**: increase in country risk premium; reduction in business volume; deterioration in credit quality; damage to physical assets.
- **Mitigants:** BPI believes that these risks are sufficiently mitigated by its capital and liquidity levels, which is validated by internal and external stress exercises, and reported in the annual ICAAP and ILAAP processes.

PANDEMICS AND OTHER EXTREME EVENTS

- Extreme events, such as future pandemics **or environmental events**. The impacts on each of the risks in the Catalogue are uncertain, as are the impacts of the economic and social measures and policies adopted to contain, mitigate and resolve the effects in the affected countries.
- **Mitigants**: BPI's capacity to implement initiatives to mitigate the impact on the risk profile caused by the deterioration of the economic environment, as occurred in the specific case of COVID-19.

NEW COMPETITORS AND APPLICATION OF NEW TECHNOLOGIES

- An increase in competition from new players or **other players with disruptive proposals or technologies**. This could lead to the disaggregation and disintermediation of part of the value chain **(impacting margins and cross-selling)**, through competition with more agile and flexible entities generally offering low-cost propositions to consumers. Impacts could be aggravated if the regulatory requirements applicable to these new competitors and services are not the same as those for current credit institutions.
- **Mitigants**: While considering the new competitors as a potential threat, Banco BPI also believes they could provide an opportunity, as a source of collaboration, learning and incentive to meet the Strategic Plan's objectives of business digitisation and transformation.

CYBERCRIME AND DATA PROTECTION

- Cybercrime involves criminal schemes to try to profit from different types of digital attacks. In this sense, the dissemination of new technologies and the new services made available to Customers **make access easier to cybercrime**.
- This **puts increased pressure on the Bank to constantly reassess the model for preventing, managing and responding to cyberattacks and fraud**, so as to respond effectively to the emerging risks. In view of the existing cybersecurity threats and the recent attacks received by other organisations, the **occurrence of these events in the Bank's digital environment may have serious impacts** of various kinds, and in addition entail significant sanctions by the competent bodies as well as potential reputational damage.
- **Mitigants**: Banco BPI maintains under constant review its technological and applications environment, focusing on information integrity and confidentiality, as well as systems availability and business continuity.

  Banco BPI keeps **security protocols and mechanisms up to date** so as to adapt and be prepared for the threats that surface in the current context, and keeps ongoing monitoring of the emerging risks. The evolution of security protocols and measures is included in the strategic information security plan, **in line with CaixaBank Group's strategic objectives for data protection** and in accordance with best market standards.

Credit Risk

Credit risk, which is inherent to banking activity, is the main risk to which BPI is exposed. The following principles guide BPI's management of credit risk:

- Granting of credit under sustainable conditions and to Customers who demonstrate the ability to repay;
- Alignment with the credit risk strategy and with the risk appetite defined by the Governing Bodies;
- Clearly defined responsibilities and functions, including the definition of criteria, limits, decision-making powers and procedures;
- Risk-adjusted pricing system, considering the necessary elements in terms of market competitiveness and efficiency;
- Management of non-performing loans, with special focus on their prevention and timely intervention in default situations.

Monitoring of credit risk in the current context

The changes introduced in economic activity by the pandemic situation, including sanitary control measures, together with the armed conflict in Eastern Europe, **called for the reinforcement of BPI's credit risk monitoring mechanisms**.

The following procedures stand out:

- definition of specific **risk policies** for the restructuring of loans that were in moratorium or for Clients that carry out their activity in areas affected by the armed conflict;
- **reinforcement of monitoring procedures** for retail portfolios, especially for post-moratorium periods;
- holding **sector-specific meetings** to assess the evolution of corporate credit risk, prioritising the sectors most negatively affected in the current situation;
- monitoring the **activity of each sector;**
- conducting **sensitivity analyses on the evolution of risk parameters**;
- reinforcement of the **alert mechanisms** for corporate Clients.

Exposures are essentially monitored according to the amount at risk and the degree of risk of the operations/borrowers, with monitoring being segregated into areas. **Individual monitoring procedures** are applied in portfolios with material risk exposures and/or with specific characteristics. These procedures consist of drafting regular reports on the borrowers' economic groups with the aim of assessing whether there is objective evidence of impairment and/or a significant increase in credit risk since the initial recognition.

Liquidity and Funding Risk

Liquidity risk is managed and monitored across its various **fronts**:

- the ability to **keep up with assets growth** and to meet cash requirements without incurring exceptional losses;
- maintaining tradable assets in portfolio that constitute a sufficient **liquidity buffer**;
- compliance with the various **regulatory requirements**.

The assets portfolio is monitored to assess for the possibility of transactions with the assets that compose it, according to several indicators (BPI market shares, number of days to unwind positions, spread size and volatility, etc.).

Liquidity management seeks to **optimise the balance sheet structure**, in order to keep under control the time frame of maturities between assets and liabilities. Management must also focus on the need to maintain an **appropriate level of liquidity reserves** in order to maintain levels of liquidity coverage that comply with **prudential and internal requirements**.

Non-Financial Risks

The definition of **operational risk**[1] adopted by BPI is that provided in Regulation (EU) No 575/2013:

"the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk."

Operational risk management at BPI is based on policies, processes, tools and methodologies consistent with best market practices, and based on **three dimensions**:

- **Identification and assessment:** each Division is responsible for identifying and assessing the operational risk inherent to its activities. This assessment is complemented by the definition and analysis of Operational Risk Indicators (KRIs), which allow anticipating the evolution of risks, and by the analysis of extreme scenarios;
- **Identification and monitoring of events:** the 1LoD is responsible for logging operational risk events in an internal application;
- **Mitigation:** the detection of situations that trigger the need to devise risk mitigation measures - to reduce or eliminate the probability of a future occurrence of a certain risk and/or the severity of its impacts - is the responsibility of every Division.

To guarantee that all operational risk sub-categories are correctly managed and controlled, **BPI's Risks Catalogue** defines the main Risk Management categories specific to each of them:

Risk Categories

- Conduct and Compliance
- Legal and Regulatory
- Technology
- Model
- Data Reliability
- Other Operational Risks

ISO22301 Certification

Operational Continuity Management System

Operational Risk Management Areas

1b line of defence – integrated in the Resilience and Operational Risk Division
(Intermediate line between the 1LoD and the 2LoD)

Responsibilities:

- Strengthen operational risk monitoring by the 1LoD;
- Support the 1LoD daily activities in the management of this risk (including: self-assessments, logging and analysis of operational risk events, proposal of mitigation measures, analysis and definition of KRIs and extreme scenarios);
- Develop the Assurance function to strengthen the operational risk environment;
- Work with the 1LoD on the definition of process controls.

Second line of defence
integrated in the Risk Management Division

Responsibilities:

- Monitor the control structure and risk appetite, and ensure the reporting of operational risk and its subcategories (technological, outsourcing, external fraud and business continuity);
- Implement the non-financial risk assessment model for Operational Risk subcategories;
- Propose risk appetite levels;
- Ensure prudential reporting;
- Promote the risk culture in the Bank.

[1] This definition excludes strategy and reputational risks.

2022-2024 STRATEGIC PLAN

BPI approved its Strategic Plan for the 2022-24 period, focused on service quality, business growth and achievement of ESG (environmental-social-governance) objectives, and in full awareness of the challenges and uncertainties of the current environment.

The Plan has the following three strategic lines:

3 Strategic priorities for 2022-24

Evolve the Customer service model	Increase and diversify revenue generation	Being a reference in sustainable banking

Customer Experience leveraged on:

People	Technology	Processes

1. Evolve the Customer service model

- To be a reference in Service Quality
- To adjust the service model to the needs of each Customer segment
- To intensify the omnichannel experience and complete the digital transformation of the main Customer Journeys

2. To increase and diversify revenue generation

- To expand the Customer base
- To grow the business through the digital channels and Commercial Networks
- To explore the potential of ecosystems in Customer experiences

3. To be a reference in sustainable banking

- To support the sustainable transition of Companies and Society
- To lead in social impact and promote social inclusion
- To lead in Governance best practices

To leverage the Customer experience and drive across the board the three strategic lines, various developments are planned at the level of People, Technology and Processes.

In particular, the following components stand out:

People

- To develop skills and manage talent in line with the Bank's evolution needs
- To develop employee commitment and involvement

Technology

- To reinforce advanced analytical and Artificial Intelligence capabilities
- To modernise the Technological Infrastructure

Processes

- To continue to review processes and introduce improvements to increase efficiency

With this Strategic Plan, BPI wants to continue to be a benchmark for Service Quality and to provide its customers an increasingly better and distinctive experience.

Support for Society and People has always been part of BPI's identity. As concerns the social commitment, the Plan provides for a minimum investment of 120 million euros by BPI | "la Caixa" Foundation over the 2022-24 three year period, which will permit to provide social support to more than **200 thousand people.**

BPI's mission of contributing to the Customers' financial well-being and the sustainable progress of Society is thus fulfilled, based on principles of quality, trust and commitment to the Customers and Employees.

BPI 2022-24:

To grow more, to grow better.

OUR PERFORMANCE

ECONOMIC BACKDROP

Global and European Economy

The IMF forecasts global growth to slow to 3.6% in 2022, influenced the effects of the war in Ukraine. **The projections are subject to a high degree of uncertainty and risks are skewed to the downside**, reflecting the delayed rebalancing of demand and supply, exacerbated by the war and the zero-Covid policy in China.

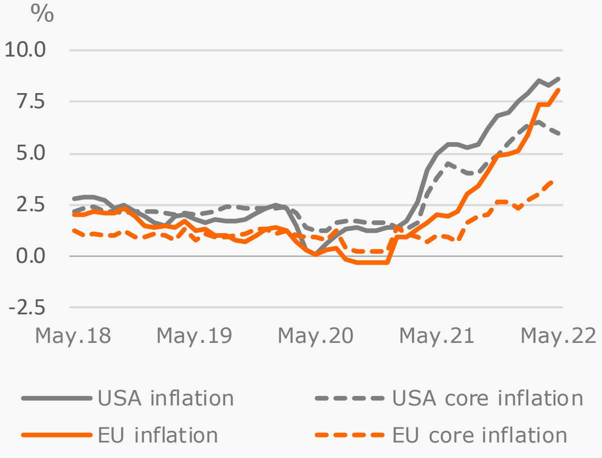
IMF projections for 2022 – 2023F[1]

Real GDP (%)	2021	2022F	2023F
World	6.1	3.6	3.6
Advanced economies	5.2	3.3	2.4
USA	5.7	3.7	2.3
Eurozone	5.3	2.8	2.3
Emerging and developing economies	6.8	3.8	4.4
China	8.1	4.4	5.1

Inflation projections have been revised upwards and risks are mostly on the upside.

For 2022, the IMF estimates global inflation to reach 7.4%: 5.7% in the developed countries and 8.7% in the emerging and developing economies. The persistence of high key commodity prices and the lagged resolution of imbalances between supply and demand resulting from the pandemic, has been pushing inflation to historically high levels. For 2023, and providing the conflict does not worsen or widen, the outlook is for inflation to recede towards 2% in the main economic blocks.

yoy inflation in the US and Eurozone



The main central banks have initiated the withdrawal of monetary stimuli.

The Federal Reserve started to shrink its balance sheet, no longer reinvesting proceeds of maturing securities of up to USD 47.5 billion per month in the 2nd quarter of 2022 and USD 95 billion thereafter. At the same time, **it initiated a hiking cycle of key interest rates, lifting the fed funds rate range to 1.5%-1.75% at the end of the first half of the year** (+150 bps than at the end of 2021), with the upper limit of the range likely to reach 3.5% by the end of the year.

The **ECB ended the Pandemic Emergency Purchase Programme (PEPP) in March and the Asset Purchase Programme in June,** maintaining the reinvestment policy in order to avoid market fragmentation.

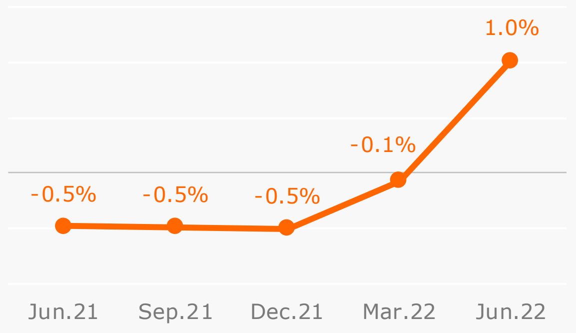
It kept its key rates unchanged during the 1st half of the year (deposit -0.50%; refinancing 0.00%; lending 0.25%), but **announced a 25 bps rise in July.** In September it may decide for a hike of more than 25 bps if the current medium-term inflation outlook persists or worsens.

[1] IMF, Economic Outlook update, April 2022.

Financial Markets

In the context of the normalisation of monetary policy, Euribor rates increased, returning to positive territory in the longer maturities. Thus, at the end of June the 12-month Euribor was at 1.04% and the 6-month Euribor at 0.26%. The 3-month Euribor remained on negative ground (-0.20%).

12-Month Euribor (end of period)



In the **fixed-rate market**, rising inflation, uncertainty as to the response of the central banks and, later, fears that the withdrawal of monetary stimuli would cause a significant cooling of economic activity, translated into strong volatility, higher *Bund* and Treasury yields and an increase in risk premiums demanded from countries on the periphery of the euro zone. The 10-year *Bund* yield thus closed the 1st half of the year at 1.64% (-0.18% at year-end 2021) and the 10-year UST yield at 3.0% (1.5% at year-end 2021).

The Portuguese and Spanish **risk premia** against the *Bund* surged to 111 bps at the end of June, nearly doubling compared to the end of 2021. All major rating agencies maintain Portugal as investment grade.

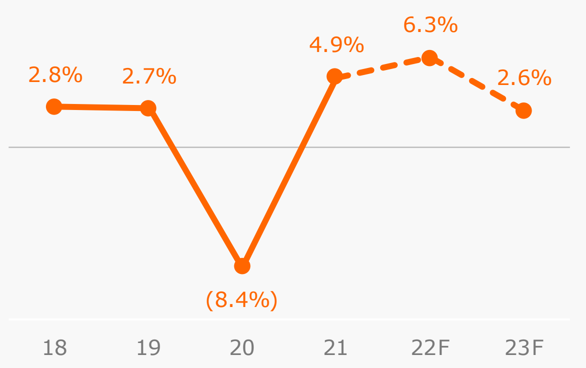
In an environment of greater uncertainty, the main **stock markets** lost ground in the 1st half of 2022: Euro stoxx 50 -19.6%; S&P 500 -20.6%. The PSI 20 trended in the opposite direction, maintaining its recovery movement of 2021: in the first half of 2022 it appreciated by 8.5%.

Portuguese Economy

In the 1st quarter of 2022, GDP grew by 2.6% qoq and 11.9% yoy. The Bank of Portugal forecasts GDP growth of 6.3%[1] in 2022.

Private consumption should be one of the pillars of the recovery, driven by the favourable evolution of the labour market and accumulated forced savings, which in the 1st quarter of 2022 represented around 1% of GDP. The labour market will be another factor supporting consumption. According to the Bank of Portugal, **in 2022 employment will grow by 1.7% and the unemployment rate will fall to 5.6%** (6.6% in 2021).

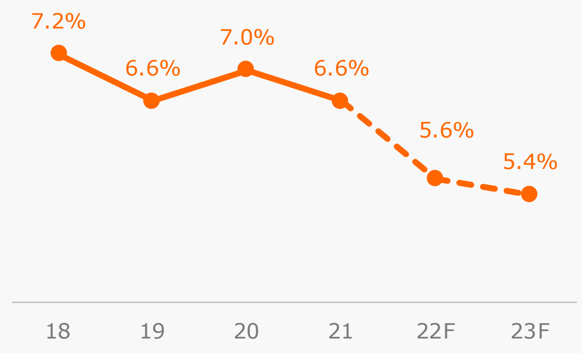
Real GDP growth [1]



[1] Source: Bank of Portugal (Economic Bulletin projections, June 2022).

The **Recovery and Resilience Plan will be an important factor for growth**. 16.6 Bn.€ will be received in 2022-26 (13.9 Bn.€ in non-repayable grants). 2.2 Bn.€ were received in 2021 (1.6 Bn.€ for capitalisation of the business sector). 4.2 Bn.€ are expected for 2022, which, according to the European Commission, will add more than 0.8 p.p. to GDP.

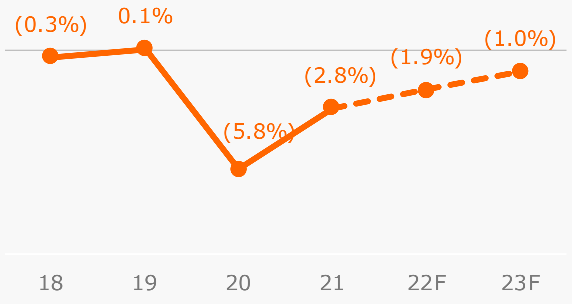
Unemployment rate in Portugal [1]



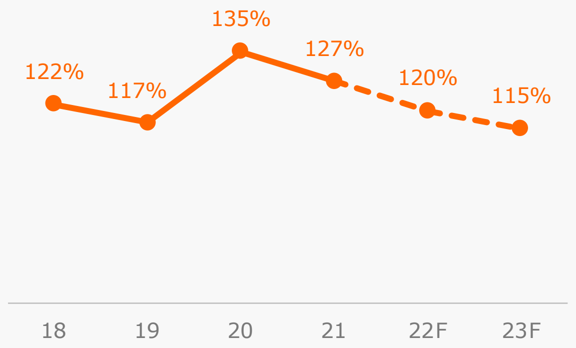
In the 12 months to April, the **current and capital account** showed a deficit of 336 M.€, as the impact of the increase in prices of imported goods on the goods account was not fully offset by the improvement in the services account surplus driven by the increase in tourism activity. An improvement in the economy's external financing capacity is expected by the end of the year, with the receipt of European funds and the continued expansion of tourism flows.

The **public accounts maintain the consolidation path**, with the public deficit retreating by 6.5 p.p. to 0.4% of GDP by May and the public debt to 127.0% of GDP in the 1st quarter (127.0% in 2021). In 2022, the deficit and the public debt should contract to 1.9% and 119.9% of GDP2[2], respectively.

Fiscal deficit as % of GDP [2]



Public debt as % of GDP [2]



[1] Source: Bank of Portugal (Economic Bulletin projections, June 2022).
[2] Source: European Commission (Spring 2022 Economic Forecast, May 2022).

Portuguese financial system

In May, the stock of loans to the non-financial private sector increased by 2.6% yoy (+0.8% in the corporate segment and +3.7% in loans to individuals).

New production grew by 16.2% yoy up to May, driven by a 22.8% increase in new loans to individuals origination, supported by strong growth in both new mortgage loans (19.1%) and new consumer loans (31.2%). New corporate loans were up by 9.2%.

In the same period, non-financial private sector deposits increased by 7.9% yoy (7.0% in individuals and 11.8% in companies).

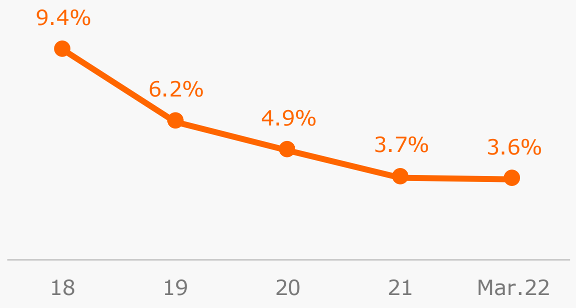
Private sector - evolution of loans and deposits [1]

Δ yoy (%)	2021	April 22
LOANS		
Individual Clients	**3.3**	**3.7**
Mortgage loans	3.3	3.0
Other	3.1	6.4
Non-financial companies	**2.2**	**1.0**
TOTAL CREDIT	**2.9**	**2.7**
DEPOSITS	**9.3**	**8.9**

In March 2022, the **loan to deposit ratio** was 80.1%, down by 1.0 p.p. on the end of 2021. This, together with a **CET 1 capital** ratio of 14.9%, well above regulatory requirements, gives the banking system breathing space to support the economic recovery.

The **non-performing loan (NPL)** ratio stood at 3.6% in March 2022 (down by 0.1 p.p. from 2021), with NPL ratios of 8.0% in the corporate segment and 2.7% in the individual customers segment.

Non-performing loans (NPL) ratio [1]



Notwithstanding these good indicators, the banking sector faces risks. In its last Financial Stability Report, the Bank of Portugal maintained the reference to the risk of **devaluation real estate** used as collateral in mortgage loans, also mentioning the risk of reduction in asset prices, with an impact on banks' portfolios, the possibility of an increase in defaults by companies and individuals resulting from the current macroeconomic environment and an increase in funding costs.

[1] Source: Bank of Portugal

ACTIVITY AND RESULTS

Consolidated overview

BPI reported a **consolidated net profit** of 201.2 M.€ in the 1st half of 2022, a yoy increase of 8.7%. Return on consolidated tangible equity (ROTE) was 9.2%.

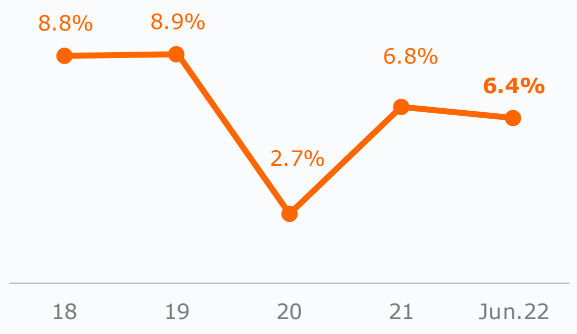
201.2 M. €
Consolidated net profit

In the **activity in Portugal, net profit** reached 84.5 M.€, which represents a yoy increase of 17% over the 1st half 2021 excluding extraordinary impacts (23 M.€ gain[1] on the sale of non-performing loans and 7 M.€ costs[1] with early retirements and voluntary terminations in the 1st half of 2021).

BPI maintained strong commercial dynamics, driving increases of 8.5% in loans and 4.3% in total customer resources, which in turn supported commercial banking gross income growth of 6.4% and, combined with recurrent costs under control, improved the cost-to-core income to 53.2%.

Recurrent ROTE from the activity in Portugal was 6.4% in June 2022 (last 12 months).

Recurrent ROTE from the activity in Portugal



The contribution of the equity holdings in BFA (48.1%) and BCI (35.7%) to consolidated net profit reached 116.7 M.€ in the 1st half of 2022:

- BFA contributed with 99.6 M.€, which includes the 2021 ordinary dividend of 80.4 M.€.
- BCI's contribution (equity accounted) was 17.1 M.€.

Consolidated net profit (M.€)

	Jun.21	Jun.22	Δ%
Net profit in Portugal	**84.4**	**84.5**	**0.2%**
BFA contribution	91.6	99.6	8.7%
BCI contribution	9.1	17.1	87.2%
Consolidated net profit	**185.1**	**201.2**	**8.7%**

Geographic segmentation
Financial information reporting by business segments:

Activity in Portugal
Corresponds to the commercial banking activity, which is Banco BPI's core activity in Portugal, and includes the Private Banking activity of BPI Suisse, a fully-held subsidiary. Also includes the contribution of equity-accounted holdings (Cosec, Allianz, Unicre and Inter-Risco) and other equity investments.

Equity holdings in BFA and BCI
Corresponds to the contribution of the 48.1% stake in BFA (commercial bank in Angola), booked in the portfolio of equity instruments at fair value through other comprehensive income, and the appropriation of results from the 35.7% stake in BCI (commercial bank in Mozambique), accounted for by the equity method.

[1] Before tax.

Activity in Portugal

Income Statement

Net profit from the activity in Portugal reached 84.5 M.€. Main highlights of the 1st half of 2022 results:

- 6.4% yoy increase in commercial banking gross income, with net interest income growing by 3.0% and fee and commission income by 11.0%;
- Recurring operating expenses under control: 2% increase was driven by a 13% rise in amortisation and depreciation, reflecting the investment in modernisation and innovation;
- 10.5 M.€ reduction in loan impairments (before deduction of recoveries), to 28 M.€ in the 1st half of 2022;
- Loan recoveries decrease from 29 M.€ in June 21 (includes 23 M.€ gain on the sale of non performing loans) to 2 M.€ in June 2022.

Net profit increases 17% over the 1st half 2021 (excluding the gain on the sale of non-performing loans and costs with early retirements).

Recurrent ROTE [1] (last 12 months)	5.9% June 2021	6.4% June 2022

Income statement from the activity in Portugal (M.€)

	Jun.21	Jun.22	Δ%
Net interest income	227.1	233.9	3.0%
Dividend income	1.7	3.9	129.0%
Equity accounted income	10.7	10.9	1.8%
Net fee and commission income	130.2	144.6	11.0%
Commercial banking gross income	369.8	393.3	6.4%
Gains / (losses) on financial assets and liabilities and other	12.1	17.5	44.4%
Other operating income and expenses	(31.7)	(42.2)	(33.2%)
Gross income	**350.2**	**368.5**	**5.2%**
Recurring staff expenses	(115.9)	(113.3)	(2.3%)
Other administrative expenses	(71.9)	(75.1)	4.4%
Depreciation and amortisation	(29.0)	(32.8)	13.4%
Recurring operating expenses	**(216.8)**	**(221.2)**	**2.0%**
Non-recurring expenses	(6.6)	(0.4)	(94.7%)
Operating expenses	**(223.5)**	**(221.6)**	**(0.9%)**
Net operating income	**126.7**	**147.0**	**16.0%**
Impairment losses on financial assets	(9.8)	(26.4)	170.0%
Other impairments and provisions	(0.4)	(2.8)	568.1%
Gains and losses in other assets	0.3	0.9	170.1%
Net income before income tax	**116.8**	**118.7**	**1.6%**
Income tax	(32.5)	(34.1)	5.1%
Net Income	**84.4**	**84.5**	**0.2%**

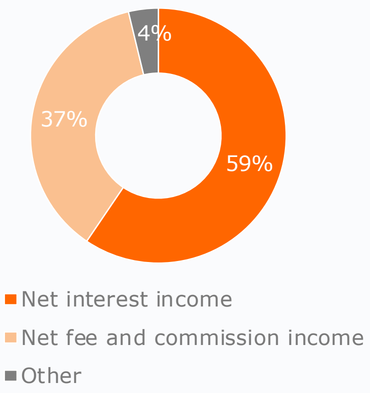
[1] 12 months to June 22: Recurrent ROTE (6.4%) = Recurrent net profit in Portugal (196 M.€), less AT1 interest costs (18 M.€) recorded directly in shareholders' equity / Average allocated shareholders' equity (2 781 M.€).

Gross Income

Commercial banking gross income grew by 6.4% yoy, underpinned by a significant increase in fee and commission income (+11.0%) and a 3.0% increase in net interest income.

+ 6.4%
Commercial banking gross income
(∆ June21 / June22)

Breakdown of commercial banking gross income



Net interest income

Net interest income grew by 6.8 M.€ yoy, driven by the positive impact of the expansion of the loan portfolio, which increased by 8.7% yoy in average balance terms.

The performance of net interest income was adversely affected by:

- the reduction of the net interest margin[1], from 1.56% in the 1H21 to 1.51% in the 1H22.
- the increase in the eligible debt for compliance with future MREL requirements (700 M.€ issued in Oct21).

It should be noted that the rise in market interest rates is gradually reflected in the net interest margin, as the loan portfolio (namely mortgage loans, with around 88% of the portfolio being at variable rates) is repriced, while the average remuneration of deposits is close to zero.

+3.0%
Net interest income
(∆ June 21 / June 22)

Net interest income (M.€)

	Jun.21			Jun.22			∆
	Average balance	Average rate	Interest	Average balance	Average rate	Interest	Interest (%)
Loans to Customers[2)]	25 284	1.57%	198.1	27 483	1.52%	207.8	4.9%
Customer deposits in euro	25 290	0.01%	1.5	28 092	0.01%	1.0	(34.8%)
Intermediation margin		**1.56%**	**196.6**		**1.51%**	**206.8**	**5.2%**
Other revenues and costs			30.5			27.1	(11.3%)
Net interest income			**227.1**			**233.9**	**3.0%**

[1] Defined as the difference between income from interest on loans (excluding loans to employees) and the cost of Customer deposits in euro.
[2] Excluding loans to employees.

Net fee and commission income

Net fee and commission income increased by 11.0% (+14.3 M.€) yoy underpinned by:

- 10.4% increase in banking commissions, driven by the positive performance of loan and guarantee commissions (+2.0 M.€) and commissions on deposits and associated services (+6.4 M.€), while commissions on means of payment fell by 2.8 M.€;
- 14.9% (+3.8 M.€) increase in commissions from mutual funds and capitalisation insurance, reflecting the expansion in assets under management;
- 9.1% increase in insurance brokerage commissions, reflecting the growing contribution from the placement of life risk products of BPI Vida e Pensões.

Net fee and commission income (M.€)

	Jun.21	Jun.22	Δ%
Banking commissions			
Loan and guarantee commissions	18.8	20.9	10.7%
Cards, ATMs and POS	10.6	7.8	(26.7%)
Sight deposits and associated services	36.0	42.4	17.7%
Other banking commissions	11.4	13.8	21.1%
Banking commissions	76.9	84.9	10.4%
Mutual funds and capitalisation insurance	25.6	29.4	14.9%
Insurance brokerage	27.8	30.3	9.1%
Total	**130.2**	**144.6**	**11.0%**

11.0%
net fee and commission income
(Δ June21 / June22)

Gains / (losses) on financial assets and liabilities and other

Gains/(losses) on financial assets and liabilities and other reached 17.5 M.€ (versus 12.1 M.€ in the 1st half of 2021), essentially corresponding to 7.6 M.€ gains on foreign exchange transactions and 5.1 M.€ gains on customer hedging transactions.

Other operating income and expenses

Other operating income and expenses was negative in the 1st half of 2022, at -42.2 M.€. This includes regulatory costs of 48.3 M.€ corresponding to contributions to the Single Resolution Fund (14.4 M.€) and National Resolution Fund (8.8 M.€), the banking sector contribution (21.2 M.€), and the “solidarity surcharge on the banking sector” (3.9 M.€).

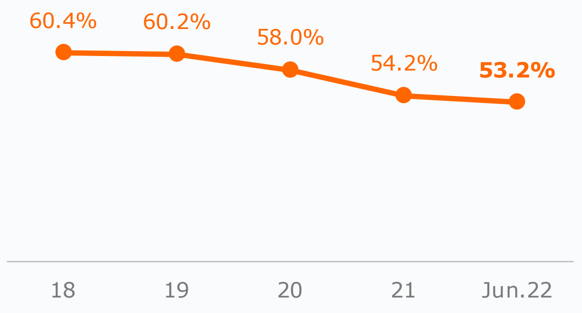
Operating expenses

Recurrent operating expenses increased by 2.0% yoy.

- Staff expenses contracted by 2.3% (-2.7 M.€), which includes the effect of early retirements and voluntary terminations in the 2nd half of 2021. The average payroll decreased by 2.6%;
- general administrative expenses increased by 4.4% (+3.2 M.€), essentially due to IT expenses;
- depreciation and amortisation increased by 13.4% (+3.9 M.€), mainly driven by investment in software and works in buildings.

The core efficiency ratio stands at 53.2% in June 2022 (last 12 months).

Core efficiency ratio [1]



Operating expenses (M.€)

	Jun.21	Jun.22	∆%
Staff expenses, excluding non-recurring expenses	115.9	113.3	(2.3%)
Other administrative expenses	71.9	75.1	4.4%
Depreciation and amortisation	29.0	32.8	13.4%
Operating expenses, excluding non-recurring	**216.8**	**221.2**	**2.0%**
Non-recurring expenses	6.6	0.4	(94.7%)
Operating expenses, as reported	**223.5**	**221.6**	**(0.9%)**

Pension liabilities

The net assets of the Employees' pension funds (1 781 M.€) cover 128% of the pension liabilities.

128% coverage of pension liabilities
(June 2022)

In the 1st half of 2022, positive actuarial and financial deviations of 321 M.€[2], essentially resulting from the updating of the discount rate (+538 M.€), offset the negative deviations in the fund's income (-147 M.€) and the growth in salaries and pensions (-68 M.€).

Liabilities for Employee pensions and pension funds (M.€)

		Dec.21	Jun.22
Total past service pension liabilities [3]		1 887	1 397
Net assets of the pension fund		1 944	1 781
Coverage ratio of pension liabilities		103%	128%
Pension funds return		7.2%	-6.8%
Discount rate		1.26%	3.41%
Mortality table	Men:	TV88/90–1 year	
	Women:	TV99/01–2 years	

[1] Operating expenses excluding non-recurrent expenses minus income from services provided to CaixaBank Group, as % of commercial banking gross income.
[2] Booked directly under accounting shareholders' equity.
[3] Does not include 1.7 M.€ at Dec.21 and 1.8 M.€ at June 22 of pensions payable associated with possible contingencies.

Impairments and provisions for loans and guarantees

Loan impairments amounted to 28.3 M.€ in the 1st half of 2022, which represents 0.09% of the loans and guarantees portfolio (non-annualised) and a yoy reduction of 10.5 M.€.

Loan recoveries reached 1.9 M.€ in the 1st half of 2022. In the 1st half of 2021, loan recoveries had reached 29.0 M.€, underpinned by a 23.4 M.€ gain on the sale of non-performing loans.

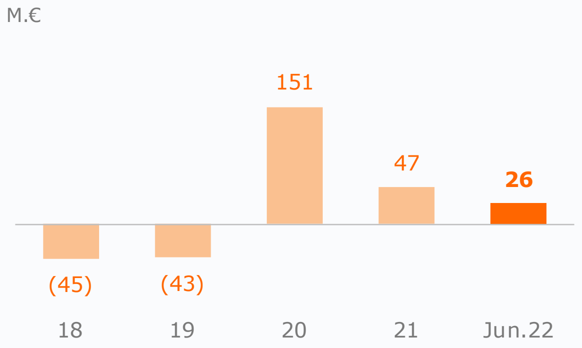
Hence in the 1st half of 2022, impairments for loans and guarantees net of recoveries amounted to 26.4 M.€, which corresponds to a (non-annualised) cost of credit risk of 0.09%[1].

At the end the 1st half of 2022, BPI had 50.0 M.€. of unallocated impairments in the balance sheet.

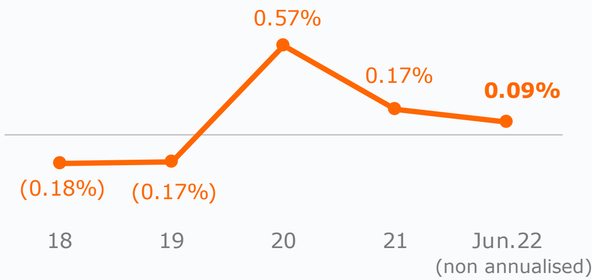
Impairments and provisions for loans and guarantees (M.€)

	Jun.21		Jun.22	
	Impairments	% loan book[1)]	Impairments	% loan book[1)]
Loans to individuals	21.4	0.15%	17.2	0.11%
Mortgage loans	10.3	0.08%	7.6	0.06%
Other loans to individuals	11.1	0.63%	9.6	0.52%
Companies	17.1	0.15%	11.1	0.09%
Public Sector	0.3	0.01%	(0.0)	(0.00%)
Impairments	**38.8**	**0.14%**	**28.3**	**0.09%**
Recovery of loans written off from assets	(29.0)	(0.11%)	(1.9)	(0.01%)
Total	**9.8**	**0.04%**	**26.4**	**0.09%**

Impairments for loans and guarantees net of recoveries



Cost of credit risk
(% of loan and guarantees portfolio)



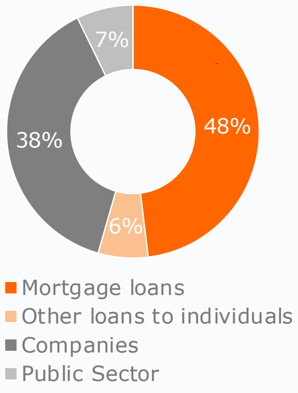
[1] As % of average gross loans and guarantees. Non-annualised.

Loans to Customers

The portfolio of loans and advances to Customers (gross) expanded by 8.5% yoy (+2.2 Bn.€), with increases in all retail and corporate segments:

- the mortgage loan portfolio grew by 10.8% (1.3 Bn.€). In the 1st half of 2022, BPI's mortgage loans production reached 1.5 Bn.€, which represents a yoy increase of 37%. The market share in loan production until May 2022 (ytd) reached 17.6%;
- the corporate loan book expanded by 7.7% yoy (+0.8 Bn.€).

Loan portfolio (June 22)



Loans and advances to Customers (gross) (M.€)[1]

	Jun.21	Dec.21	Jun.22	Δ% yoy	Δ% ytd
Loans to individuals	14 222	14 892	15 629	9.9%	5.0%
Mortgage loans	12 454	13 089	13 800	10.8%	5.4%
Other loans to individuals	1 768	1 803	1 829	3.5%	1.5%
Companies	10 216	10 523	10 998	7.7%	4.5%
Public Sector	2 021	2 115	2 077	2.8%	(1.8%)
Total	**26 459**	**27 529**	**28 704**	**8.5%**	**4.3%**
Note:					
Net loan portfolio	25 962	27 008	28 165	8.5%	4.3%

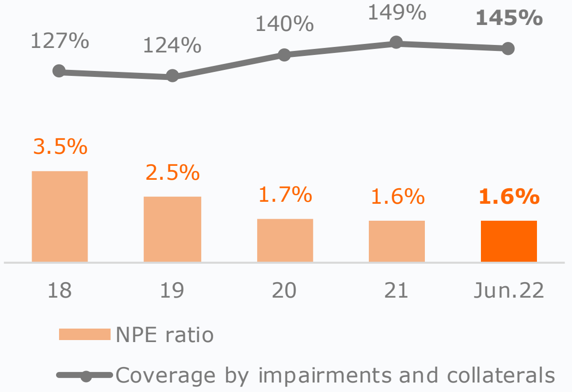
Asset quality

BPI maintains a **low risk profile**, as reflected in high asset quality and prudent coverage levels.

Non-Performing Exposures (NPE) EBA[2]

In June 2022 the **NPE ratio (EBA)) was 1.6%**, with coverage by impairments of 84% and coverage by impairments and collaterals (associated to NPE exposure) of 145%.

Non-performing exposures (NPE) and NPE coverage



[1] Loans to Customers (gross) corresponds to Loans and advances to Customers (25 852 M.€ in June 22), excluding collateral accounts, reverse repos and other assets (69 M.€ in June 22), added of debt securities issued by Customers (2 922 M.€ in June 22, excluding by credit institutions), recognised under Financial assets at amortised cost.
[2] In addition to the credit exposure considered in the NPL (EBA), also includes loans and debt securities in the loan portfolio.

Non-Performing Loans *(NPL)* EBA

The **NPL ratio was 2.0%** at the end of June 2022, well below the high-risk threshold for non-performing assets defined by the EBA (5%).

The NPL coverage was 85%, or 146% if considering the coverage by associated collaterals.

2.0%
NPL ratio

146%
Coverage of NPL by impairments and collaterals

For the main credit segments:

- **corporate loans**, NPL ratio of 3.3% (3.5% in December 2021) and NPL impairment coverage of 88%;
- **mortgage loans**, NPL ratio of 1.7% (1.9% in December 2021). In this segment, collateral (real guarantees) has a very relevant effect in reducing the risk of loss. NPL coverage by impairments and collaterals is 148% (impairment coverage of 53%).

M.€	Dec.20	Dec.21	Jun.22
Non-performing exposures (NPE) [1]			
Gross credit risk exposure	36 264	39 859	41 439
Non-performing exposures	611	646	669
NPE ratio	1.7%	1.6%	1.6%
Loans impairments [2]	508	545	560
Coverage by impairments	83%	84%	84%
Coverage by impairments and collaterals	140%	149%	145%
Non-performing loans (NPL) [1]			
Gross credit risk exposure	28 980	31 758	33 120
Non-performing loans	598	634	656
NPL ratio	2.1%	2.0%	2.0%
Loans impairments [2]	508	545	560
Coverage by impairments	85%	86%	85%
Coverage by impairments and collaterals	141%	150%	146%
"Crédito duvidoso" (non-performing) [1]			
Gross loans and guarantees	27 260	29 297	30 687
"Crédito duvidoso"	630	683	708
"Crédito duvidoso" ratio	2.3%	2.3%	2.3%
Loans impairments [2]	508	545	560
Coverage by impairments	81%	80%	79%
Coverage by impairments and collaterals	134%	140%	136%

Restructured loans

The amount of **restructured loans** (forborne loans, under the EBA criteria) was 410 M.€ in June 2022. Of this, approximately 35% were performing loan and the remaining 65% were included in the balance of NPE. The forborne ratio was 0.9% (1.0% in Dec.21).

Forborne loans by segments:

- **corporate loans**, 190 M.€ of forborne loans and forborne ratio of 2.5%. Of this, approximately 27% are performing loans and the remaining 73% are included in NPE;
- **mortgage loans**, 144 M.€ of forborne loans and forborne ratio of 1.0%. Of this, approximately 41% are performing loans and the remaining 59% are included in NPE.

Restructured loans (Forborne loans), EBA criteria (M.€)

	Dec.21		**Jun.22**	
	Forborne loans	**Forborne ratio**	**Forborne loans**	**Forborne ratio**
Performing loans	187	0.4%	144	0.3%
Included in NPE	235	0.5%	267	0.6%
Total	**422**	**1.0%**	**410**	**0.9%**

[1] NPL and NPE according EBA criteria; *Crédito dudoso* under the Bank of Spain criteria
[2] Impairments for loans and guarantees.

Corporate recovery and restructuring funds

BPI has low exposure to specialised loan recovery funds, which were subscribed against the transfer of Customer loans (*Fundo de Recuperação, FRE* and *Fundo de Reestruturação Empresarial, FCR*).

At the end of June 2022, the share capital subscribed in these funds was 92 M.€. Balance sheet value, after revaluation, was 35.7 M.€

Corporate recovery and restructuring funds (M.€)

	June 22
Subscribed capital	92.0
Revaluation	(56.4)
Net balance sheet value	**35.7**

Foreclosed properties

The portfolio of foreclosed properties has a very low expression in BPI. At the end of June 2022 it amounted to:

6.4 M.€ **balance sheet gross value**

3.0 M. € **net book value**

Their valuation value was three times higher than their net balance-sheet value.

Financial assets portfolio

At June 2022, BPI held a portfolio of sovereign debt securities in the amount of 4 891 M.€[2]. This portfolio corresponds to medium- and long-term debt of Portugal (49%), Spain (27%), Italy (14%), and the USA (10%). The average residual maturity of this portfolio is 3.7 years.

The Bank uses this portfolio for balance sheet liquidity management purposes and to generate a positive contribution to net interest income.

Sovereign debt securities portfolio (M.€)

	Jun.21	Dec.21	Jun.22
Short-term (Portugal)	150		
Medium- and long-term			
Portugal	2 463	2 397	2 406
Spain	1 313	1 349	1 321
Italy	722	713	686
USA	417	438	478
Medium- and long-term	4 915	4 897	4 891
Total	**5 065**	**4 897**	**4 891**

[1] Paid-in capital was 84.1 M.€ in June 22.
[2] Securities in financial asset portfolios at fair value through other comprehensive income and financial asset portfolios at amortised cost. Does not include portfolio of financial assets held for trading.

Customer Resources

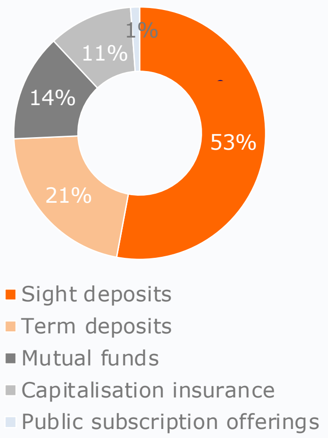
Customer resources increased by 1.7 Bn.€ yoy (+4.3%) to 40.3 Bn.€.

Customer deposits increased by 8.8% yoy (+2.4 Bn.€).

Assets under management fell by 1.7% yoy, being adversely affected by the securities markets' poor performance in the 1st half of 2022.

The evolution of public subscription offerings (OTRV - Portuguese treasury floating rate bonds - placed with Customers) reflects the reimbursement of securities on maturity.

Total Customer resources (June 22)



Customer Resources (M.€)

	Jun.21	Dec.21	Jun.22	Δ% yoy	Δ% ytd
Customer deposits	**27 543**	**28 872**	**29 955**	**8.8%**	**3.8%**
Sight deposits	19 058	20 325	21 346	12.0%	5.0%
Term deposits	8 486	8 547	8 610	1.5%	0.7%
Assets under management	**10 068**	**10 861**	**9 901**	**(1.7%)**	**(8.8%)**
Mutual funds	5 813	6 273	5 542	(4.7%)	(11.7%)
Capitalisation insurance	4 256	4 588	4 359	2.4%	(5.0%)
Public subscription offerings	**1 052**	**572**	**467**	**(56%)**	**(18%)**
Total	**38 664**	**40 305**	**40 323**	**4.3%**	**0.0%**

Liquidity and Funding

BPI shows a balanced funding structure and a strong liquidity position.

At the end of June 2022:

92% transformation ratio
of deposits into loans (Customer resources are the main source of funding)

149% NSFR ratio
Net stable funding ratio

259% LCR ratio
Liquidity coverage ratio (12-month average[1])

11.3 Bn.€ in eligible assets
for ECB funding

Funding from the ECB under TLTRO III amounted to 4.9 Bn.€ at the end of June 2022.

4.9 Bn.€ ECB funding
obtained through TLTRO III

[1] In accordance with EBA guidelines. Calculation components (12-month average): Liquidity reserves (11 159 M.€); Total net outflows (4 303 M.€).

Equity holdings in BFA and BCI

Banco BPI holds minority equity holdings in two commercial African banks:

- 48.1% in Banco de Fomento Angola (BFA). BFA has total assets of 5.5 Bn.€ (May) and serves approximately 2.5 million Customers. Its market share of deposits was 14% in June.
- 35.7% in Banco Comercial e de Investimentos (BCI), in Mozambique. BCI is market leader in the Mozambique banking system, with total assets of 3.0 Bn.€ (in June), approximately 2.1 million Customers and market shares of 23.1% in total assets, 26% in loans and 25.6% in deposits (in May).

The equity holdings in BFA and BCI contributed with 116.7 M.€ to the 1st half 2022 consolidated results.

BFA and BCI contribution to Consolidated Net Profit (M.€)

	Jun.21	Jun.22
BFA contribution	91.6 (1)	99.6
BCI contribution	9.1	17.1
Total	**100.7**	**116.7**

Banco de Fomento Angola (BFA)

BFA's contribution to the consolidated results amounted to 99.6 M.€:

- 2021 ordinary dividend attributed to BPI, in the amount of 80.4 M.€;
- exchange gain of 14.2 M.€ (Kwanza appreciated 41% ytd vs the euro) on the amount of the distribution of reserves approved by BFA in 2021 with receipt scheduled up to June 2023;
- accrual of financial effect of the distribution of reserves to be received (5.0 M.€).

At the end of the 1st half of 2022, the 48.1% stake in BFA was valued at 357 M.€[2].

Banco Comercial e de Investimentos (BCI)

BCI's contribution to the consolidated results was 17.1 M.€.

The book value of this holding (recognised by the equity method) was 131.6 M.€ in June.

Consolidated profitability and efficiency indicators

Consolidated indicators according to Bank of Portugal Instruction 16/2004,
As amended by Instruction 6/2018

	Jun.21	Jun.22
Gross income / ATA	2.3%	2.3%
Net income before income tax and minority interests / ATA	1.1%	1.2%
Net income before income tax and minority interests / avg. shareholders' equity and minority interests	12.8%	13.1%
Staff expenses / Gross income [3]	26%	23%
Operating expenses / Gross income [3]	48%	45%
Loan to deposit ratio [4]	94%	94%

ATA = average total assets.

[3] Excluding costs with early retirements.
[4] Net customer loans / Customer deposits.

[1] In the 1st half of 2021 includes 50 M.€ of the component taken to the income statement of the distribution of free reserves approved by BFA in 2021.
[2] The equity holding in BFA is classified since the end of 2018 as a "financial investment", recognised under "shares at fair value through other comprehensive income".

Consolidated capital

Consolidated prudential capital

At the end of June 2022 the consolidated capital ratios (phasing in) were: CET1 of 13.6%, Tier 1 of 15.0%, and total capital ratio of 17.3%.

Regulatory capital ratios and MREL (M.€)

	Dec.21	Jun.22
Common Equity Tier 1	2 600	2 572
Tier I	2 875	2 847
Tier II	300	425
Total own funds	3 175	3 272
Risk weighted assets	18 281	18 949
CET1 ratio	14.2%	13.6%
T1 ratio	15.7%	15.0%
Total ratio	17.4%	17.3%
Buffer MDA	4.5%	4.3%
Leverage ratio [1]	6.8%	6.6%
MREL (as % RWA)	23.7%	23.3%
MREL (as % LRE)	10.3%	10.2%

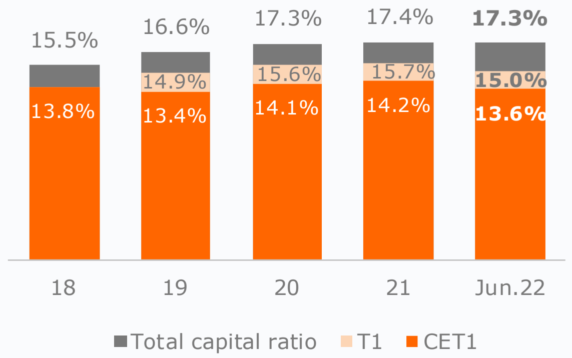
Note: The minimum capital requirements determined by the ECB for BPI in 2022 are: CET1 of 8.63%, T1 of 10.50% and total ratio of 13.00%.

Risk weighted assets (RWA) increased by 3.7% ytd (+0.7 Bn.€), with a -0.5 p.p. impact on the CET1 ratio.

In March 2022, BPI issued 425 M.€ of subordinated debt, fully subscribed by CaixaBank, and brought forward the reimbursement of the 300 M.€ matching issue.

This increased the relative weight of Tier 2 in the total capital ratio, optimising the capital structure and also increasing the MREL eligible liabilities.

Consolidated capital ratios



Note: fully loaded until 2019; phasing-in in 2020, 2021 and Jun.22.

At the end of June 2022, BPI met the intermediate MREL requirements established for 1 January 2022 and also the final requirements for 1 January 2024:

- MREL to RWAs ratio of 23.3%, versus the intermediate requirement of 19.18%[2] for 1 Jan. 2022 and final requirement of 22.4%[2] from 1 Jan. 2024.
- MREL ratio as a percentage of LRE of 10.2% versus final requirement of 5.91% from 1 Jan. 2022.

[1] Calculated as the ratio of Tier 1 capital to the total value of balance sheet assets and off-balance sheet items, not subject to risk weighting coefficients.
[2] MREL requirement includes combined capital buffer requirement.

Individual financial information

Individual net income

The net income determined in Banco BPI's individual accounts increased by 15.7% yoy, to 207.5 M.€ in the 1st half 2022. The following contributed to this performance:

- 12% increase in gross income (+53.1 M.€), underpinned by an increase in dividends[1] (+13.1 M.€), increases in net interest income (6.0% or +13.6 M.€) and net fee and commission income (11.5% or +14.5 M.€) and an increase in gains /(losses) on financial assets and liabilities (+22.8 M.€), mainly resulting from FX gains associated with the equity holding in BFA;
- 2.1% increase in recurrent operating expenses (+4.5 M.€), driven by a 3.9 M.€ increase in amortisation and depreciation resulting from the investment in modernisation and innovation.
- 10.5 M.€ reduction in loan impairments, to 28.3 M.€;
- 27.1 M.€ reduction in loan recoveries, from 29.0 M.€ in the 1st half of 2021 (when it included a 23 M.€ gain on the sale of non-performing loans) to 1.9 M.€ in the 1st half 2022.

Individual income statement (M.€)

	Jun.21	Jun.22	Δ%
Net interest income	227.2	240.9	6.0%
Dividend income	115.7	128.8	11.4%
Net fee and commission income	126.4	140.9	11.5%
Gains / (losses) on financial assets and liabilities and other	14.1	36.9	161.8%
Other operating income and expenses	(40.1)	(51.1)	(27.4%)
Gross income	**443.3**	**496.4**	**12.0%**
Recurring staff expenses	(114.3)	(111.6)	(2.3%)
Other administrative expenses	(71.3)	(74.5)	4.5%
Depreciation and amortisation	(28.9)	(32.8)	13.5%
Recurring operating expenses	**(214.5)**	**(219.0)**	**2.1%**
Non-recurring expenses	(6.6)	(0.4)	(94.7%)
Operating expenses	**(221.1)**	**(219.3)**	**(0.8%)**
Net operating income	**222.2**	**277.1**	**24.7%**
Impairment losses on financial assets	(9.8)	(26.4)	170.0%
Other impairments and provisions	(0.4)	(2.8)	568.1%
Gains and losses in other assets	0.3	0.8	156.9%
Net income before income tax	**212.3**	**248.7**	**17.1%**
Income tax	(32.8)	(41.2)	25.3%
Net Income	**179.5**	**207.5**	**15.7%**

[1] In the 1st half of 2022 includes 87 M.€ from BFA (gross amount of tax withheld in Angola), 38 M.€ from equity accounted holdings and 4 M.€ from other equity holdings.

Individual balance sheet

Total assets (net) of Banco BPI (individual basis) amounted to 43.0 Bn.€ at the end of the 1st half of 2022. Individual accounting shareholders' equity was 3 526 M.€, excluding 275 M.€ in Additional Tier 1 (AT1) capital instruments issued in September 2019.

The portfolio of loans and advances to Customers (gross), on an individual basis, expanded by 8.5% yoy, to 28.7 Bn.€. Total deposits increased by 8.8%, to 30.0 Bn.€.

Individual balance sheet indicators (M.€)

	Jun.21	Dec.21	Jun.22	Δ% yoy
Total assets (net)	39 417	41 193	42 958	9.0%
Loans to Customers (gross)	26 459	27 529	28 704	8.5%
Deposits	27 543	28 872	29 955	8.8%
Shareholders' equity [1)]	3 105	3 218	3 526	13.6%

The description of Banco BPI's consolidated performance also applies to the performance of the various items on an individual basis, since only BPI Suisse, a 100% held subsidiary in the area of private banking, is fully consolidated, with all other equity holdings included in the consolidation perimeter - Cosec, Allianz Portugal, Inter Risco, Unicre and BCI Moçambique – being recognised by the equity method.

Individual capital ratios

At 30 June 2022, the individual capital ratios (phased-in) were:
CET 1 of 13.6%, Tier 1 of 15.1%, total capital of 17.3% and leverage ratio of 6.6%.

Regulatory capital ratios (M.€)

	Dec.21	Jun.22
Common Equity Tier 1	2 594	2 576
Tier I	2 869	2 851
Tier II	300	425
Total own funds	3 169	3 276
Risk weighted assets	18 251	18 946
CET1 ratio	14.2%	13.6%
T1 ratio	15.7%	15.1%
Total ratio	17.4%	17.3%
Leverage ratio	6.8%	6.6%

[1] Excludes AT1 instruments.

Rating

BPI currently holds investment grade ratings for its long-term debt, assigned by the three international agencies - Fitch Ratings, Moody’s and S&P Global Ratings -, and for long-term deposits, by Fitch Ratings and Moody’s.

The mortgage covered bonds issued by BPI are rated AA (Low) by DBRS and Aa2 by Moody’s and qualify as level 1 assets for purposes of the LCR ratio calculation.

BPI ratings & Outlook

Fitch Ratings	**BBB**	Stable
Moody’s	**Baa2**	Stable
S&P	**BBB**	Stable

To support these ratings, the agencies in general cite the high quality of BPI's assets, better than the average for the sector in Portugal, its adequate capitalisation and comfortable liquidity and funding position, alongside the support of its sole shareholder, CaixaBank.

At 26 July 2022

	DBRS	Fitch Ratings	Moody’s	S&P Global Ratings
Banco BPI credit ratings				
Issuer Rating / Outlook		BBB / Stable	Baa2 / Stable	BBB / Stable
Long-Term Deposits / Outlook		BBB+	A3 / Stable	-
Long-Term Debt / Outlook		BBB+	Baa2	BBB / Stable
Short-Term Deposits		F2	Prime-2	-
Short-Term Debt		F2	Prime-2	A-2
Individual Rating		bbb- *(Viability rating)*	baa3 *(Baseline Credit Assessment)*	bb+ *(Stand-alone credit profile, SACP)*
Collateralised senior debt – Mortgage loans	AA (Low)		Aa2	
Collateralised senior debt – Public Sector			Aa3	
Senior non-preferred debt			Baa3	BBB-
Subordinated debt			Ba1	BB+
Junior subordinated debt			Ba2	
Portugal Rating[1]				
Long-term / Outlook	BBB (high) / Positive	BBB / Positive	Baa2 / Stable	BBBu / Stable
Short-Term	R-1 (low)	F2	Prime-2	A-2u

[1] The ratings attributed by S&P Global Ratings to the Portuguese Republic are unsolicited (“u”).

CUSTOMER EXPERIENCE

Innovation and digital transformation remain core elements of the strategy to improve the Customer Experience.

Accelerating the Digital Transformation

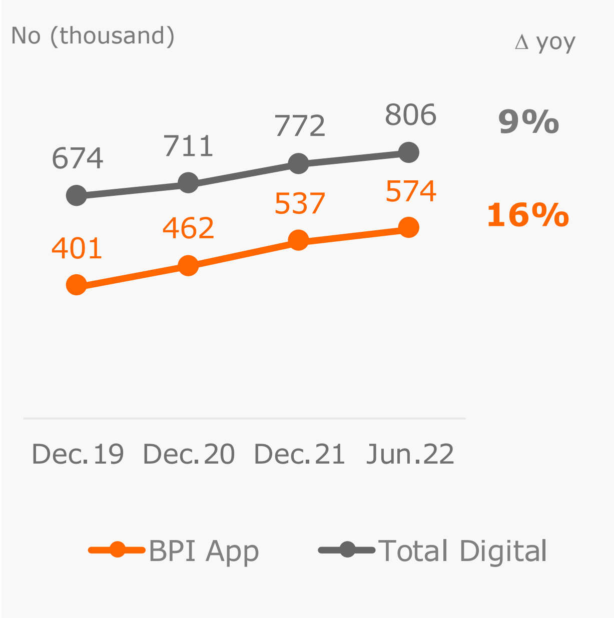
The investment made to improve the Customer Experience and make new products and services available in digital banking continues to drive the number of **Customers who regularly use the digital channels**, which reached **806 thousand** at the end of the first half of 2022 (+9% yoy).

The mobile channel reported expressive growth, with **approximately 82% of the Individual Customers who actively use the digital channels opting for the BPI App**. The number of regular users was **574 thousand** at the end of June, which is **79 thousand more** than in June 2021 (+16% yoy).

53%
Digital Customers
(1st account holders)
as % of total Customers[1]

+ 3 p.p.
(∆ yoy)

Digital Banking regular users



More Clients, more sales and greater proximity

In the 1st half of 2022, **more than 33% of total sales of core products[2] were initiated in the digital channels** (+14pp yoy).

Leading position in digital channels satisfaction and penetration

BPI remained in the top places in digital channels penetration and customer satisfaction with these channels.

#1 **Corporate Customers[3]**
- global satisfaction with the homebanking channels and app

#2 **Individual Customers[4]**
- digital channels penetration
- global Satisfaction

Innovation in the Digital Channels

In the 1st half of 2022, new developments were made in the digital channels to **improve the experience of Individual** and **Corporate Customers**.

[1] Active clients, 1st account holders, Individuals and Companies.
[2] Number of Core Product sales to individual Customers: Mutual Funds/ Retirement Savings Plans, Prestige Products, Personal Loans, Credit Cards and Standalone Insurance.
[3] Inmark (Companies and Individual Entrepreneurs with turnover of up to 2 M.€) 2022.
[4] Source: BASEF Banks market surveys, May 2022.

Main developments in the digital channels

Individual Customers

Simplification of daily routines

- **BPI APP and public website** specific for the **youth segment (AGE)**
- **Digital Documents** in BPI App
- **BPI new public website**
- **Instant replacement /cancellation of credit card**
- **Simplification of online account opening for Individual Entrepreneurs/Self-employed** with Digital Mobile Key

My home

- **Online simulation and prior decision** on mortgage loans for **Second Home** of Resident Clients

Sleeping peacefully

- Online simulation and contracting of **Allianz Personal Accidents Insurance**

Enjoying life

- **Online loans, with more digital sales and now extended** to Individual Entrepreneurs / Independent Professionals

Thinking about the future

- Launch of new **BPI Broker App**
- Sale of **Capitalisation Insurance** and **Sustainable Investment Funds**

Corporate Clients

Loans

- Revamped **Financing** experience, with new organisation of functionalities
- Request for **Current Account** proposal
- Request for **Equipment Leasing** proposal
- Enquiry of **Loan Requests with Plan** ongoing
- Developments in **Import Documentary Credit:** request and enquiries

Offer

- **Online request for POS subscription** (MyCommerce)
- New options in **Operations by Batch/File**
- New offers of **Valor Empresa Accounts** and **POS** (Automatic Currency Conversion in POS)
- Increase in available **Digital Documentation**

Credit Card

- **100% digital ordering of Prestige Products**, by Credit Card
- Starting **Credit Card contracting**

Improved Customer Service

- **Technology developments** in platform and infrastructure

INTRODUCTION
WHO WE ARE
OUR PERFORMANCE
Economic Backdrop
Activity and Results
Customer Experience
Commitment to Sustainability
Acknowledgements and Reputation
SUPPLEMENTARY INFORMATION

COMMITMENT TO SUSTAINABILITY

BPI, along with the other financial institutions, plays a central role in the pursuit of a **long-term vision, integrating ESG (Environment, Social and Governance)** factors into its corporate management and business development, to further a more sustainable development of society.

To this end, BPI has been strengthening its commitments to **People, Society and the Environment**, and developing its offer and other support initiatives, with a view to reinforcing its performance as a Socially Responsible Bank, with the increasingly present ambition of becoming a benchmark in Sustainable Banking.

Sustainable Development Goals

In 2022, BPI deepened its commitment to the United Nations' Sustainable Development Goals (SDGs) by aligning each of the axes of the Sustainability Master Plan with priority SDGs. Considering the material themes to which it can make a greater contribution, BPI has **prioritised seven Objectives.**

- Climate Action

- No poverty
- Reduced Inequalities

- Gender Equality
- Decent Work and Economic Growth
- Peace, Justice and Strong Institutions
- Partnerships for the Goals

Sustainability Master Plan

Integrated in its new Strategic Plan, BPI launched in June the 2022-2024 Sustainability Master Plan based on **three ambitions** that demonstrate the Bank's commitment to sustainable development in Portugal.

TO SUPPORT THE **SUSTAINABLE TRANSITION** OF COMPANIES AND SOCIETY

LEADING IN **SOCIAL IMPACT** AND PROMOTING **SOCIAL INCLUSION**

LEADING IN **GOVERNANCE BEST PRACTICES**

For more information, visit the Sustainability website https://www.bancobpi.pt/sustentabilidade.

TO SUPPORT THE SUSTAINABLE TRANSITION OF COMPANIES AND SOCIETY

- **Sustainable transition** of Corporate and Individual Clients
- **Decarbonisation**
- Integration of **ESG risks**

LEADING IN GOVERNANCE BEST PRACTICES

- **People**-oriented culture
- Reinforced **monitoring** of ESG risks and impacts
- **Transparency** and reporting
- A reference in **regulatory standards**

LEADING IN SOCIAL IMPACT AND PROMOTING SOCIAL INCLUSION

- Joint action with the **"la Caixa" Foundation**
- **Inclusive Finance**
- **BPI Voluntary Service**

The **three ambitions of BPI's 2022-2024 Sustainability Master Plan** are distributed by **10 strategic lines** that reflect the priorities and concerns of stakeholders and Society, as well as the trends in the environment in which the Bank operates.

ESG 2022-2024 Commitments

The commitments under the Sustainability Master Plan translate into four targets that BPI undertakes to achieve by the end of 2024:

GLOBAL

4 Bn.€ in sustainable turnover up to 2024

- **2 Bn.€** in Loans;
- **2 Bn.€** in Assets under Management.

SOCIAL

200 thousand people
supported under the social commitment

120 M.€ invested
BPI | "la Caixa" Foundation

GOVERNANCE

43% of women
in management positions

Percentage of women in management positions in branches with more than 10 Employees and in all central service functions.

Sustainable Offer

In the first half on 2022 BPI continued to reinforce its **sustainable offer for Individuals and Companies** with the launch of new products and support in sustainable debt operations.

New sustainable offer for Individuals

- Mortgage Loans: complimentary valuation if energy efficiency certificate is A/B
- Prestige Products: expansion of the offer

in addition to the existing offer - Renewable Energy Personal Loan.

New sustainable offer for Companies

- ESG corporate line: 500 M.€ credit line to support the ESG transition

in addition to the existing offer - BPI/EIB Energy Efficiency Line, Decarbonisation and Circular Economy Line, BPI RSP Lines, among others.

Main **sustainable finance operations** in the 1st half of 2022:

- **BPI advised NOS** on the structuring of a 100 M.€ sustainable finance operation (Bond Loan and Commercial Paper Programme) linked to sustainability objectives: reduction of greenhouse gas emissions from its own operation (scope 1 and 2 emissions) by at least 80% from 2019 to 2025.
- **Organisation, structuring and full underwriting by BPI of Sonae Sierra's 25 M.€. sustainability-linked bond issue.** Part of the financing margin is linked to Sonae Sierra's performance in two sustainability indicators: i) reduction of greenhouse gas emissions, and ii) increase of the waste recycling rate in its shopping centres.

BPI Gestão de Ativos launched the **BPI Impacto Clima** funds that follow an investment strategy focused on activities that can contribute directly or indirectly to the Sustainable Development Goals (SDGs), and in particular those related to Climate Action**.**

These are the first national funds that comply with the transparency requirements of Article 9 of the regulation on sustainability-related disclosures in the financial services sector.

Joint action with the ”la Caixa” Foundation

Support for People and Society, which is part of the identity of both BPI and the CaixaBank Group, was reinforced in 2018 with the extension of ”la Caixa" Foundation's activity to Portugal, in collaboration with BPI.

The "la Caixa" Foundation is the largest foundation in the European Union and one of the most relevant globally by volume of social investment.

40 M.€

in 2022 (+ 10 M.€)

”la Caixa” Foundation initiative with the collaboration of BPI

BPI | Fundação ”la Caixa”

The activity of BPI | ”la Caixa” Foundation focuses on 4 areas: Social Programmes (described below); Health Research and Innovation; Culture; Education and Scholarships. The initiatives undertaken promote social inclusion and the reduction of inequalities, employment and access to education for the most vulnerable, and drive the development of the social sector in Portugal.

Social Programmes

- **BPI ”la Caixa” Foundation Awards**: launch of the 2022 edition with an additional 600 thousand euros, making a total allocation of 4.6 M.€ in 2022 for the four award categories:
  - ***Capacitar*** - autonomy for people with disabilities;
  - ***Solidário*** - labour integration and fight against social exclusion;
  - **Seniors** - active and healthy ageing;
  - **Childhood** - children living in poverty.

  Since 2010, BPI and the "la Caixa" Foundation have distributed 22.8 M.€ for the implementation of 781 social inclusion projects in Portugal. These awards have contributed to improving the lives of over 175 thousand people.

- ***Humaniza* Programme**: comprises various initiatives that ensure comprehensive support for people with advanced illnesses and their families, and also aim to improve palliative care.

- ***Incorpora* Programme**: promotes the employment of people at risk or in situations of exclusion.

- ***Promove* Programme**: launch of the fourth edition of the *Promove* Programme call for proposals. Under a partnership with the Foundation for Science and Technology, the programme aims to promote Portugal's inner regions. The 2022 edition supports three types of initiatives: innovative pilot projects; ideas with the potential to become innovative pilot projects; and mobilising R&D projects.

- **Decentralised Social Initiative**: launch of third edition with an allocation of 1.4 M.€. The initiative aims at supporting local social inclusion projects promoted by private or public non-profit institutions which are BPI Clients, through BPI's Commercial Networks - Individuals, Companies and Institutionals.

- **Always with Company Programme**: launched in Lisbon and Porto, its purpose is to promote the wellbeing of lonely senior citizens and uphold their community support network. This programme is jointly developed with the City Councils and social entities operating at parish level, and its main objectives are: to accompany people and give them the tolls to manage their loneliness; to build solid community networks capable of fostering relationships of support and mutual help and to make citizens aware of the importance of these relationships.

- **Initiative for Social Equity:** partnership between "la Caixa" Foundation, BPI and Nova School of Business & Economics (Nova SBE) to support the development of the social sector in Portugal under a long-term vision, tracing a portrait of this sector and developing research and capacity-building programmes to support social organisations. The report "Portugal, Social Balance 2021", launched in 2022, analyses situations of monetary poverty and other dimensions such as material deprivation, housing conditions and access to education and health, and discusses the relationship between poverty and employment status or education level.

Support to the Ukrainians

BPI and "la Caixa" Foundation participated in actions to support the Ukrainians, in coordination with the Lisbon Civil Protection. In articulation with Entrajuda, BPI supported the construction of the WeHelpUkraine platform.

Inclusive Finance

To promote inclusive finance, in 2022 BPI exempted Private Social Solidarity Institutions (IPSS) from payment of maintenance fees on all deposit accounts, including multi-product accounts.

BPI Voluntary Service Programme

69 volunteering initiatives were carried out in the 1st half of 2022, involving 761 volunteers and more than 9,000 beneficiaries. Among these, the following stand out:

- **Financial literacy** and **entrepreneurship** of children and young people in schools, through the partnership with Junior Achievement Portugal;
- **Tutoring of children and young people** in vulnerable situations;
- **Inclusive activities** with young people with disabilities (rowing with the blind, adapted surfing, horse riding);
- **Blood donation** collection at the Bank's premises in Lisbon and Porto, in collaboration with the Portuguese Blood Institute;
- **Beach cleaning** from north to south of Portugal;

- **Support to the Ukrainians** (collection and sorting of staple goods);
- Participation in **initiatives of Entrajuda** and the **Food Bank against Hunger**;
- Association with the "**la Caixa" Foundation's Incorpora Programme** to support people at risk of social exclusion.

People-oriented culture

At 30 June 2022 BPI had 4 461 Employees, of whom 4 445 living in Portugal.

BPI activity in Portugal[1]

4 445
Employees[2]
(-3% yoy)

57% women

43% men

18.9
Average **seniority years**

99.3%
With open-end contract

BPI, in alignment with CaixaBank, bases its Employee management policy on respect for **diversity, equal opportunities** and **non-discrimination**, steering its conduct by full and rigorous compliance with the law and high standards of ethical values, with particular emphasis on equal opportunities and non-discrimination, respect for People and their dignity, conciliation of work with personal and family life, and the prevention of labour risks.

Learning and development

Several training initiatives were carried out, including mandatory courses for all Employees, and specific initiatives such as **BPI UP**, a behavioural and sales programme aimed at around 2 300 Employees in the commercial network.

In line with the Sustainability Master Plan, **ESG training** was launched for all Employees and various contents were made available on the BPI Campus.

New spaces were created on the BPI Campus Learning Platform, such as the "**Risk Culture Channel**" and the "**Compliance Academy**".

The training of "**internal trainers**" in digital pedagogical and community management skills was reinforced.

The **mobile version of the BPI Campus** was launched, allowing Employees to access training content while on the move.

The **job induction model for new Employees** was revamped: it is now held on a monthly basis, offers new contents and includes a lunch with BPI's CEO.

Finally, it is also worth noting the 10 **BPI Talks** that were held, addressing a variety of themes.

Attracting and retaining talent

Increasing the Bank's attractiveness as an employer brand remains a priority. We have therefore strengthened our presence among young talent by participating in 17 university events.

[1] Data as of June 2022.
[2] Includes fixed-term contracts and excludes temporary work of people with no employment relationship with BPI.

The application phase for the **1st Trainees Academy** was launched, aimed at young talents willing to participate in the transformation of banking.

Internship programmes were also developed in various areas, namely one, this summer, for **Employees' children**.

Internal mobility continued to be promoted, with 90 Employees moving to new functions.

For the second consecutive year, BPI was considered **#1 Bank in employer reputation** in the "Employer Brand Reputation" survey conducted by OnStrategy, a consultancy firm.

BPI Culture

BPI remains focused on promoting a balance between professional, personal and family life.

In keeping with its **certification as a "family-responsible company"** (Más Família Foundation) BPI continued to develop reconciliation projects, with emphasis on Conect@r, which includes seven measures distributed by three main groups:

- Hours +: reduced hours on Fridays and better email management;
- Enhance +: development of measures for more flexible working hours, better time management, better management of meetings and better written communication;
- Health +: various initiatives to improve the health and wellbeing of the Employees.

The **#SomosTodosEquipa** (We Are All a Team) initiative was also promoted, which involved setting a challenge to central service employees to identify POS business opportunities for the commercial network, thus building up the spirit of a single team.

Health and Wellbeing

BPI reinforced the programme "Viver +" (Live +), which includes regular initiatives such as physical activities, mindfulness, stress management and emotion management. The 2nd "BPI Health and Wellbeing Week", held in the 1st half of the year, included daily practices and talks on the importance of Organisations investing in the health and wellbeing of their Employees.

Viver +
O nosso bem essencial.

Diversity and Inclusion

BPI remains committed to promoting and raising Employee awareness to diversity.

To further this objective, the Bank has been holding internships for people with different capabilities.

BPI established a protocol with the Professional Women's Network (PWN) for the promotion of organisational diversity.

ACKNOWLEDGMENTS AND REPUTATION

AGE: BPI renews its bet on the Youth segment

BPI has launched **AGE, the new brand targeting young people up to the age of 25**:

- Age *Júnior* and AGE *Jovem* accounts;
- Minimum of 25€ to open an account and no maintenance fees;
- Extensive set of cost-free means of operating the account;
- Dedicated digital platform in BPI App and a new website - bpiage.pt.
- bank cards 100% made of recycled PVC and printed with eco-friendly inks;
- access to financial literacy contents.

"Only the world can change the world”

With the approval of its 2022-2024 Sustainability Master Plan, BPI launched the advertising campaign "**Only the world can change the world**", which reinforces its commitment as an agent of change in the pursuit of a more sustainable and socially inclusive world, and has the ambition of positioning BPI as a reference in Sustainable Banking.

The objective is to inspire each Portuguese to adopt sustainable behaviours, allowing us to collectively and actively respond to the challenges of sustainability.

Support to women's football

Promoting diversity and social commitment by supporting Sports.

BPI and the Portuguese Football Federation renewed their partnership. BPI will be the Official Bank of the National Teams until 2024 and becomes the official sponsor of the women's League Cup.

BPI sponsors the men's and women's National A Teams and the under-21 National Team. The Bank has naming rights to the main women's football competition, the BPI League.

In 2022 BPI was once again distinguished by several independent national and international entities.

- PRESTIGE PRODUCTS BANKING
- RETIREMENT SAVING PLANS
- FINANCIAL PLANNING SIMULATOR

BPI is 'Best Bank in Portugal 2022' for Euromoney

BPI received in London the award for “Best Bank in Portugal 2022”, attributed by the

Euromoney magazine in the Euromoney Awards for Excellence 2022. This is the second time in the last five years that the Bank has received this award, which every year spotlights the leaders in banking services worldwide.

SUPPLEMENTARY INFORMATION

ADOPTION OF THE FSB AND CEBS RECOMMENDATIONS

on the transparency of information and valuation of assets

The Bank of Portugal, through circular-letters 97/08/DSBDR of 3 Dec. 2008 and 58/09/ DSBDR of 5 Aug. 2009, has recommended that within the accounting documents, a separate chapter or a specific annex be included in the Report & Accounts, designed to respond to the recommendations of the Financial Stability Board (FSB) and Committee of European Banking Supervisors (CEBS), taking into account the principle of proportionality and following the questionnaire presented as an annex to Bank of Portugal's circular-letter 46 / 08 / DSBDR. In order to comply with Bank of Portugal's recommendation, the present chapter provides a response to the aforesaid questionnaire, using cross-references to the more detailed information presented in the 1st half of 2022 Report.

Recommendation Summary	Reference to 1st half of 2022 Report and Accounts
I. Business Model	
1. Description of the business model	**MR** – *Business Model, page 9;* **NFS** – *1.1. Financial Group, page 74; 6. Segments, page 101.*
2. Description of strategies and objectives	**MR –** *1st half 2022 overview, page 4; Risk Management, page 13; 2022-2024 Strategic Plan, page 24; Activity and Results, page 31;* **NFS** – *3. Risk management, page 78.*
3. Description of the importance of the operations carried out and the respective contribution to business	**MR** – *Activity and Results, page 31;* **NFS** – *6. Segments, page 101.*
4. Description of the type of activities undertaken 5. Description of the objective and extent of the institution's involvement relating to each activity undertaken	**MR** –*Economic Backdrop, page 27; Activity and Results, page 31; Risk Management, page 13*; **NFS** – 3. Risk management, page *78*; 6. Segments, page *101*.
II. Risks and Risk Management	
6. Description of the nature and extent of risks	**MR** – *Risk Management, page 13; Activity and Results, page 31;* **2021 NFS**– *2.7. Impairment of financial assets, 2021 Annual Report page 220;* **NFS** – *3. Risk management, page 78; Financial assets, notes 9 to 13, page 107; 35. Information on fair value, page 132.*
7. Description of major risk-management practices in operations	**MR** – *Risk Management, page 13;* **2021 NFS** – *2.7. Impairment of financial assets, 2021 AR page 220; 2.8. Refinancing or restructuring operations, 2021 Annual Report page 223;* **NFS** – *3. Risk management, page 78; Financial assets, notes 9 to 13, page 107;* **2021 CGR** – *2021 Corporate Governance Report, page 426.*
III. Impact of the Period of Turmoil on the Results	
8. Qualitative and quantitative description of the results	**MR** – *Activity and Results, page 31;* **NFS** – *6. Segments, page 101; Detail of income statement captions, notes 26 to 34, page 127.*
9. Breakdown of the write-downs / losses by types of products and instruments affected by the period of turmoil	**NFS** – *3. Risk management, page 78; Financial assets, notes 9 to 12, page 107; 29. Gains or losses on financial assets and liabilities, page 129; 33. Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss, page 132.*
10. Description of the reasons and factors responsible for the impact suffered	**MR** – *Activity and Results, page 31; Economic Backdrop, page 27;* **NFS** – *3. Risk management, page 78.*
11. Comparison of the i) impacts between (relevant) periods and ii) the financial statements before and after the period of turmoil	**MR** – *Activity and Results, page 31;* **NFS** – *6. Segments, page 101; Detail of income statement captions, notes 26 to 34, page 127.*

MR – Management Report; **NFS** – Notes to the Consolidated Financial Statements; **2021 CGR** – 2021 Corporate Governance Report

Recommendation Summary	Reference to 1st half of 2022 Report and Accounts
12. Breakdown of write-downs between realised and non-realised	**MR** – *Activity and Results, page 31;* **NFS** *–Financial assets, notes 9 to 12, page 107; 29. Gains or losses on financial assets and liabilities, page 129.*
13. Description of the influence of the financial turmoil on the behaviour of Banco BPI shares	*Banco BPI has no shares admitted to trading on a regulated market. CaixaBank holds the entire share capital of Banco BPI since the end of 2018.*
14. Disclosure of the maximum loss risk	**MR** – *Activity and Results, page 31;* **NFS** – *3. Risk management, page 78.*
15. Disclosure of the impact that the trend in spreads associated with the institution's own liabilities had on earnings	**MR** – *Activity and Results, page 31;* ***NFS*** – *26. Net interest income, page 127.* *The Bank did not revalue its liabilities.*
IV. Level and Type of Exposures Affected by the Period of Financial Turmoil	
16. Nominal value (or amortised cost) and fair value of exposures	**NFS** – *Financial assets, notes 9 to 12, page 107; 3. Risk management, page 78; 35. Information on fair value, page 132.*
17. Information about credit risk mitigators and respective effects on existing exposures	**MR –** *Risk Management, page 13; Activity and Results, page 31;*
18. Detailed disclosure of exposures	**MR** – *Activity and Results, page 31;* **NFS** – 3. Risk management, page *78*; Financial assets, notes 9 to 13, page *107*; 35. Information on fair value, page *132*.
19. Movements in exposures occurred between the relevant reporting periods and the reasons for these movements (sales, write-downs, purchases, etc.)	**MR** – *Activity and Results*, page *31*; **NFS** – 3. Risk management, page *78*; Financial assets, notes 9 to 13, page *107*.
20. Explanations about exposures which have not been consolidated (or which have been recognised during the crisis) and the associated reasons	*Banco BPI consolidates all exposures in which it has control or significant influence, as provided for in IFRS 10, 11, IAS 28, IFRS 3 and IFRS 5. No changes were made to BPI Group's consolidation perimeter as a consequence of the period of turmoil in the financial markets.*
21. Exposure to monoline insurers and quality of the assets insured	*At 30 June 2022, BPI had no exposure to monoline insurers.*
V. Accounting Policies and Valuation Methods	
22. Classification of transactions and structured products for accounting purposes and respective accounting treatment	**NFS –** 2. Accounting policies, page *78*; Financial assets, notes 9 to 13, page *107*; 19. Financial liabilities at amortised cost, page *117*; 35. Information on fair value, page *132*.
23. Consolidation of Special Purpose Entities (SPE) and other vehicles and their reconciliation with the structured products affected by the period of turmoil	At 30 June 2022 BPI has no exposure.
24. Detailed disclosure of the fair value of financial instruments	**NFS** –Financial assets at fair value, notes 9 to 11 and note 13, pages *107* and *113*; 35. Information on fair value, page *132*.
25. Description of the modelling techniques used for valuing financial instruments	**NFS** – 2. Accounting policies, page *78*; 3. Risk management, page *78*; Financial Assets at fair value, notes 9 to 11, page *107*; 35. Information on fair value, page *132*.
VI. Other Relevant Aspects of Disclosure	
26. Description of the disclosure policies and principles used in financial reporting	**2021 CGR** - 2021 Corporate Governance Report, page 426.

MR – Management Report; **NFS** – Notes to the Consolidated Financial Statements; **2021 CGR** – 2021 Corporate Governance Report

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) published on 5 October 2015 a set of guidelines relating to the disclosure of Alternative Performance Measures by entities (ESMA/2015/1415). These guidelines are to be obligatorily applied with effect from 3 July 2016.

BPI uses a set of indicators for the analysis of performance and financial position, which are classified as Alternative Performance Measures, in accordance with the above mentioned ESMA guidelines.

The information relating to these indicators has already been disclosed, as required by the ESMA guidelines.

In the present report, the information previously disclosed is inserted by way of cross-reference. A summarised list of the Alternative Performance Measures is presented next.

Units, conventional signs and abbreviations

€, Euros, EUR	Euros	p.p.	Percentage points	vs.	Versus
€ th., th. euros	Thousand euros	Δ	Change	E	Estimate
M.€, M. euros	Million euros	yoy	Year-on-year change	F	Forecast
€ Bn, € billion, th.M.€	Billion euros or thousand million euros	n.a.	Non-available data		
Tr.€, Tr. Euros	Trillion euros	0, –	Nil or irrelevant		
b.p., bps	Basis points	n.s.	Nonsense		

Reconciliation of the structure of the income statement of activity in Portugal

The following table shows, for the income statement of the activity in Portugal, the reconciliation of the structure presented in the Management Report with the structure presented in the financial statements and respective notes.

Amounts in M.€

In the Management Report	Jun.22	Jun.22	In the Financial Statements and respective notes
Net interest income	233.9	233.9	Net interest income
Dividend income	3.9	3.9	Dividend income
Equity accounted income	10.9	10.9	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Net fee and commission income	144.6	158.3	Fee and commission income
		(13.7)	Fee and commission expenses
Gains / (losses) on financial assets and liabilities and other	17.5	0.0	Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net
		7.9	Gains or (-) losses on financial assets and liabilities held for trading, net
		0.9	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net
		1.1	Gains or (-) losses from hedge accounting, net
		7.6	Exchange differences [gain or (-) loss], net
Other operating income and expenses	(42.2)	16.0	Other operating income
		(58.2)	Other operating expenses
Gross income	**368.5**	**368.5**	**GROSS INCOME**
Staff expenses	(113.6)	(113.6)	Staff expenses
Other administrative expenses	(75.1)	(75.1)	Other administrative expenses
Depreciation and amortisation	(32.8)	(32.8)	Depreciation and amortisation
Operating expenses	**(221.6)**	**(221.6)**	**Administrative expenses, depreciation and amortisation**
Net operating income	**147.0**	**147.0**	
Impairment losses and other provisions	(29.2)	(2.6)	Provisions or (-) reversal of provisions
		(26.7)	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	0.9	0.0	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates
		0.0	Impairment or (-) reversal of impairment on non-financial assets
		0.0	Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net
		0.0	Gains or (-) losses on derecognition of non-financial assets, net
		0.8	Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
Net income before income tax	**118.7**	**118.7**	**PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS**
Income tax	(34.1)	(34.1)	Tax expenses or (-) income related to profit or loss from continuing operations
Net income	**84.5**	**84.5**	**PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT**

Earnings, efficiency and profitability indicators

Defined by reference to the aforementioned structure of the income statement presented in the Management Report.

Gross income = Net interest income + Dividend income + Net fee and commission income + Equity accounted income + Gains/(losses) on financial assets and liabilities and other + Other operating income and expenses

Commercial banking gross income = Net interest income + Dividend income + Net fee and commission income + Equity accounted income excluding the contribution of stakes in African banks

Operating expenses = Staff expenses + Other administrative expenses + Depreciation and amortisation

Net operating income = Gross income - Operating expenses

Net income before income tax = Net operating income – Impairment losses and other provisions + Gains / (losses) in other assets

Cost-to-income ratio (efficiency ratio)[1] = Operating expenses / Gross income

Cost-to-core income ratio (core efficiency ratio)[1]= [(Operating expenses, excluding costs with early retirements and voluntary terminations and (only in 2016) gains with the revision of the Collective Labour Agreement (ACT) - Income from services rendered to CaixaBank Group (recorded in the caption "Other operating income and expenses")] / Commercial banking gross income

Return on Equity (ROE)[1]= Net income for the period, less the interest cost of AT1 capital instruments recorded directly in shareholders' equity / Average value in the period of shareholders' equity attributable to BPI shareholders, excluding AT1 capital instruments

Return on Tangible Equity (ROTE)[1]= Net income for the period, less the interest cost of AT1 capital instruments recorded directly in shareholders' equity / Average value in the period of shareholders' equity attributable to BPI shareholders (excluding AT1 capital instruments) after deduction of intangible net assets and goodwill of equity holdings

Return on Assets (ROA)[1]= (Net income attributable to BPI shareholders + Income attributable to non-controlling interests - preference shares dividends paid) / Average value in the period of total assets (net)

Unitary intermediation margin = Loan portfolio (excluding loans to Employees) average interest rate - Deposits average interest rate

Balance sheet and funding indicators

On-balance sheet Customer resources = Deposits

Assets under management [2] **=** Mutual funds + Capitalisation insurance + Pension funds

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans ("PPR" and "PPA" in Portuguese) + Hedge funds + Assets from funds under BPI Suisse management + Third-party unit trust funds placed with Customers
- Capitalisation insurance = third-party capitalisation insurance placed with Customers
- Pension Funds = pension funds under BPI management (includes BPI pension funds)

[1] Ratio refers to the last 12 months, except where otherwise indicated. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms.
[2] Amounts deducted of participation units in the Group banks' portfolios and of placements of off-balance sheet products (mutual funds and pension plans) in other off-balance sheet products.

Balance sheet and funding indicators (continued)

Subscriptions in public offerings = Customer subscriptions of third party public offerings

Total Customer resources = On-balance sheet Customer resources + Assets under management + Subscriptions in public offerings

Gross loans to customers = Gross Loans and advances to Customers (financial assets at amortised cost), excluding other assets (guarantee accounts and others) and reverse repos + Gross debt securities issued by Customers (financial assets at amortised cost)

Note: gross loans = performing loans + loans in arrears + interest receivable

Net loans to Customers = Gross loans to customers – Impairments for loans to customers

Loan to deposit ratio (CaixaBank criteria) = (Net loans to Customers - Funding obtained from the EIB, which is used to provide credit) / Deposits and retail bonds

Asset quality indicators

Impairments and provisions for loans and guarantees (in income statement) = Impairment or reversal of impairment on financial assets not measured at fair value through profit or loss relative to loans and advances to Customers and to debt securities issued by Customers (financial assets at amortised cost), before deduction of recoveries of loans previously written off from assets, interest and others + provisions or reversal of provisions for commitments and guarantees

Cost of credit risk = Impairments and provisions for loans and guarantees (in income statement) - Recoveries of loans previously written off from assets, interest and other (in income statement)

Cost of credit risk as % of loan portfolio[1]= [Impairments and provisions for loans and guarantees (in income statement) - Recoveries of loans previously written off from assets, interest and other (in income statement)] / Average value in the period of the gross loans and guarantees portfolio

Performing loans = Gross customer loans - (overdue loans and interest + interest receivable and other)

NPE and NPL ratios = non-performing exposures (NPE) ratio and non-performing loans (NPL) ratio in accordance with the EBA criteria (prudential scope)

Non-performing loans ratio ("*crédito dudoso*", Bank of Spain criteria) = "Crédito dudoso" (Non performing loans according to Bank of Spain criteria) / (Gross Customer loans + guarantees)

Coverage by impairments (of NPE or NPL or *crédito dudoso* = [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments] / (NPE or NPL or "*crédito dudoso*", as the case may be)

Coverage by impairments and associated collaterals (of NPE or NPL or "*crédito dudoso*") = [Impairments for loans and advances to Customers (financial assets at amortised cost) + Impairments for debt securities issued by Customers (financial assets at amortised cost) + Impairments and provisions for guarantees and commitments + Collaterals associated to non-performing loans (NPE or NPL or "*crédito dudoso*")] / (NPE or NPL or "*crédito dudoso*", as the case may be)

Impairment coverage of foreclosed properties = Impairments for real estate received in settlement of defaulting loans / Gross value of real estate received in settlement of defaulting loans

[1] Ratio refers to the last 12 months, except where otherwise indicated. The ratio can be computed for the cumulative period since the beginning of the year, in annualised terms.

CONDENSED INTERIM FINANCIAL STATEMENTS

BANCO BPI, S.A.

CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2022 AND 31 DECEMBER 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2022	**31-12-2021**	**30-06-2022**	**31-12-2021**
ASSETS					
Cash, cash balances at central banks and other demand deposits	**8**	**6 409 363**	**6 245 822**	**6 401 956**	**6 239 469**
Financial assets held for trading	**9**	**101 376**	**103 838**	**101 376**	**103 838**
Non-trading financial assets mandatorily at fair value through profit or loss	**10**	**87 420**	**113 509**	**87 420**	**113 509**
Equity instruments		81 643	108 155	81 643	108 155
Debt securities		5 777	5 354	5 777	5 354
Financial assets at fair value through other comprehensive income	**11**	**1 616 186**	**1 666 764**	**1 616 186**	**1 666 764**
Equity instruments		447 639	431 389	447 639	431 389
Debt securities		1 168 547	1 235 375	1 168 547	1 235 375
Financial assets at amortised cost	**12**	**33 584 711**	**32 137 819**	**33 584 711**	**32 137 819**
Debt securities		7 127 767	6 845 126	7 127 767	6 845 126
Loans and advances - Central Banks and other Credit Institutions		1 131 423	1 002 843	1 131 423	1 002 843
Loans and advances - Customers		25 325 521	24 289 850	25 325 521	24 289 850
Derivatives - Hedge accounting	**13**	**49 145**	**25 174**	**49 145**	**25 174**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**13**	**(66 136)**	**32 544**	**(66 136)**	**32 544**
Investments in subsidiaries, joint ventures and associates	**14**	**246 615**	**273 921**	**96 254**	**96 974**
Tangible assets	**15**	**196 347**	**209 224**	**196 291**	**209 140**
Intangible assets	**16**	**96 832**	**98 438**	**96 832**	**98 438**
Tax assets	**24**	**183 856**	**200 883**	**183 848**	**200 873**
Other assets	**17**	**582 554**	**265 277**	**579 208**	**262 890**
Non-current assets and disposal groups classified as held for sale	**18**	**31 199**	**5 098**	**31 198**	**5 098**
Total assets		**43 119 468**	**41 378 311**	**42 958 289**	**41 192 530**
LIABILITIES					
Financial liabilities held for trading	**9**	**92 115**	**103 937**	**92 115**	**103 937**
Financial liabilities at amortised cost	**19**	**38 499 193**	**37 200 614**	**38 498 643**	**37 201 145**
Deposits - Central Banks		4 764 046	4 823 269	4 764 046	4 823 269
Deposits - Credit Institutions		1 112 547	1 002 995	1 112 547	1 002 995
Deposits - Customers		29 955 138	28 872 140	29 955 138	28 872 140
Debt securities issued		2 328 796	2 206 299	2 328 796	2 206 299
Memorandum items: subordinated liabilities		428 815	304 304	428 815	304 304
Other financial liabilities		338 666	295 911	338 116	296 442
Derivatives - Hedge accounting	**13**	**8 058**	**15 859**	**8 058**	**15 859**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**13**	**(83 952)**	**(1 664)**	**(83 952)**	**(1 664)**
Provisions	**20**	**44 699**	**52 507**	**44 699**	**52 507**
Pending legal issues and tax litigation		26 577	34 116	26 577	34 116
Commitments and guarantees given		17 824	18 093	17 824	18 093
Other provisions		298	298	298	298
Tax liabilities	**24**	**36 308**	**20 073**	**25 355**	**8 838**
Other liabilities	**21**	**573 016**	**319 471**	**571 957**	**318 440**
Total Liabilities		**39 169 437**	**37 710 797**	**39 156 875**	**37 699 062**
SHAREHOLDERS' EQUITY					
Capital	**23**	**1 293 063**	**1 293 063**	**1 293 063**	**1 293 063**
Equity instruments issued other than capital	**23**	**275 000**	**275 000**	**275 000**	**275 000**
Accumulated other comprehensive income	**23**	**(83 951)**	**(370 076)**	**(43 147)**	**(346 440)**
Items that will not be reclassified to profit and loss		(6 292)	(357 569)	(5 885)	(357 322)
Tangible assets		703	703	703	703
Actuarial gains or (-) losses on defined benefit pension plans		52 494	(277 562)	52 494	(277 562)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		(403)	(242)		
Fair value changes of equity instruments measured at fair value through other comprehensive income		(59 086)	(80 468)	(59 082)	(80 463)
Items that may be reclassified to profit and loss		(77 659)	(12 507)	(37 262)	10 882
Foreign currency translation		(26 282)	(36 937)		
Fair value changes of debt instruments measured at fair value through other comprehensive income		(37 262)	10 882	(37 262)	10 882
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		(14 115)	13 548		
Retained earnings	**23**	**2 156 151**	**2 053 377**	**2 116 999**	**2 017 631**
Other reserves	**23**	**108 561**	**109 327**	**(48 042)**	**(39 154)**
Profit or loss attributable to owners of the parent		**201 207**	**306 823**	**207 541**	**293 368**
Total Equity		**3 950 031**	**3 667 514**	**3 801 414**	**3 493 468**
Total Equity and Total Liabilities		**43 119 468**	**41 378 311**	**42 958 289**	**41 192 530**

The accompanying notes are an integral part of these financial statements.

The Registered Accountant **The Executive Committee of the Board of Directors**

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDED ON 30 JUNE 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2022	30-06-2021	30-06-2022	30-06-2021
Interest income	26	271 409	248 960	271 409	249 136
Interest expense	26	(30 574)	(21 850)	(30 554)	(21 895)
NET INTEREST INCOME		**240 835**	**227 110**	**240 855**	**227 241**
Dividend income	27	91 292	99 659	128 834	115 701
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	14	29 559	20 657		
Fee and commission income	28	158 326	142 064	154 616	138 189
Fee and commission expenses	28	(13 749)	(11 816)	(13 747)	(11 815)
Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	29	19	45	19	45
Gains or (-) losses on financial assets and liabilities held for trading, net	29	7 858	3 440	7 858	3 440
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	29	927	4 362	927	4 362
Gains or (-) losses from hedge accounting, net	29	1 054	(1 088)	1 054	(1 088)
Exchange differences [gain or (-) loss], net	29	27 102	7 364	27 078	7 349
Other operating income	30	15 985	19 557	15 985	19 553
Other operating expenses	30	(65 162)	(59 063)	(67 092)	(59 672)
GROSS INCOME		**494 046**	**452 291**	**496 387**	**443 305**
Administrative expenses		**(188 719)**	**(194 516)**	**(186 514)**	**(192 242)**
Staff expenses	31	(113 614)	(122 567)	(111 988)	(120 930)
Other administrative expenses	32	(75 105)	(71 949)	(74 526)	(71 312)
Depreciation		(32 839)	(28 955)	(32 805)	(28 907)
Provisions or (-) reversal of provisions	20	**(2 558)**	**(1 063)**	**(2 558)**	**(1 063)**
Commitments and guarantees given		269	(640)	269	(640)
Other provisions		(2 827)	(423)	(2 827)	(423)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	33	**(26 657)**	**(9 133)**	**(26 657)**	**(9 133)**
Financial assets at amortised cost		(26 657)	(9 133)	(26 657)	(9 133)
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net		39		(4)	
Gains or (-) losses on derecognition of non-financial assets, net		27	16	27	16
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		820	312	820	312
PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS		**244 159**	**218 952**	**248 696**	**212 288**
Tax expenses or (-) income related to profit or loss from continuing operations	24	(42 952)	(33 873)	(41 155)	(32 835)
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**201 207**	**185 079**	**207 541**	**179 453**
PROFIT OR (-) LOSS FOR THE PERIOD		**201 207**	**185 079**	**207 541**	**179 453**
PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	34	**201 207**	**185 079**	**207 541**	**179 453**

The accompanying notes are an integral part of these financial statements.

The Registered Accountant **The Executive Committee of the Board of Directors**

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED ON 30 JUNE 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2022	**30-06-2021**	**30-06-2022**	**30-06-2021**
PROFIT OR (-) LOSS FOR THE PERIOD		**201 207**	**185 079**	**207 541**	**179 453**
Other comprehensive income		**286 125**	**124 748**	**303 294**	**111 567**
Items that will not be reclassified to profit or loss		**351 277**	**117 499**	**351 438**	**116 861**
Actuarial gains or (-) losses on defined benefit pension plans	21 / 22	331 580	154 067	331 580	154 067
Share of other recognised income and expense of investments in joint ventures and associates	14	(161)	638		
Fair value changes of equity instruments measured at fair value through other comprehensive income		21 432	(36 394)	21 432	(36 394)
Income tax relating to items that will not be reclassified		(1 574)	(812)	(1 574)	(812)
Items that may be reclassified to profit or loss		**(65 152)**	**7 249**	**(48 144)**	**(5 294)**
Foreign currency translation		10 655	17 826		
Translation gains or (-) losses taken to equity		10 655	17 826		
Debt instruments at fair value through other comprehensive income		(66 314)	(7 291)	(66 314)	(7 291)
Valuation gains or (-) losses taken to equity		(66 314)	(7 224)	(66 314)	(7 224)
Transferred to profit or loss			(67)		(67)
Share of other recognised income and expense of investments in joint ventures and associates	14	(27 663)	(5 283)		
Income tax relating to items that may be reclassified to profit or loss		18 170	1 997	18 170	1 997
Total comprehensive income for the period		**487 332**	**309 827**	**510 835**	**291 020**
Attributable to owners of the parent		487 332	309 827	510 835	291 020

The accompanying notes are an integral part of these financial statements.

The Registered Accountant **The Executive Committee of the Board of Directors**

BANCO BPI, S.A.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 30 JUNE 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Capital	Equity instruments issued other than equity	Accumulated other comprehensive income	Retained earnings	Other reserves	Profit or loss (-) attributable to the owners of the parent	Shareholders´ equity
Balances at 31 December 2020		**1 293 063**	**275 000**	**(506 376)**	**1 961 895**	**127 933**	**104 771**	**3 256 286**
Results application								
Transfer to reserves of 2020 net income					77 855	26 916	(104 771)	
Dividends distributed					(13 173)			(13 173)
Dividends distributed by associates					15 432	(15 432)		
Additional Tier 1 interest						(8 889)		(8 889)
Realised gains on equity instruments at fair value through other comprehensive income				(1 352)		1 352		
Comprehensive income in the first semester of 2021				124 748			185 079	309 827
Other changes in equity					(1)	(2 305)		(2 306)
Balances at 30 June 2021		**1 293 063**	**275 000**	**(382 980)**	**2 042 008**	**129 575**	**185 079**	**3 541 745**
Dividends distributed by associates					10 499	(10 499)		
Additional Tier 1 interest						(9 036)		(9 036)
Realised gains on equity instruments at fair value through other comprehensive income				(734)	869	(135)		
Comprehensive income in the second semester of 2021				13 638			121 744	135 382
Other changes in equity					1	(578)		(577)
Balances at 31 December 2021		**1 293 063**	**275 000**	**(370 076)**	**2 053 377**	**109 327**	**306 823**	**3 667 514**
Results application								
Transfer to reserves of 2021 net income					261 161	45 662	(306 823)	
Dividends distributed	**5**				(194 000)			(194 000)
Dividends distributed by associates					35 613	(35 613)		
Additional Tier 1 interest	**23**					(8 889)		(8 889)
Comprehensive income in the first semester of 2022				286 125			201 207	487 332
Other changes in equity						(1 926)		(1 926)
Balances at 30 June 2022		**1 293 063**	**275 000**	**(83 951)**	**2 156 151**	**108 561**	**201 207**	**3 950 031**

The accompanying notes are an integral part of these financial statements.

The Registered Accountant

The Executive Committee of the Board of Directors

BANCO BPI, S.A.

CONDENSED INTERIM INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 30 JUNE 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Capital	Equity instruments issued other than capital	Accumulated other comprehensive income (Note 23)	Retained earnings	Other reserves	Profit or loss (-) attributable to the owners of the parent	Shareholders' equity
Balances at 31 December 2020		**1 293 063**	**275 000**	**(466 028)**	**1 942 002**	**(21 229)**	**87 822**	**3 110 630**
Results application								
Transfer to reserves of 2020 net income					87 822		(87 822)	
Dividends distributed					(13 173)			(13 173)
Additional Tier 1 interest						(8 889)		(8 889)
Comprehensive income in the first semester of 2021				111 567			179 453	291 020
Balances at 30 June 2021		**1 293 063**	**275 000**	**(354 461)**	**2 016 651**	**(30 118)**	**179 453**	**3 379 588**
Additional Tier 1 interest						(9 036)		(9 036)
Realised gains on equity instruments at fair value through other comprehensive income				(981)	981			
Comprehensive income in the second semester of 2021				9 001			113 915	122 916
Balances at 31 December 2021		**1 293 063**	**275 000**	**(346 440)**	**2 017 631**	**(39 154)**	**293 368**	**3 493 468**
Results application								
Transfer to reserves of 2021 net income					293 368		(293 368)	
Dividends distributed	**5**				(194 000)			(194 000)
Additional Tier 1 interest	**23**					(8 889)		(8 889)
Comprehensive income in the first semester of 2022				303 294			207 541	510 835
Balances at 30 June 2022		**1 293 063**	**275 000**	**(43 146)**	**2 116 999**	**(48 043)**	**207 541**	**3 801 414**

The accompanying notes are an integral part of these financial statements.

The Registered Accountant

The Executive Committe of the Board of Directors

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED ON 30 JUNE 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2022	30-06-2021	30-06-2022	30-06-2021
Cash flows from/(used in) operating activities					
Interest, commissions and other income received		437 367	446 237	433 902	442 652
Interest, commissions and other expenses paid		(137 730)	(105 903)	(137 820)	(106 147)
Dividends received		3 890	1 725	3 890	1 725
Dividends received from Banco de Fomento Angola	11	128 109		128 109	
Recovery of overdue loans and interest and gains/(losses) on the sale of real estate received in settlement of defaulting loans		2 305	29 269	2 305	29 269
Payments to staff and suppliers		(180 588)	(188 839)	(178 307)	(186 218)
Net cash flow from income and expenses		253 353	182 489	252 079	181 280
Decreases (increases) in:					
Financial assets held for trading, at fair value through profit or loss, at fair value through other comprehensive income and available-for-sale		21 178	(36 605)	21 178	(36 605)
Financial assets at amortised cost - Central Banks and other Credit Institutions		(305 258)	354 159	(305 258)	347 678
Financial assets at amortised cost - Customers (includes debt instruments)		(1 200 207)	(1 439 385)	(1 200 207)	(1 439 385)
Other assets		245 864	71 821	246 552	71 848
Net cash flow from operating assets		(1 238 423)	(1 050 010)	(1 237 735)	(1 056 464)
Increases (decreases) in:					
Financial liabilities measured at amortised cost - Central Banks and other Credit Institutions		74 038	282 393	74 038	282 393
Financial liabilities measured at amortised cost - Customers and other		1 131 740	1 663 302	1 131 740	1 663 302
Financial liabilities held for trading		6 721	136 470	6 721	136 470
Other liabilities		(23 630)	(105 707)	(24 309)	(105 667)
Net cash flow from operating liabilities		1 188 869	1 976 458	1 188 190	1 976 498
Contributions to Pension Funds	22	(549)	(90 646)	(549)	(90 646)
Income tax paid		(439)	(1 370)	(231)	(1 166)
		202 811	**1 016 921**	**201 754**	**1 009 502**
Cash flows from/(used in) investing activities					
Purchase of other tangible assets and intangible assets	15/16	(15 441)	(18 514)	(15 437)	(18 510)
Sale of other tangible assets		18	1	18	1
Dividends received from investments in joint ventures and associates		23 737	7 589	23 737	7 589
		8 314	**(10 924)**	**8 318**	**(10 920)**
Cash flows from /(used in) financing activities					
Issuance of debt securities and subordinated debt	19.3	425 000		425 000	
Redemption of debt securities	19.3	(300 000)	(162)	(300 000)	(162)
Purchase and sale of own debt securities and subordinated debt	19.3		(300 000)		(300 000)
Interest on debt instruments and subordinated debt		(14 945)	(12 955)	(14 945)	(12 955)
Additional Tier 1 interest		(8 938)	(8 938)	(8 938)	(8 938)
Dividends distribution	5	(194 000)		(194 000)	
Rents paid for leasing operations		(11 623)	(12 115)	(11 623)	(12 115)
		(104 506)	**(334 170)**	**(104 506)**	**(334 170)**
Net increase / (decrease) in cash and cash equivalents		**100 649**	**667 862**	**99 596**	**660 447**
Exchange rate variation in the period		5 970	3 966	5 970	3 966
Cash and cash equivalents at beginning of the period		6 463 780	4 720 790	6 457 427	4 715 828
Cash and cash equivalents at the end of the period		**6 570 399**	**5 392 618**	**6 562 993**	**5 380 241**
Cash and deposits at Central Banks	8	6 325 718	5 001 730	6 325 717	5 001 725
Deposits at other credit institutions	8	85 062	82 041	77 657	69 669
Cheques for collection and other cash items	12.2	43 270	43 031	43 270	43 031
Very short term applications	12.2	116 349	265 816	116 349	265 816
Cash and cash equivalents		**6 570 399**	**5 392 618**	**6 562 993**	**5 380 241**
Cash and cash equivalents by currency					
EUR		6 392 240	5 071 490	6 392 038	5 068 958
USD		112 432	225 176	112 276	224 919
AKZ		22 788	13 926	22 788	13 926
Other currencies		42 939	82 026	35 891	72 438
Cash and cash equivalents		**6 570 399**	**5 392 618**	**6 562 993**	**5 380 241**

The accompanying notes are an integral part of these financial statements

The Registered Accountant
Alberto Pitôrra

The Executive Committee of the Board of Directors
Chairman João Pedro Oliveira Costa
Francisco Artur Matos
Francisco Manuel Barbeira
Ignacio Alvarez-Rendueles
Pedro Barreto

Banco BPI, S.A.

Notes to the condensed interim financial statements at 30 June 2022

(Amounts in thousand euros – th.euros – save where otherwise expressly indicated)

(These notes are a translation of notes originally issued in Portuguese – Note 38)

Notes to the condensed interim financial statements of Banco BPI at 30 June 2022

In accordance with current standards on the content of condensed interim consolidated financial statements, these explanatory notes supplement the balance sheet, income statement, statement of income and other comprehensive income, statement of changes in equity, and statement of cash flows, all interim and condensed, with a view to providing sufficient information to ensure a comparison with the annual financial statements, while also seeking to provide the necessary information and explanations to enable the understanding of significant changes in the first half of 2022.

NOTES INDEX **PAGE**

1. FINANCIAL GROUP, BASIS OF PRESENTATION AND OTHER INFORMATION.

1.1. Financial group

Banco BPI S.A., (hereinafter referred to as "Banco BPI", "BPI" or "Bank"), with corporate tax identification no. 501 214 534 and registered under the same number in the Commercial registry office of Porto, with LEI Code 3DM5DPGI3W6OU6GJ4N92 and registered office at Avenida da Boavista, no. 1117, 4100-129 Porto, is an entity focusing its activity on commercial banking in Portugal, and providing financial services and products to Individuals and Corporate and institutional Customers. The Bank serves a Customer base of 1.8 million Customers through a multispecialist, multi-channel and fully integrated distribution network.

BPI started operating in 1981 with the foundation of SPI – Sociedade Portuguesa de Investimentos, S.A.R.L.. By public deed dated December 1984, SPI – Sociedade Portuguesa de Investimentos, S.A.R.L. changed its corporate name to BPI – Banco Português de Investimento, S.A., which was the first private investment bank created after the re-opening, in 1984, of the Portuguese banking sector to private investment. On 30 November 1995 BPI – Banco Português de Investimento, S.A. (BPI Investimentos) was transformed into BPI - SGPS, S.A., which operated exclusively as BPI's holding company. On 20 December, 2002, BPI SGPS, S.A. incorporated, by merger, the net assets and operations of Banco BPI and changed its corporate name to Banco BPI, S.A..

Banco BPI is fully held by Caixabank, S.A. since the end of 2018. BPI is included in the CaixaBank Group consolidation perimeter, and its financial statements are fully consolidated by CaixaBank. Caixabank S.A. is the parent company of a financial group subject to Supervisory Authorities. Caixabank, together with the credit entities of its Group, form a significant supervised group of which Caixabank is the entity at the maximum level of prudential consolidation (ultimate parent company).

Banco BPI has securities issued and admitted to trading on Euronext Lisbon, namely debt instruments placed externally or retained, with a total nominal value of 7.9 billion euros (of which 7.55 billion euros issued after 31/12/2010, with a nominal unit value of 100 000 euros).

As of 30 June 2022, Banco BPI on a consolidated basis, was made up of the following companies:

	Head office	Shareholders´ equity [1]	Assets	Profit / (loss) for the period	Direct holding	Consolidation / Recognition method
Banks						
Banco BPI, S.A.	Portugal	3 801 415	42 958 289	207 541		
Banco Comercial e de Investimentos, S.A.[2]	Mozambique	354 001	2 954 266	54 331	35.67%	Equity method
Asset Management						
BPI (Suisse), S.A.[2]	Switzerland	9 207	10 816	1 302	100.00%	Full consolidation
Venture / development capital						
Inter-Risco – Sociedade de Capital de Risco, S.A.[3]	Portugal	601	963	(146)	49.00%	IFRS 5
Insurance						
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	46 914	141 522	2 432	50.00%	Equity method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	120 359	1 369 290	18 827	35.00%	Equity method
Other						
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	122 741	439 832	11 935	21.01%	Equity method

Note: Unless otherwise indicated, all amounts are as of 30 June 2022 (accounting balances before consolidation adjustments).

[1] Includes net profit (loss) for the period.

[2] Amounts converted to euros at the exchange rate of 30 June 2022.

[3] Amounts in 31 December 2021

In the 1st half of 2022, BPI Inc was dissolved.

In the 1st half of 2022, the holding in Inter-Risco - Sociedade de Capital de Risco, S.A. was reclassified to the portfolio of Non-current assets and disposal groups classified as held for sale (IFRS 5), as it is in the process of being sold, which is estimated to occur during the 2nd half of the year.

As of 31 December 2021, Banco BPI on a consolidated basis, was made up of the following companies:

	Head office	Shareholders´ equity [1]	Assets	Profit / (loss) for the year	Direct holding	Consolidation / Recognition method
Banks						
Banco BPI, S.A.	Portugal	3 493 468	41 192 531	293 368		
Banco Comercial e de Investimentos, S.A.[2]	Mozambique	332 671	2 603 258	71 999	35.67%	Equity method
Asset Management						
BPI (Suisse), S.A.[2]	Switzerland	7 622	8 833	3 114	100.00%	Full consolidation
Venture / development capital						
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	601	963	(146)	49.00%	Equity method
Insurance						
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	53 556	142 318	5 660	50.00%	Equity method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	209 080	1 489 640	39 428	35.00%	Equity method
Other						
BPI, Inc.[2]	USA		747		100.00%	Full consolidation
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	118 845	409 384	19 510	21.01%	Equity method

Note: Unless otherwise indicated, all amounts are as of 31 December 2021 (accounting balances before consolidation adjustments).

[1] Includes net profit (loss) for the year.

[2] Amounts converted to euros at the exchange rate of 31 December 2021.

The financial information provided in the above tables was drawn from the unaudited financial statements of the relevant companies as of 30 June 2022 and 31 December 2021. Banco BPI believes that these are properly presented in the consolidated accounts of the Bank.

1.2. Basis of presentation

The condensed interim consolidated and individual financial statements were prepared based on the accounting records of Banco BPI and its subsidiary and associated companies, in conformity with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) as endorsed by the European Union and in force on 1 January 2020, in accordance with Regulation (EC) 1606/2002 of 19 July of the European Parliament and of the Council, transposed into Portuguese legislation through Bank of Portugal Notice no. 5/2015 of 30 December.

BPI’s consolidated and individual financial statements as of 31 December 2021 were approved by the Board of Directors on 24 February 2022 and by the General Meeting of Shareholders on 10 March 2022.

In the preparation of the 2021 consolidated and individual annual accounts, the consolidation principles, accounting policies and valuation criteria described in Note 2. Basis of Presentation and Main Accounting Policies, in the 2021 Annual Report, were applied in order to obtain a true picture of the financial situation of BPI as at 31 December 2021 as well as of its results, changes in shareholders' equity and cash flows as at that date.

Banco BPI’s condensed individual and consolidated interim financial statements for 30 June 2022 were prepared based on the same principles and accounting policies described in Note 2 to the individual and consolidated financial statements at 31 December 2021, applying in particular IAS 34 (Interim financial reporting), except those resulting from regulatory changes that came into effect on 1 January 2022, which are detailed in the section Adoption of standards (new or revised) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), as endorsed by the European Union.

As provided for in IAS 34, condensed interim financial statements are prepared with the objective of explaining events and changes that are significant to an understanding of changes in the financial position and performance since the last published annual consolidated financial statements. Because not all the information in the last annual consolidated financial statements is duplicated in the condensed consolidated interim financial statements, and to enable a good understanding of the information contained in the latter, these should be read alongside the Bank's annual consolidated financial statements as at December 2021.

The condensed individual and consolidated interim financial statements as at 30 June 2022 were approved by the Executive Committee of Banco BPI's Board of Directors on 26 July 2022.

In the preparation of the consolidated and individual financial statements, BPI follows the historical cost convention, modified when applicable for the measurement at fair value of:

- Financial assets and liabilities held for trading
- Non-trading financial assets mandatorily at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Derivatives

The condensed individual and consolidated interim financial statements have been prepared on a going concern basis, as provided for in IAS 1 – Presentation of financial statements.

The figures are presented in thousands of euros (th.euros) unless the use of another monetary unit is stated. Certain financial information in these notes was rounded off and, consequently, the figures shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them.

Adoption of standards (new or revised) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as endorsed by the European Union.

In 2022 the following accounting standards came into force (Note 2 - Accounting policies):

Standards and Interpretations	Name
Amendments to IFRS 16	Leases – COVID-19 related rent concessions beyond 30 June 2021
Amendments to IAS 16	Proceeds before intended use
Amendments to IAS 37	Onerous contract – cost of fulfilling a contract
Amendments to IFRS 3	Reference to the Conceptual framework
Improvements to standards 2018 – 2020	Specific amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41

On 1 January 2022, BPI adopted the following accounting standards:

- **IFRS 16 (amendment), 'Leases – COVID-19 related rent concessions beyond 30 June 2021'.** This amendment extends the date of application of the IFRS 16 – 'Leases – COVID-19 related rent concessions' amendment from 30 June 2021 to 30 June 2022. allowing to recognise rent concessions related to COVID-19 as variable lease payments and not as a modification to the lease. The conditions of application of the practical expedient remain, and the extension of the practical expedient can only be applied by the lessees who applied the previous practical expedient. There has been no material impact on the Bank's financial statements as a result of the adoption of this standard.

- **IAS 16 (amendment), 'Proceeds before intended use'.** This amendment changes the accounting treatment of the proceeds obtained from the sale of products that resulted from the production test phase of property, plant and equipment, prohibiting their deduction to the acquisition cost of assets. This amendment is applied retrospectively without restating comparatives. There has been no material impact on the Bank's financial statements as a result of the adoption of this standard.

- **IAS 37 (amendment), 'Onerous Contracts – Cost of Fulfilling a Contract'.** This amendment specifies that when assessing whether a contract is onerous or not, only expenses directly related to the performance of the contract, such as incremental costs related to direct labour and materials and the allocation of other expenses directly related to the allocation of depreciation expenses of tangible assets used to carry out the contract, can be considered. This amendment must be applied to contracts that, at the beginning of the first annual reporting period to which the amendment is applied, still include contractual obligations to be satisfied, without restating comparatives. There has been no material impact on the Bank's financial statements as a result of the adoption of this standard.

- **IFRS 3 (amendment), 'Reference to the Conceptual framework'.** This amendment updates the references to the Conceptual Framework in the text of IFRS 3, without changing the accounting requirements for business combinations. This amendment also clarifies the accounting treatment to be given to contingent liabilities and liabilities under IAS 37 and IFRIC 21, incurred separately versus within a business combination. This amendment is applied prospectively. There has been no material impact on the Bank's financial statements as a result of the adoption of this standard.

- **Annual Improvements 2018 - 2020.** The 2018-2020 annual improvements impact: IFRS 1, IFRS 9, IFRS 16 and IAS 41. This standard is still subject to endorsement by the European Union. There has been no material impact on the Bank's financial statements as a result of the adoption of this standard.

Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2023, are as follows:

Standards and Interpretations issued by the IASB

Standards and Interpretations	Name	Mandatory application for years starting on:
Standards (new and amendments) that will become effective, on or after 1 January 2023		
Amendments to IAS 1	Presentation of financial statements – classification of liabilities	1 January 2023
Amendments to IAS 8	Disclosure of accounting estimates	1 January 2023
Amendments to IAS 1	Disclosure of accounting policies	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

- **IAS 1 (amendment), 'Disclosure of accounting policies'** (effective for annual periods beginning on or after 1 January 2023). Amendment to the requirement to disclose the accounting policies based on "material" instead of "significant". The amendment specifies that an accounting policy information is expected to be material if, in its absence, the users of the financial statements would be unable to understand other material information in those same financial statements. Immaterial accounting policy information need not be disclosed. The IFRS Practice Statement 2 was also amended to provide guidance for the application of the concept of material" to accounting policy disclosures. It is not expected that the future adoption of this standard will result in a material impact in the Bank's financial statements.

- **IAS 8 (amendment), 'Disclosure of accounting estimates'** (effective for annual periods beginning on or after 1 January 2023). This amendment introduces the definition of accounting estimate and the way it is distinct from changes to accounting policies. The accounting estimates are defined as corresponding to monetary amounts that are subject to measurement uncertainty, used to achieve an accounting policy's objective(s). It is not expected that the future adoption of this standard will result in a material impact in the Bank's financial statements.

- **IAS 1 (amendment), 'Presentation of financial statements – classification of liabilities'** (effective for annual periods beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union since it is being subject to a new revision by the IASB. This amendment intends to clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its payment, at the end of each reporting period. The classification of liabilities is not affected by the entity's expectations (the assessment should determine whether a right exists but should not consider whether or not the entity will exercise that right), or by events occurring after the reporting date, such as the non-compliance with a given "covenant". This amendment also introduces a new definition of "settlement" of a liability. This amendment is applied retrospectively. It is not expected that the future adoption of this standard will result in a material impact in the Bank's financial statements.

- **IAS 12 (amendment), 'Deferred tax related to assets and liabilities arising from a single transaction'** (effective for annual periods beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. IAS 12 will require entities to recognise deferred tax on specific transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. These applies to the recognition of: i) right-of-use assets and lease liabilities; and ii) decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related asset, when not relevant for tax purposes. Such temporary differences are no longer subject to the initial recognition exemption for deferred taxes. The cumulative effect of initially applying the amendment is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the earliest comparative period presented. It is not expected that the future adoption of this standard will result in a material impact in the Bank's financial statements.

1.3. Responsibility for the information and for the main estimates made

The preparation of the individual and consolidated financial statements involved making certain judgements, estimates and assumptions in order to quantify some of the assets, liabilities, revenues, expenses and obligations recognised in them. These judgements, estimates and assumptions relate primarily to:

- Impairment losses on financial assets and associated guarantees. Impairment losses are estimated considering assumptions related to: i) the consideration of "significant increase in credit risk" (SICR), ii) definition of default; and iii) the inclusion of forward-looking information (Note 3).
- Fair value of some financial assets and liabilities (Note 35). The fair value of unlisted financial assets and derivatives was estimated based on valuation methods and financial theories, the results of which depend on the assumptions used.
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 22). Retirement and survivor pension liabilities have been estimated based on actuarial tables, assumptions of the increase in pensions and salaries and discount rates. These assumptions are based on Banco BPI's expectations for the period during which the liabilities will be settled.

- Current and deferred taxes have been recognised based on the tax legislation currently applicable to Banco BPI or on legislation already published for future application (Note 24). Different interpretations of tax legislation can influence the amount of income taxes. Deferred tax assets are recognised based on the assumption of future earnings and taxable income.
- Assessment of whether there exists control or significant influence over equity holdings in accordance with the criteria defined in IFRS 10 and IAS 28.
- The measurement of investments in joint ventures and associates and determination of the share of profit/(loss) of these investments (Note 14).
- The measurement of provisions and contingent liabilities and respective probability of occurring (Note 20).

These estimates are based on the best information available at the time of preparation of the condensed interim financial statements, and take into account the uncertainties surrounding the current economic environment. Subsequent events may require changing the estimates in future periods. In accordance with the applicable legislation and BPI's governance systems, the effects of these changes would be accounted for on a prospective basis in the corresponding income statement, in accordance with IAS 8 - Accounting Policies, change in estimates and errors.

1.4. Comparability of the information

The figures for 31 December 2021 and 30 June 2021 included in the condensed interim consolidated and individual financial statements, are presented for comparative purposes only.

2. ACCOUNTING POLICIES

Banco BPI's condensed interim consolidated and individual financial statements as of 30 June 2022 were prepared using the same principles, accounting policies and criteria used for the 2021 consolidated and individual annual accounts.

In the preparation of the condensed interim consolidated and individual financial statements all the accounting principles and policies and valuation criteria that could have a significant effect were applied.

For all the areas not stated in these condensed interim consolidated and individual financial statements, the definitions, criteria and policies described in Note 2 of the 2021 annual report remain applicable.

3. RISK MANAGEMENT

3.1. Environment and risk factors

Note 3 - Risk Management, in BPI' Report for 30 June 2022, describes the risk management structure, which includes the risk management strategic processes, the governance and organisation, the risk culture, and also the internal control structure.
The following factors had a significant influence on risk management during the first half of 2022:

- Economic context

— **Global economy**

The first half of 2022 was marked by Russia's invasion of Ukraine in late February, which, together with China's zero-covid policy, accentuated the imbalances between supply and demand generated by the pandemic, exerting upward pressure on the prices of major commodities, such as energy and food. In this context, signs of a slowdown in activity have been building up. Still, the growth momentum was maintained until the end of the first half of the year, benefiting from the good performance of the services sector, the strength of the labour market and the savings accumulated during the pandemic. The IMF estimates that the world economy will grow by 3.6% in 2022, after having advanced by 6.1% in 2021, with advanced economies and emerging and developing economies growing by 3.1% and 3.8%, respectively. The IMF considers that the risks are high and tilted to the downside as far as growth is concerned.

Conversely, the risks associated with the behaviour of inflation are on the upside and reflect the lingering high prices of staple commodities and the slower than expected resolution of imbalances between supply and demand, exacerbated by the war and the zero-covid policy in China. In fact, in May the inflation rate surpassed 8% both in the USA and in the Eurozone.

In this context, central banks have been stepping up the adoption of tighter monetary policy measures in order to limit the inflationary pressures caused by demand, at least while supply bottlenecks persist. Hence, the Federal Reserve has lifted the fed-funds rate by 150 basis points since the end of 2021, to the range of 1.5%-1.75%; and the European Central Bank has already announced the beginning of the interest rate normalisation cycle in July.

Eurozone

In the Eurozone, after 0.2% quarterly activity growth in the first quarter of 2022, the latest data do not ensure that this growth pace will be maintained and the risks of activity contraction in the second half of the year have increased, with the possibility that Russia will extend gas supply cuts to the whole of Europe (at the time of this report it had cut supplies to Poland, Bulgaria, Finland and the Netherlands). For 2022, the European Commission forecasts growth of 2.7%, after the economy grew by 5.4% in 2021. The risks for growth are skewed to the downside, given the constraints in the energy and raw materials market, the high inflation rate and the worsening financial environment in the form of higher financing costs. The outlook is for weak growth or near stagnation in the second half of the year, a scenario that would become more adverse if Russia were to cut off gas supplies to the rest of Europe.

The main impact of the war is felt on energy and food prices and the consequent rise in inflation, which reached 8.1% in May and is forecast by the European Commission to average 6.1% in the full year. In this context, the European Central Bank adopted a more restrictive monetary policy, announcing that in July it would increase its key rates by 25 base points and that in September it could announce a more substantial increase if the high inflationary pressures persisted. Meanwhile, it ended the Pandemic Emergency Purchase Programme (PEPP) in March and the Asset Purchase Programme at the end of June, maintaining the reinvestment policy in order to avoid market fragmentation.

Portugal

In the first quarter of 2022, the economy advanced by 2.6% quarter-on-quarter and 11.9% year-on-year, and the indicators for the second quarter suggest that the economy will continue to expand, albeit at a slower pace than in the first three months of the year. Accordingly, growth in 2022 should exceed 6%. The receipt of European funds, the recovery of tourism, the robustness of the labour market, and the savings accumulated during the lock-downs will be factors supporting growth in 2022. However, like in the other European economies, the scenario is subject to a high degree of uncertainty.

Although Portugal's exposure to Russia and Ukraine is low, the effects of the war on the prices of important commodities are evident in the fact that the inflation rate accelerated to 8% in May. For the rest of the year, moderation in the pace of price growth is anticipated, but the inflation rate should still hover around 6.5% for the full year. Risks to inflation are skewed to the upside.

• Regulatory Framework

The following are the most significant developments occurred during the first half of 2022: *(i)* the phasing out and/or cessation of the easing and State aid measures adopted at national and international level in the context of the COVID-19 pandemic; *(ii)* the measures adopted in view of the war in Ukraine; *(iii)* the fast evolution of sustainability and ESG-related issues and factors, on the one hand, and digitisation and technological innovation, namely in virtual assets, on the other; and *(iv)* the necessary review of the macroprudential framework underway.

COVID-19

The ECB Banking Supervision informed that the ECB would not extend the relief on capital and leverage ratios for Banks, and the Central Bank announced the timeline to phase out the package of pandemic collateral easing measures in place since April 2020.
In parallel, the European Commission also indicated that it would phase out the COVID State aid Temporary Framework.

At national level, the following is worth noting:

- The BoP announced the termination of the easing measures adopted in the context of the pandemic, having published Instructions on the communication of information on the public and private moratoria and on the regulation of the duty to report on exposures subject to measures applied in response to the COVID-19 crisis as per the EBA guidelines (EBA/GL/2020/07);
- In turn, the Insurance and Pension Funds Supervisory Authority (ASF) issued Circulars updating the easing measures, as well as recommendations in connection to the Coronavirus - COVID-19 pandemic outbreak exceptional situation and the recent geopolitical crisis, applicable to both Insurance Companies and Pension Fund Management Companies;
- Several pieces of legislation were published that altered and/or clarified the measures related to the COVID-19 pandemic, progressively eliminating the prior restrictions and rules. With the declaration of the alert situation, most of the existing containment measures were lifted, namely revoking the recommendation for teleworking and capacity limits on establishments, equipment and any other places open to the public. The EU COVID Digital Certificate will now only be required for border control. It was also decided to limit the obligation to wear masks to places characterised by the special vulnerability of the people who frequent them and to places characterised by intensive use without alternative, bearing in mind the special duty of guardianship and maintenance of the community's sense of security that falls to the State.

Ukraine war related measures

The EBA, ESMA, EBF, and FAFT-GAFI, among others, have issued statements on the war in Ukraine and its impact, namely urging financial institutions to ensure compliance with sanctions against Russia after the invasion of Ukraine and calling on financial institutions and Supervisors to provide access to the EU financial system.

The EU agreed to exclude major Russian Banks from SWIFT and has already approved six packages of restrictive measures against Russia, determining the application of sanctions, in coordination with international partners, notably the United States, which will further contribute to increasing economic pressure on the Kremlin and undermine its ability to finance the invasion of Ukraine. The measures approved include: (i) a total ban on any transactions with certain Russian state-owned enterprises in various sectors; (ii) an EU ban on the import of those steel products that are currently under EU safeguard measures, corresponding to around €3.3 billion in lost export revenue for Russia; (iii) A far-reaching ban on new investment across the Russian energy sector; (iv) an EU ban on exports of luxury goods directly targeting Russian elites; (v) the expansion of the list of sanctioned persons and entities to include more oligarchs and business elites linked to the Kremlin, as well as companies active in military and defence areas, which are logistically and materially supporting the invasion, and also new lists of active disinformation actors, and (vi) a ban on the EU credit rating agencies from rating Russia and Russian firms, as well as from providing rating services to Russian clients, which would further deny them access to EU financial markets. The Commission also proposed rules on freezing and confiscating assets of oligarchs violating restrictive measures and of criminals

At national level, the following is worth noting :

- Legislation has been published that extends the scope of temporary protection to displaced persons from Ukraine, provides for exceptional measures and establishes support measures for families, the self-employed and companies;
- The BoP and CMVM released information and issued recommendations, alerting, among others, to the importance of credit institutions informing displaced Ukrainian citizens about the minimum bank services account.

— **Prudential supervision:**

The EBA launched a Public Consultation on Guidelines on transferability to complement the resolvability assessment for transfer strategies. These draft Guidelines aim at assessing the feasibility and credibility of transfer strategies and encompass requirements relating to the implementation of transfer tools when considered as the preferred or alternative strategies for institutions. The Guidelines deal with the transfer perimeter definition, separability (i.e., how to facilitate separation of an entity or a business from the rest of the group in resolution) and operational transfer of this perimeter.
The ECB published its opinions on proposals for amendments to Regulation (EU) No 575/2013, one on prudential requirements for credit institutions and investment firms with respect to resolution, and another on requirements for credit risk, credit valuation adjustment risk, operational risk, market risk, and the output floor.
The EBA and the ECB published their responses to the European Commission's Call for Advice on the review of the EU macroprudential framework. For their part, ESMA and the EBF have expressed their views on the proposed review of the MiFIR submitted by the European Commission.
The ESMA published Guidelines on the application of certain aspects of the MiFID II appropriateness and execution-only requirements.

At national level, the following is worth noting:

- The BoP published an Instruction viewing the simplification and elimination of double reporting, and consequently the reduction of the associated costs for the entities involved;
- The CMVM placed on Public Consultation the draft regulation on the prudential supervision of investment firms and their recovery plans.

— **Markets and Investment:**

Publication of Commission Delegated Regulation (EU) 2022/27 of 27 September 2021 «…*amending Regulation (EU) No 236/2012 of the European Parliament and of the Council as regards the adjustment of the relevant threshold for the notification of significant net short positions in shares*», which, taking into account the recommendations set out in an opinion of the ESMA, amends the current relevant notification threshold (i.e., a percentage that equals 0.2 % of the issued share capital of the company concerned and each 0.1% above that) to set it permanently at 0.1 %.
The ESAs – EBA, ESMA and EIOPA - published technical advice to the European Commission on the review of the Regulation on Packaged Retail Investment and Insurance Products' (PRIIPs), which will serve as input for developing the Commission's Retail Investment Strategy. They also issued a Joint Supervisory Statement regarding the 'What is this product?' section of the key information document (KID) for PRIIPs.

At national level, the following is worth noting:

- Decree-Law No. 11/2022 was published, which "*Establishes the legal framework for equity loans*". An equity loan is a credit agreement for consideration, in the form of a loan or debt securities, whose remuneration and repayment or amortisation depend, even if partially, on the result of the borrower's activity and whose outstanding amount may be converted into share capital of the borrower, under the conditions provided for in this Decree-Law. Only the entities ("lenders") listed in Article 3 of the Decree-Law, including credit institutions and financial companies, may grant equity loans or subscribe debt securities issued under this Decree-Law, and provided the legal and contractual limits applicable thereto are complied with;
- The Bank of Portugal issued a Press Release on the convergence of the average maturity of new mortgage loan agreements to 30 years by the end of 2022;

- The CMVM published a Circular Note on product governance duties, where it identifies opportunities for product governance improvements;
- Decree-Law No. 31/2022 was published, which "*Approves the Legal Framework for Covered Bonds and transposes Directive (EU) 2019/2162 and Directive (EU) 2021/2261*".

— **Insurance and Pensions:**

Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product (PEPP) became applicable to the European legal system from 22 March. This Regulation has created a legislative framework for a new long-term personal pension product with EU-wide portability, in order to increase consumer choice and provide solutions for the mobility of European citizens, particularly in the context of the free movement of workers.

At national level, the following is worth noting:

- The ASF published Regulatory Standard No. 4/2022-R on the "*Governance system of insurance and reinsurance companies*" and Regulatory Standard No. 7/2022-R on "*Market conduct and complaints handling by the Insurance and Pension Funds Supervisory Authority*".

— **Prevention of Money Laundering and Terrorist Financing (AML/TF):**

The EBF has provided feedback to the European Commission's proposed Anti-Money Laundering and Terrorist Financing Package (AML Regulation, AMLD6, AMLA Regulation, FTR Reform). Moreover, the ECB issued Opinions "*...on a proposal for a regulation establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (CON/2022/4) 2022/C 210/05*" and "*... on a proposal for a directive and a regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (CON/2022/5) 2022/C 210/06*".
The EBA published the new Guidelines specifying the role and responsibilities of the anti-money laundering and countering the financing of terrorism (AML/CFT) compliance officer and of the management body of credit or financial institutions.

At national level, the following is worth noting:

- Law No. 4/2022 was published, which "Extends the declarative obligations of holders of political office and senior public positions, amending Law No. 52/2019 of 31 July";
- BoP Notice No. 1/2022 was published, which "*Establishes the necessary aspects to ensure compliance with the money laundering and terrorist financing prevention duties, within the scope of the activity of financial entities subject to supervision by the Bank of Portugal, revoking Notice No. 2/2018 and Instruction No. 2/2021*";
- The CMVM published Regulation No. 5/2022 on the '*Prevention of money laundering and terrorist financing' (amending CMVM Regulation No. 2/2020*)."

— **Sustainable Finance and Environmental, Social and Governance (ESG) Factors:**

The ESMA launched a Public Consultation on certain aspects of the suitability requirements under MiFID II with a view to updating its Guidelines following the introduction of sustainability-related changes to the legal text.
The EBF commented on the latest developments in the legislative process of the proposal for a corporate sustainability reporting directive. The EBF reiterates its support to the proposal for the Corporate Sustainability Reporting Directive, which will be a key enabler in ensuring financial institutions are able to assess the sustainability profile of their portfolios and allocate capital effectively to serve the goals of the European Green Deal.
The ESAs – EBA, ESMA and EIOPA - updated their joint supervisory statement on the application of the Regulation on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation, the SFDR). They also published a Statement with clarifications on the draft Regulatory Technical Standards (RTS) issued under the SFDR, which include disclosure of information on financial products under the Taxonomy Regulation.
The International Sustainability Standards Board (ISSB), established at COP26 to develop a comprehensive global baseline of sustainability disclosures for the capital markets, launched a Public Consultation on its first two proposed standards. One sets out general sustainability-related disclosure requirements and the other specifies climate-related disclosure requirements.
The EIOPA launched a Public Consultation on its draft guidance on integrating the customer's sustainability preferences in the suitability assessment under the Insurance Distribution Directive (IDD).
The EBA launched a Discussion Paper on the role of environmental risks in the prudential framework for credit institutions and investment firms.
The BCBS-BIS issued the Principles for the effective management and supervision of climate-related financial risks.

At national level, the following is worth noting:

- The CMVM issued a Supervisory Report of Issuers on Sustainability Factors.
- The BoP released the Charter of Principles for Responsible Investment.

- The CMVM launched Public Consultation No. 6/2022, concerning the *Draft Regulation amending CMVM Regulation No. 3/2018, of 28 August 2018*, on which it is referred, *inter alia*, that: [...] *In accordance with the legal framework, the minimum training contents defined in the annex referred to in Article 2 of CMVM Regulation no. 3/2018, shall now include mention of sustainability risks and factors and sustainability-related objectives.* [...].

— **In the digital, technological innovation and data protection field:**

The European Commission issued a Public Consultation on the digital euro, which aims to reflect on the main features of its design. This new Consultation covers a wide range of topics, including consumer needs and expectations, retail payments, the issuance of a digital euro, the impact on the financial sector and financial stability, the prevention of money laundering and terrorist financing, privacy, and international payments. In addition, the European Commission published the draft regulation on harmonised rules on fair access to and use of data (Data Act), with the aim of facilitating user access to data generated by the use of connected products and services, as well as their portability, among others.
The ECB published its opinions «*...on a proposal for a regulation to extend traceability requirements to transfers of crypto-assets (CON/2021/37) 2022/C 68/02*» and «*...on a proposal for a regulation laying down harmonised rules on artificial intelligence (CON/2021/40)*».
The FSB issued a Report on the assessment of the risks of crypto-assets to financial stability, and the ESAs - EBA, ESMA and EIOPA - warned consumers to the risks of crypto-assets.
The OECD-CPT released a public consultation seeking inputs on the new tax transparency framework for crypto-assets and amendments to the Common Reporting Standard (CRS), having published the replies and comments received.
The EDPB and EDPS published their joint Opinion on the proposed Data Act.
Publication of Regulation (EU) 2022/858 of the European Parliament and of the Council of 30 May 2022 «*…on a pilot regime for market infrastructures based on distributed ledger technology, and amending Regulations (EU) No 600/2014 and (EU) No 909/2014 and Directive 2014/65/EU (Text with EEA relevance)*».

At national level, the following is worth noting:

- The CNPD (National Commission for Data Protection) published Directive/2022/1 on direct marketing electronic communications;
- The BoP issued guidance to the market on the establishment of business relationships through digital channels, while the CMVM warned about disclosure of content on investment services of financial intermediaries on social networks or online channels;
- The CMVM and ASF reiterated the ESAs' warning about the risks associated with crypto-assets;
- The BoP initiated a discussion with the market on the Euro Digital project;
- The CMVM launched a Public Consultation on Artificial Intelligence (AI).

The competitive and social context is decisive for BPI's strategy and development. Accordingly, "strategic events" are identified as the most relevant events that may result in a medium-term material impact on the Bank. Only events that have not yet materialised or do not form part of the Catalogue, but to which the Entity's strategy is exposed to due to external causes are considered, even if the severity of their possible impact can be mitigated through management. If a strategic event occurs, it may simultaneously impact one or more of the Catalogue risks. During the first six months of 2022 certain significant events considered as Strategic Events took place:

— **Impacts related with national and international geopolitical environment**

In the current situation, geopolitical risks have increased, and the consequences they may have on activity are potentially severe. The medium-term outlook is being clouded by: the rise in energy and other commodity prices, more persistent than estimated at the beginning of the war; continued disruptions in global supply chains, exacerbated by China's zero COVID-19 policy; and the tightening of financing conditions to address inflationary pressures.
The disruption caused by the war in Ukraine had adverse consequences in terms of both the worsening performance of economic activity and increasing inflationary pressures. While the COVID-19 pandemic-related risks have diminished, the war has opened a period of huge uncertainty.
Persistently high energy prices, together with deteriorating agents’ confidence, may weigh on demand more than expected and rein in consumption and investment.
Although the direct exposure of Portuguese exports and imports to and from Russia and Ukraine is limited, the deterioration of the international economic environment and the disruptions that may occur in global supply chains may have a negative effect on economic activity. An increase in the transfer of prices and costs to the rest of the economy's prices and wages would spill over to inflation and negatively affect activity.
In turn, the monetary normalisation process is leading to a tightening of financing conditions, which may generate abrupt adjustments in the prices traded in the capital markets, especially in the face of possible episodes of increased risk aversion, of the geopolitical situation, as well as an increase in financial fragmentation.

New competitors and application of new technologies

Banco BPI keeps close monitoring of potential new competitors. No relevant developments were detected in this area during the 1st half of 2022.

Cybercrime and data protection

Aware of the importance of information security treatment for the entire Group, Customers, suppliers and, in general, for all the institutions with which it maintains relations, BPI considers it essential to establish the type of treatment given to the information it manages, throughout its life cycle, in order to guarantee its confidentiality, integrity and availability. To ensure the confidentiality, integrity and availability of information, BPI has set up a Cybersecurity and Activities Master Plan for 2022, which was developed taking into account the evolution of the security context, the emerging threats, the observations of the auditors and the results of the verifications carried out. In addition, BPI is in permanent communication with the National Centre for Cybersecurity, and proactively and on an ongoing basis conducts tests and reviews and implements measures to prevent, detect, contain and correct possible attacks and vulnerabilities.

BPI has an Information Security team integrated in the Information Systems Division, which performs its functions independently from the other areas of the bank, and whose responsibilities include cybersecurity and ensuring part of the 1st line of defence. In the context of the Caixabank Group, of which BPI is part, the cybersecurity function is globally supervised and ensured by Corporate Security, with the collaboration of BPI's security team. This gives BPI increased capacity to hold out against cyber-attacks. ISO27001 certification of corporate cybersecurity is maintained from one year to the next and the 24x7 team, the CyberSoC, holds official CERT certifications and actively cooperates with other national and international CERTs.

Changes to the legal, regulatory or supervisory framework

After the announcement of the cessation of certain LIBOR indexes (GBP, CHF, JPY and EUR) on 31 December 2021, Banco BPI proceeded to the remediation of the portfolio by implementing the required actions for each index. With regard to the USD LIBOR, it is expected to be discontinued on 30 June 2023. Banco BPI is taking the necessary steps to stop using this index in new operations and to remedy the existing ones.

Pandemics and other external events

From late 2021 into the first weeks of 2022, the presence of the sixth wave of Covid-19 and the omicron variant once again imposed the need to prioritise telework at the corporate centres. However, the return of employees was restarted in the following months, reaching 50% in the Corporate Centres. Similarly, the prevention measures adopted during the health alert initiated in 2020 are being phased out as far as possible as the situation returns to normal. The business continuity plans aimed at effectively mitigating the scenarios identified in the risk analyses conducted by the different areas (Corporate Centres, Territorial Network and International Network) continue to be reinforced, as well as the Entity's resilience capabilities in extreme situations. Resilience in its different fronts is actually one of the work streams of the future strategic plan.
Throughout the COVID-19 health crisis, the business continuity plans, the specific technologies that enabled telework, and the staff's ability to adapt, all contributed to an effective response to this event, which can be transferred to any other event of a similar nature.

In the first half of 2022, Banco BPI implemented the necessary measures to offset and mitigate the potential impact on operations of the armed conflict in Ukraine, and enforced the financial sanctions and blockades imposed by the regulator. Along these same lines, other situations, such as strikes in the transport sector, continued to be monitored.

3.2 Credit risk

Credit risk corresponds to the risk of financial loss due to the loss of value of the Bank's assets as a result of the deterioration of clients' and counterparties' capacity to honour their commitments.

The most relevant aspects of credit risk management in the first six months of 2022 are described below.

3.2.1. Support measures COVID-19

In the specific context of the COVID-19 pandemic and its economic consequences going forward, the public and private sectors have taken several measures to support families and companies, the most important being: (i) the launch of support lines to the economy and (ii) giving families and companies the possibility to request the temporary suspension of loan payments (moratoria). A significant number of legal and APB (Portuguese Banking Association) moratoria were granted in 2020 and 2021, permitting to mitigate the economic and social effects of the period. The moratoria ended in April 2021. As mentioned further up, the defaults and restructuring requests of loans that came to the end of the moratorium period have been specifically monitored.

The table below presents the detail of state-guaranteed credit facilities:

Covid credit lines - Detail of financing with public guarantee:

	30-06-2022	31-12-2021
Public Sector	**143**	**400**
Corporations and individual entrepreneurs	**1 266 703**	**1 108 656**
Real estate development	2 598	2 069
Civil Construction	99 822	81 638
Other	1 164 283	1 024 949
Large companies	44 160	44 134
SME and individual entrepreneurs	1 120 123	980 815
	1 266 846	**1 109 056**

3.2.2 Forward-looking information update

Scenarios based on forecasts with different severity and weighting levels that incorporate the effects on the economy in the current macroeconomic environment, were used to estimate the expected loss resulting from credit risk. In particular, the updated scenarios take into account the expected effects of the armed conflict in Ukraine on the baseline scenario.

The projections of the main macroeconomic variables used in the bank's projection models are as follows:

Forward looking macroeconomic indicators [1] (30-06-2022)

	2022	2023	2024
GDP growth			
Baseline scenario	4.2%	2.8%	2.0%
Upside scenario	6.1%	3.7%	2.6%
Downside scenario	2.3%	1.7%	1.7%
Unemployment rate			
Baseline scenario	6.7%	6.5%	6.2%
Upside scenario	5.9%	5.4%	5.2%
Downside scenario	7.5%	7.2%	7.0%
6M Euribor			
Baseline scenario	-0.40%	0.10%	0.80%
Upside scenario	-0.30%	0.20%	0.50%
Downside scenario	-0.50%	-0.20%	-0.10%
Spread OT			
Baseline scenario	71.4	82.8	90.3
Upside scenario	33.8	51.5	65.5
Downside scenario	155.1	160.8	162.8
Home prices evolution			
Baseline scenario	7.1%	2.2%	2.8%
Upside scenario	8.3%	6.1%	3.7%
Downside scenario	-0.7%	-0.5%	1.5%

[1] Source: BPI Economic and Financial Studies Unit

[2] The 6-month Euribor rate corresponds to the value at the end of the period.

Forward looking macroeconomic indicators [1] (31-12-2021)

	2021	2022	2023
GDP growth			
Baseline scenario	4.9%	3.1%	1.8%
Upside scenario	6.9%	3.5%	1.9%
Downside scenario	0.0%	3.9%	3.4%
Unemployment rate			
Baseline scenario	9.1%	7.7%	6.9%
Upside scenario	8.2%	7.6%	6.3%
Downside scenario	9.5%	8.2%	7.1%
6M Euribor [2]			
Baseline scenario	-0.5%	-0.5%	-0.5%
Upside scenario	-0.4%	-0.3%	-0.2%
Downside scenario	-0.6%	-0.7%	-0.7%
Spread OT			
Baseline scenario	50.0	51.4	53.9
Upside scenario	40.0	31.4	36.6
Downside scenario	175.0	163.8	133.8
Home prices evolution			
Baseline scenario	-1.9%	0.6%	2.0%
Upside scenario	-1.1%	2.7%	4.1%
Downside scenario	-3.6%	-2.7%	1.7%

[1] Source: BPI Economic and Financial Studies Unit

[2] The 6-month Euribor rate corresponds to the value at the end of the period.

The probabilities of occurrence of the forecasts of the macroeconomic indicators as of 30 June 2022 and 31 December 2021 were as follows:

Probability of occurrence of the forecast scenarios

	Baseline Scenario	Upside Scenario	Downside Scenario
Portugal	60%	20%	20%

At 30 June 2022, impairments in assets at amortised cost include 50 million euros of non-allocated impairments resulting from the uncertainty of the impact of the current situation on the economy and on the value of the guarantees received as collateral.

Compared to 31 December 2021, the global amount of unallocated impairments dropped by 21.6 million euros, justified by: i) the updating of macroeconomic scenarios, and ii) the use of the Prudential Fund.

- Updating of macroeconomic scenarios:

In the first half of 2022, BPI updated the macroeconomic scenarios considered to determine the Expected Credit Loss (ECL) under IFRS9, namely to take into account the estimated economic effects of the war in Ukraine. The updating of the risk parameters used in the determination of ECL based on collective analysis resulted, in net terms, in a decrease of 16.5 million euros in impairments allocated to credit operations.

- Use of unallocated impairments

Reversal of unallocated impairments in the amount of 9.8 million euros.

During the first half of 2022, the economic environment has been widely affected by the armed conflict taking place in Eastern Europe, which has introduced some changes in the credit risk of BPI's Customers. Consequently, the processes for monitoring the evolution of credit risk have been reinforced, as regards both loans to individuals and to companies, with the objective, among others, of adjusting the impairment recognised in the financial statements.

3.2.3. Restructured loans:

The breakdown of refinancing by industry sector is as follows:

30-06-2022

	Consolidated / Individual – Total						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered: Real estate mortgage	Maximum amount of the collateral that can be considered: Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	4	19	1	20 863			(20 877)
Non-financial corporations and individual entrepreneurs (non-financial business)	814	94 304	213	124 082	81 592	26 049	(93 669)
Individuals	2 473	28 234	3 685	145 335	143 445	415	(55 576)
Total	**3 291**	**122 557**	**3 899**	**290 280**	**225 037**	**26 464**	**(170 122)**

Note: Includes securitised loans, Customer loans and guarantees

	Of which: Stage 3						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered: Real estate mortgage	Maximum amount of the collateral that can be considered: Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	3	16	1	20 863			(20 877)
Non-financial corporations and individual entrepreneurs (non-financial business)	554	45 656	162	92 478	65 547	15 950	(88 218)
Individuals	1 697	20 582	2 253	82 092	80 514	196	(53 603)
Total	**2 254**	**66 254**	**2 416**	**195 433**	**146 061**	**16 146**	**(162 698)**

Note: Includes securitised loans, Customer loans and guarantees at stage 3

31-12-2021

	Consolidated / Individual						
	Total						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	5	48	1	20 863			(20 874)
Non-financial corporations and individual entrepreneurs (non-financial business)	781	111 561	180	105 728	55 343	29 680	(66 442)
Individuals	2 488	26 759	4 173	159 565	157 291	522	(43 681)
Total	**3 274**	**138 368**	**4 354**	**286 156**	**212 634**	**30 202**	**(130 997)**

Note: Includes securitised loans, Customer loans and guarantees

	Of which: Stage 3						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	3	16	1	20 863			(20 872)
Non-financial corporations and individual entrepreneurs (non-financial business)	491	44 544	136	57 562	36 769	10 774	(59 334)
Individuals	1 672	18 775	2 461	87 504	85 691	245	(41 782)
Total	**2 166**	**63 335**	**2 598**	**165 929**	**122 460**	**11 019**	**(121 988)**

Note: Includes securitised loans, customer loans and guarantees at stage 3.

3.2.4. Concentration Risk

Concentration by geographic location

The breakdown of risk of financial assets and guarantees and sureties provided, by geographical location, is as follows:

30-06-2022

	Consolidated			
	Total	Portugal	Other EU countries	Other world countries
Central Banks and credit institutions	8 315 979	6 648 844	970 296	696 839
Public sector	7 441 024	4 824 303	2 022 595	594 126
Central government	3 326 571	709 850	2 022 595	594 126
Other public administrations	4 114 453	4 114 453		
Other financial corporations and individual entrepreneurs (financial business)	471 012	357 274	102 180	11 558
Non-financial corporations and individual entrepreneurs (non-financial business)	12 102 131	11 831 401	251 186	19 544
Real estate development	101 049	100 859	160	30
Civil construction	743 392	737 261	6 131	
Other	11 257 690	10 993 281	244 895	19 514
Large companies	4 810 484	4 625 576	184 908	
Small and medium-sized companies	6 447 206	6 367 705	59 987	19 514
Individuals	15 167 725	15 121 567	16 491	29 667
Homes	13 657 066	13 650 016	2 756	4 294
Consumer spending	1 496 317	1 457 333	13 696	25 288
Other	14 342	14 218	39	85
Total	**43 497 871**	**38 783 389**	**3 362 748**	**1 351 734**

Note: Includes deposits at central banks and credit institutions, non-trading financial assets mandatorily at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, investments in joint ventures and associates, and guarantees and sureties. Amounts net of impairments.

31-12-2021

	Consolidated			
	Total	Portugal	Other EU countries	Other world countries
Central Banks and credit institutions	7 831 690	6 356 655	817 493	657 542
Public sector	7 385 868	4 746 690	2 075 283	563 895
Central government	3 239 946	600 768	2 075 283	563 895
Other public administrations	4 145 922	4 145 922		
Other financial corporations and individual entrepreneurs (financial business)	585 213	441 529	132 548	11 136
Non-financial corporations and individual entrepreneurs (non-financial business)	11 496 530	11 211 608	251 051	33 871
Real estate development	97 387	97 197	160	30
Civil construction	744 367	732 161	12 206	
Other	10 654 776	10 382 250	238 685	33 841
Large companies	4 285 216	4 091 258	179 806	14 152
Small and medium-sized companies	6 369 560	6 290 992	58 879	19 689
Individuals	14 439 631	14 392 159	16 438	31 034
Homes	12 947 329	12 939 438	3 007	4 884
Consumer spending	1 478 700	1 439 206	13 406	26 088
Other	13 602	13 515	25	62
Total	**41 738 932**	**37 148 641**	**3 292 813**	**1 297 478**

Note: Includes deposits at central banks and credit institutions, non-trading financial assets mandatorily at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, investments in joint ventures and associates, and guarantees and sureties. Amounts net of impairments.

30-06-2022

	Individual			
	Total	**Portugal**	**Other EU countries**	**Other world countries**
Central Banks and credit institutions	8 191 986	6 624 162	970 296	597 528
Public sector	7 441 024	4 824 303	2 022 595	594 126
Central government	3 326 571	709 850	2 022 595	594 126
Other public administrations	4 114 453	4 114 453		
Other financial corporations and individual entrepreneurs (financial business)	437 237	321 477	102 180	13 580
Non-financial corporations and individual entrepreneurs (non-financial business)	12 102 131	11 831 401	251 186	19 544
Real estate development	101 049	100 859	160	30
Civil construction	743 392	737 261	6 131	
Other	11 257 690	10 993 281	244 895	19 514
Large companies	4 810 484	4 625 576	184 908	
Small and medium-sized companies	6 447 206	6 367 705	59 987	19 514
Individuals	15 167 725	15 121 567	16 491	29 667
Homes	13 657 066	13 650 016	2 756	4 294
Consumer spending	1 496 317	1 457 333	13 696	25 288
Other	14 342	14 218	39	85
Total	**43 340 103**	**38 722 910**	**3 362 748**	**1 254 445**

Note: Includes deposits at central banks and credit institutions, non-trading financial assets mandatorily at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, investments in joint ventures and associates, and guarantees and sureties. Amounts net of impairments.

31-12-2021

	Individual			
	Total	**Portugal**	**Other EU countries**	**Other world countries**
Central Banks and credit institutions	7 714 565	6 330 176	817 493	566 896
Public sector	7 385 867	4 746 690	2 075 282	563 895
Central government	3 239 945	600 768	2 075 282	563 895
Other public administrations	4 145 922	4 145 922		
Other financial corporations and individual entrepreneurs (financial business)	519 041	372 615	132 548	13 878
Non-financial corporations and individual entrepreneurs (non-financial business)	11 496 530	11 211 608	251 051	33 871
Real estate development	97 387	97 197	160	30
Civil construction	744 367	732 161	12 206	
Other	10 654 776	10 382 250	238 685	33 841
Large companies	4 285 216	4 091 258	179 806	14 152
Small and medium-sized companies	6 369 560	6 290 992	58 879	19 689
Individuals	14 439 630	14 392 158	16 438	31 034
Homes	12 947 329	12 939 438	3 007	4 884
Consumer spending	1 478 700	1 439 206	13 406	26 088
Other	13 601	13 514	25	62
Total	**41 555 633**	**37 053 247**	**3 292 812**	**1 209 574**

Note: Includes deposits at central banks and credit institutions, non-trading financial assets mandatorily at fair value through profit or loss, financial assets at fair value through other comprehensive income, financial assets at amortised cost, investments in joint ventures and associates, and guarantees and sureties. Amounts net of impairments.

Concentration by industry sector

Risk concentration by economic sector is subject to BPI's RAF limits (level 1), differentiating between private sector economic activities and public sector financing.

At 30 June 2022 and 31 December 2021, the breakdown of credit by industry sector, type of collateral and loan to value (LTV) was as follows:

30-06-2022

	Consolidated / Individual							
				Collateralised loans Carrying amount based on latest available appraisal (LTV)				
	Balance net of impairments	Of which: real estate mortgage secured	Of which: other collateral	≤ 40 %	> 40 % ≤ 60 %	> 60 % ≤ 80 %	> 80 % ≤ 100 %	> 100%
Central Banks and credit institutions	1 078 218							
Public sector	1 309 002	2 744	209 779	74 364	58 480	39 194	28 840	11 645
Central government	378 894							
Other public administrations	930 108	2 744	209 779	74 364	58 480	39 194	28 840	11 645
Other financial corporations and individual entrepreneurs (financial business)	80 298	21 886	582	9 625	12 218	517	9	99
Non-financial corporations and individual entrepreneurs (non-financial business)	8 703 159	1 793 614	1 029 758	824 681	525 711	488 744	204 654	779 582
Real estate development	93 970	82 971	2 220	57 912	13 492	9 625	1 110	3 052
Civil construction	405 348	34 164	49 787	15 233	16 499	4 145	5 002	43 072
Other	8 203 841	1 676 479	977 751	751 536	495 720	474 974	198 542	733 458
Large companies	2 462 855	390 412	565 258	346 985	59 187	159 120	19 579	370 799
Small and medium-sized companies	5 740 986	1 286 067	412 493	404 551	436 533	315 854	178 963	362 659
Individuals	15 167 309	13 611 868	173 994	4 051 690	4 653 170	3 947 886	1 083 856	49 260
Homes	13 656 672	13 611 774	35 173	4 045 410	4 638 366	3 913 975	1 017 921	31 275
Consumer spending	1 496 295	94	138 736	6 218	14 801	33 911	65 915	17 985
Other	14 342		85	62	3		20	
Total	**26 337 986**	**15 430 112**	**1 414 113**	**4 960 360**	**5 249 579**	**4 476 341**	**1 317 359**	**840 586**

Note: Includes Loans to central banks, credit institutions and Customers (does not include debt securities and other Customer applications) Map built based on commercial segmentation.

31-12-2021

				Consolidated / Individual				
	Balance net of impairments	Of which: real estate mortgage secured	Of which: other collateral	Collateralised loans Carrying amount based on latest available appraisal (LTV)				
				≤ 40 %	> 40 % ≤ 60 %	> 60 % ≤ 80 %	> 80 % ≤ 100 %	> 100%
Central Banks and credit institutions	964 685							
Public sector	1 327 524	2 895	221 480	76 029	71 335	41 590	23 901	11 520
Central government	381 068							
Other public administrations	946 456	2 895	221 480	76 029	71 335	41 590	23 901	11 520
Other financial corporations and individual entrepreneurs (financial business)	74 083	17 101	777	7 601	9 545	624	9	99
Non-financial corporations and individual entrepreneurs (non-financial business)	8 357 422	1 774 062	1 141 640	812 986	541 985	459 594	265 150	835 987
Real estate development	89 930	80 617	2 355	57 377	12 902	10 015	1 270	1 408
Civil construction	406 730	36 074	55 280	16 118	15 359	6 819	5 988	47 070
Other	7 860 762	1 657 371	1 084 005	739 491	513 724	442 760	257 892	787 509
Large companies	2 179 542	396 495	693 819	363 007	83 585	129 595	69 092	445 035
Small and medium-sized companies	5 681 220	1 260 876	390 186	376 484	430 139	313 165	188 800	342 474
Individuals	14 439 234	12 912 517	181 801	3 759 239	4 545 616	3 698 459	1 036 234	54 770
Homes	12 946 942	12 912 415	38 478	3 752 135	4 529 259	3 659 093	971 271	39 135
Consumer spending	1 478 690	102	143 236	7 073	16 357	39 328	64 945	15 635
Other	13 602		87	31		38	18	
Total	**25 162 948**	**14 706 575**	**1 545 698**	**4 655 855**	**5 168 481**	**4 200 267**	**1 325 294**	**902 376**

Note: Includes Loans to central banks, credit institutions and Customers (does not include debt securities and other Customer applications) Map built based on commercial segmentation.

Concentration by credit quality

At 30 June 2022 and 31 December 2021, Portugal's sovereign debt rating was BBB.

The tables below show the concentration of credit risk by rating of exposures in debt securities and loans and advances held by the Bank:

Credit risk quality (rating)

The breakdown of debt securities by rating at 30 June 2022 and 31 December 2021 is as follows:

30-06-2022

	Consolidated / Individual				
	Financial assets held for trading	**Non-trading financial assets mandatorily at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**	**TOTAL**
AAA/AA+/AA/AA-				1 000 149	1 000 149
A+/A/A-			67 799	104 444	172 243
BBB+/BBB/BBB-	4 540		1 100 747	3 290 679	4 395 966
"Investment grade"	**4 540**		**1 168 547**	**4 395 272**	**5 568 358**
	100%		100%	62%	67%
BB+/BB/BB-				436 823	436 823
No rating		5 777		2 295 673	2 301 450
"Non-investment grade"		**5 777**		**2 732 495**	**2 738 273**
		100%		38%	33%
	4 540	**5 777**	**1 168 547**	**7 127 767**	**8 306 631**

31-12-2021

	Consolidated / Individual				
	Financial assets held for trading	**Non-trading financial assets mandatorily at fair value through profit or loss**	**Financial assets at fair value through other comprehensive income**	**Financial assets at amortised cost**	**TOTAL**
AAA/AA+/AA/AA-				837 962	837 962
A+/A/A-			74 344	104 409	178 753
BBB+/BBB/BBB-	4 618		1 161 032	3 119 326	4 284 976
"Investment grade"	**4 618**		**1 235 375**	**4 061 697**	**5 301 691**
	100%		100%	59%	66%
BB+/BB/BB-				517 370	517 370
No rating		5 354		2 266 058	2 271 413
"Non-investment grade"		**5 354**		**2 783 429**	**2 788 783**
		100%		41%	34%
	4 618	**5 354**	**1 235 375**	**6 845 126**	**8 090 474**

The breakdown of loans and advances to central banks and other credit institutions by rating class is as follows:

		Consolidated / Individual			
		30-06-2022		**31-12-2021**	
External Rating	AAA to AA-	124 526	11%	210 619	21%
	A+ to A-	258 878	23%	193 343	19%
	BBB+ to BBB-	730 319	65%	583 091	58%
	BB+ to BB-	17 649	2%	15 590	2%
	B+ to B-	50	0%	200	0%
		1 131 423	**100%**	**1 002 843**	**100%**

Note: Exposure net of impairments (the amounts shown include accrued interest)

The breakdown of loans and advances to Customers by rating class and stage is as follows:

		Consolidated / Individual									
		30-06-2022					31-12-2021				
		Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	
Exposures *Non-Default*		**23 474 773**	**1 555 394**		**25 030 167**	**99%**	**22 370 380**	**1 626 056**		**23 996 436**	**99%**
External Rating	AAA to AA-	29 883			29 883	0%	59 074			59 074	0%
	BBB+ to BBB-	970 873	34 173		1 005 045	4%	962 293	28 077		990 371	4%
	BB+ to BB-	17 527			17 527	0%	23 649			23 649	0%
	B+ to B-	146 174			146 174	1%	114 083			114 083	0%
	< B-						45 110			45 110	0%
Master Scale	[0 - 3.1]	8 086 535	36 013		8 122 548	32%	7 725 174	39 306		7 764 480	32%
	] 3.1 - 4.6]	6 108 636	136 347		6 244 983	25%	5 770 554	149 535		5 920 089	24%
	] 4.6 - 5.8]	4 388 279	557 003		4 945 283	20%	4 101 144	520 469		4 621 613	19%
	] 5.8 - 7.3]	2 122 465	529 737		2 652 202	10%	2 358 356	621 738		2 980 095	12%
	] 7.3 - 9.5]	197 326	256 096		453 422	2%	139 044	266 813		405 856	2%
No rating		1 407 075	6 026		1 413 101	6%	1 071 899	117		1 072 016	4%
Exposures *Default*				**295 354**	**295 354**	**1%**			**293 414**	**293 414**	**1%**
		23 474 773	**1 555 394**	**295 354**	**25 325 521**	**100%**	**22 370 380**	**1 626 056**	**293 414**	**24 289 850**	**100%**

Note: Exposure net of impairments (the amounts shown include accrued interest). Non-allocated impairments included and distributed by stage.

CRR default criterion (Regulation (EU) 575/2013)

Concentration by sovereign risk

Banco BPI's exposure to entities with sovereign risk is subject to the general risk-taking policy, which ensures that all positions taken are aligned with the target risk profile. Therefore, metrics and limits of exposure to the Portuguese public sector and to the public sector of all other countries were established in the Risk Appetite Framework. The Bank's exposure to entities with sovereign risk is for the most part concentrated in Portugal.

Exposure to entities with sovereign risk

The table below shows the breakdown of BPI's exposure to sovereign debt:

30-06-2022

		Consolidated / Individual		
		Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost[1]
Country	**Residual maturity**			
Portugal	Less than 3 months			15 730
	3 months to 1 year	356	127 745	318 653
	1 to 2 years			571 767
	2 to 3 years			40 211
	3 to 5 years		295 021	699 488
	5 to 10 years			1 346 458
	More than 10 years			629 437
		356	**422 766**	**3 621 744**
Spain	3 months to 1 year		301 036	
	5 to 10 years		291 270	728 718
			592 306	**728 718**
Italy	3 to 5 years			532 624
	5 to 10 years		153 475	
			153 475	**532 624**
Other	Less than 3 months			1 226
	3 months to 1 year			15 507
	1 to 2 years			143 891
	2 to 3 years			38 690
	3 to 5 years			334 148
	More than 10 years			76 154
				609 616
		356	**1 168 547**	**5 492 702**

[1] Does not include interest receivable.

31-12-2021

		Consolidated / Individual		
		Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost[1]
Country	**Residual maturity**			
Portugal	Less than 3 months			11 325
	3 months to 1 year	360	128 424	342 905
	1 to 2 years			577 835
	2 to 3 years			21 618
	3 to 5 years		310 300	705 601
	5 to 10 years			1 237 041
	More than 10 years			653 137
		360	**438 724**	**3 549 462**
Spain	3 months to 1 year		302 713	
	5 to 10 years		317 943	728 553
			620 656	**728 553**
Italy	3 to 5 years			537 168
	5 to 10 years		175 995	
			175 995	**537 168**
Other	3 months to 1 year			15 423
	2 to 3 years			131 839
	3 to 5 years			351 145
	More than 10 years			78 443
				576 850
		360	**1 235 375**	**5 392 033**

[1] Does not include interest receivable.

3.2.5. Relevant information regarding financing for property development, home purchasing, and foreclosed assets.

Relevant information regarding financing for property development, home purchasing, and foreclosed assets is provided in the following section.

Financing for real estate development

The tables below show the level of financing provided to real estate development (does not include advances).

30-06-2022

	Consolidated / Individual			
	Gross amount	**Impairment**	**Value net of impairments**	**Excess over the maximum recoverable value of collateral**
Real estate development	94 885	(916)	93 970	11 034

31-12-2021

	Consolidated / Individual			
	Gross amount	**Impairment**	**Value net of impairments**	**Excess over the maximum recoverable value of collateral**
Real estate development	91 039	(1 109)	89 930	7 676

The following table presents the value of financial guarantees given for real estate development, which indicates the maximum level of exposure to credit risk, corresponds to the amount the Bank would have to pay if the guarantee were called on.

	Consolidated / Individual			
	30-06-2022		**31-12-2021**	
	Gross amount	**Impairments and provisions**	**Gross amount**	**Impairments and provisions**
Guarantees provided				
Real estate development	7 078	50	7 456	51

The table below provides information on guarantees received for real estate development loans:

	Consolidated / Individual			
	30-06-2022		**31-12-2021**	
	Real estate mortgage	**Other collateral**	**Real estate mortgage**	**Other collateral**
Real estate development	**249 773**	**26 397**	**248 528**	**14 332**
of which: Non-performing				

Home loans

The table below shows the evolution of home loans:

	Consolidated / Individual			
	30-06-2022[1]		**31-12-2021**[1]	
	Value	**%**	**Value**	**%**
Not real estate mortgage secured	67 339	0%	76 910	1%
Of which: stage 3	4 780		14 378	
Real estate mortgage secured	13 611 774	100%	12 912 414	99%
Of which: stage 3	124 195		147 112	
Total home loans	**13 679 113**	**100%**	**12 989 324**	**100%**

[1] Exposure net of impairments (the amounts shown include accrued interest). In 30 June 2022 and 31 December 2021 does not include impairments not allocated in the amount of 22 440 and 42 382 th.euros, respectively.

The table below shows the amount of residential mortgage loans, by LTV brackets:

	Consolidated / Individual			
	30-06-2022[1]		31-12-2021[1]	
	Total	Of which: Stage 3	Total	Of which: Stage 3
LTV ≤ 40%	4 044 286	32 035	3 750 438	33 529
40% < LTV ≤ 60%	4 635 430	39 665	4 525 391	45 499
60% < LTV ≤ 80%	3 904 714	33 434	3 650 039	40 319
80% < LTV ≤ 100%	998 085	13 663	950 271	18 207
LTV > 100%	29 258	5 399	36 275	9 558
Total home loans	**13 611 774**	**124 195**	**12 912 414**	**147 112**

[1] Exposure net of impairments (the amounts include accrued interest).

The table below shows the book value and impairment of property foreclosed for the payment of debt:

	Consolidated / Individual					
	30-06-2022			31-12-2021		
	Gross Value	Impairment	Net value	Gross Value	Impairment	Net value
Homes	3 928	1 710	2 218	4 809	1 830	2 979
Other	2 439	1 675	764	3 558	2 205	1 353
Total	**6 367**	**3 385**	**2 982**	**8 367**	**4 035**	**4 332**

3.3. Liquidity risk

The table below shows the breakdown of BPI's liquid assets, in accordance with criteria established to determine the high-quality liquid assets used for the calculation of the LCR.

Total liquid assets

	Consolidated				Individual			
	30-06-2022		31-12-2021		30-06-2022		31-12-2021	
	Market value	Eligible value	Market value	Eligible value	Market value	Eligible value	Market value	Eligible value
Level 1 Assets	11 475 143	11 475 143	11 470 296	11 470 296	11 475 141	11 475 141	11 470 293	11 470 293
Level 2A Assets	128 994	109 645	111 036	94 380	128 994	109 645	111 036	94 380
Level 2B Assets	1 380	690	1 163	582	1 380	690	1 163	582
Total HQLA [1]	**11 605 517**	**11 585 478**	**11 582 495**	**11 565 258**	**11 605 515**	**11 585 476**	**11 582 492**	**11 565 255**
Other non-HQLA		**1 002 309**		**1 116 297**		**1 002 309**		**1 116 297**
Total liquid assets (HQLA + other non-HQLA)		**12 587 787**		**12 681 555**		**12 587 785**		**12 681 552**

[1] HQLA in accordance with the liquidity coverage ratio (LCR) calculation criteria. Corresponds to high quality assets available to meet liquidity needs in a 30-day stress period.

Note: Unaudited amounts

Liquidity ratios

	Consolidated		Individual	
(Average in last 12 months)	30-06-2022	31-12-2021	30-06-2022	31-12-2021
High quality liquid assets (numerator)	11 159 029	10 547 837	11 159 026	10 547 834
Total net outflows (denominator)	4 303 096	3 876 551	4 309 475	3 885 589
Cash outflows	5 383 045	5 113 699	5 383 045	5 113 699
Cash inflows	1 079 949	1 237 148	1 073 570	1 228 110
Liquidity coverage ratio (LCR) [1]	**259%**	**272%**	**259%**	**271%**
Net stable funding ratio (NSFR)	**149%**	**153%**	**150%**	**153%**

[1] The table presents the simple arithmetic mean in the last 12 months of the LCR ratio and respective calculation components. According to Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirement for Credit Institutions. The established regulatory limit for the LCR ratio is 100%.

Note: Unaudited amounts

The balance available in the ECB pool at 30 June 2022 amounts to €1 495 million, which corresponds to the balance of securities placed in the pool less the use as collateral of TLTRO III, having increased by €362 million compared to December 2021.

At 30 June 2022 the main ratings assigned by international rating agencies to Banco BPI were the following:

	Long-term debt	Short-term debt	Outlook	Date of last review	Mortgage covered bonds rating
DBRS Rating Limited	-	-	-	-	AA (Low)
Fitch Ratings	BBB[1]	F2	Stable	08-07-2022	-
Moody's Investors Service	Baa2[2]	P-2	Stable	06-10-2021	Aa2
Standard & Poor's Global Ratings	BBB[3]	A-2	Stable	20-01-2022	-

[1] Long-term issuer default rating

[2] Long term Debt Rating / Issuer rating

[3] Long Term Issuer Credit Rating

3.4. Other risks

During the first half of 2022, the structural rates risk and the market risk (on the trading portfolio) were managed in accordance with the established policies, which did not undergo any relevant changes. The level of exposure to these risks has meant that, in an environment of extreme volatility in the financial markets, they do not have a significant impact on the Bank's risk profile or financial or equity position. Notwithstanding the above, it cannot be excluded that market volatility may have financial impacts on BPI via volatility in valuation adjustments, both of derivatives (CVA / DVA / FVA) and of financial assets at fair value with changes in other comprehensive income.

As far as financial-actuarial risks are concerned, despite the uncertainty about the adverse impacts resulting from the Russia-Ukraine war, Banco BPI's Pension Fund has no direct exposure to companies based in these countries, and this factor is not expected to have a significant effect on the Fund's financial position.

The uncertainty around the evolution of interest rates and the indirect consequences of the conflict in Europe, together with the constraints generated by the evolution of the COVID-19 pandemic in Asia, call for a strict monitoring of financial-actuarial, market and structural rate risks.

Regarding Operational Risk, BPI maintained the measures taken within the scope of the contingency plan for pandemic situations, adjusting the mitigation measures in force at each moment to the evolution of the COVID-19 context. The contingency plans are part of the Business Continuity Management System (BCMS), which aims at guaranteeing the safety of employees and clients and, at the same time, at reaching the necessary capability to operate continuously. The entity obtained ISO 22301 certification for its SGCO in 2021.

4. SOLVENCY MANAGEMENT

The following table shows the composition of Banco BPI own funds on a consolidated and individual basis on 30 June 2022 and 31 December 2021:

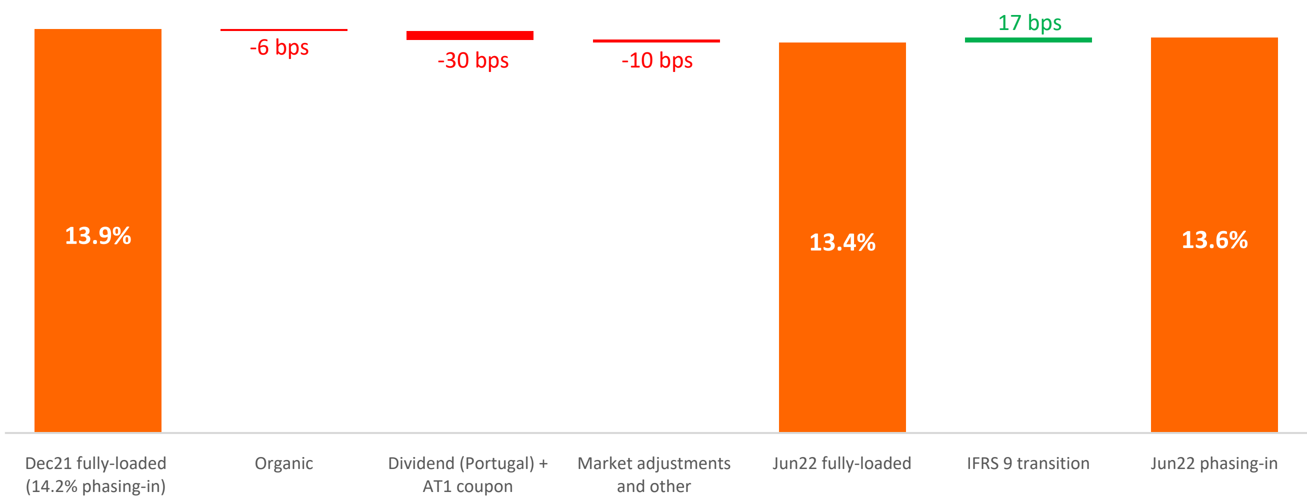
	Consolidated				Individual			
	30-06-2022		31-12-2021		30-06-2022		31-12-2021	
	Amount	%	Amount	%	Amount	%	Amount	%
CET1 instruments	**3 542 890**		**3 265 133**		**3 394 274**		**3 091 087**	
Accounting shareholders' equity (without AT1)	3 675 031		3 392 514		3 526 415		3 218 468	
Dividends payable	(163 823)		(194 000)		(163 823)		(194 000)	
AVA adjustments	(1 643)		(2 826)		(1 643)		(2 826)	
Impact of transition to IFRS 9	33 325		69 445		33 325		69 445	
CET1 Deductions	**(970 838)**		**(664 784)**		**(817 790)**		**(497 074)**	
Intangible assets and goodwill	(68 907)		(54 025)		(56 102)		(41 219)	
Pension funds´ assets	(388 242)		(57 127)		(388 242)		(57 127)	
Deferred taxes assets and financial investments	(396 748)		(399 910)		(256 505)		(245 005)	
Other deductions[1]	(116 942)		(153 722)		(116 942)		(153 722)	
CET1	**2 572 052**	**13.6%**	**2 600 349**	**14.2%**	**2 576 485**	**13.6%**	**2 594 014**	**14.2%**
AT1 Instruments	275 000		275 000		275 000		275 000	
TIER 1	**2 847 052**	**15.0%**	**2 875 349**	**15.7%**	**2 851 485**	**15.1%**	**2 869 014**	**15.7%**
TIER2 Instruments	425 000		300 000		425 000		300 000	
TIER2	**425 000**	**2.2%**	**300 000**	**1.6%**	**425 000**	**2.2%**	**300 000**	**1.6%**
TOTAL CAPITAL	**3 272 052**	**17.3%**	**3 175 349**	**17.4%**	**3 276 485**	**17.3%**	**3 169 014**	**17.4%**
Other instruments eligible for MREL[2]	1 149 083		1 148 914					
MREL	**4 421 134**	**23.3%**	**4 324 263**	**23.7%**				
RWA	**18 948 858**		**18 280 693**		**18 946 427**		**18 251 218**	

[1] In Dec21 includes 45.6M€ of NPE coverage.

[2] Corresponds to the nominal value less issuance costs not yet accrued.

Note: unaudited amounts

Evolution of fully-loaded CET1 in the first half of 2022:



The Common Equity Tier 1 (CET1) ratio is 13.6% (13.4% without application of IFRS9 transition adjustments).
The organic evolution over the six months was -6 bps, as a result of the significant growth in risk-weighted assets; the foreseeable dividends from the activity in Portugal and payment of the AT1 coupon had an impact of -30 bps, and -10 bps corresponds to market evolution and other adjustments. At 30 June 2022, the impact of adoption of the prudential transitional arrangements for IFRS9 is 17 bps, i.e., the fully loaded CET1 is 13.4% both on a consolidated and on an individual basis.

Banco BPI's current solvency levels comfortably meet the imposed capital requirements, there being therefore no limitation on the distribution of dividends or payments relating to additional Tier 1 instruments.

The following chart sets out a summary of the minimum regulatory capital requirements on a consolidated basis at 30 June 2022 and 31 December 2021:

	30-06-2022		31-12-2021	
	Amount	%	Amount	%
BAS III minimum requirements[1]				
CET1	1 634 457	8.63%	1 554 071	8.50%
Tier1	1 989 748	10.50%	1 896 834	10.38%
Total Capital	2 463 469	13.00%	2 353 851	12.88%

[1] Includes the minimum required under Pillar 1, of 4.5%, 6% and 8% for CET1, Tier 1 and Total Capital, respectively; Pillar 2 requirement of 2% (1.125% for CET1, 1.5% for Tier 1 and 2% for Total Capital); the capital conservation buffer of 2.5%; the O-SII (other systemically important institution) buffer of 0.375% in 2021 and 0.5% in 2022; the countercyclical buffer, revised quarterly, which stands at 0% for Portugal and, from the specific perspective of BPI, also taking into account exposures to other countries, amounts to 0.001% in June 2022.

The following table shows the breakdown of the leverage ratio of BPI on 30 June 2022 and 31 December 2021:

	Consolidated				Individual			
	30-06-2022		31-12-2021		30-06-2022		31-12-2021	
	Amount	%	Amount	%				
Exposure	43 439 801		42 010 637		43 431 672		41 991 820	
Leverage ratio		**6.6%**		**6.8%**		**6.6%**		**6.8%**

Note: Unaudited amounts

5. DIVIDEND DISTRIBUTION

Dividend policy

In line with the articles of association of Banco BPI (Article 26- 3): "The General Shareholders' Meeting shall decide on the long-term dividend policy proposed by the Board of Directors, which shall justify any deviations from that policy."

For compliance with this statutory rule, Banco BPI's long-term dividend policy was approved on 24 February 2022, as follows:

1. **General principle**

   Subject to a proposal to be submitted by the Board of Directors to the General Meeting, distribution of an annual dividend for the financial year corresponding to 50% of the net income reported in the individual accounts for the year to which it relates, plus 100% of the dividends received from BPI's equity holdings in Angola and Mozambique, with the exact amount to be proposed being set in accordance with a prudent judgement that balances the situation of the Bank at the time with the need to maintain at all times adequate levels of liquidity and solvency.
   "Dividends received' should be understood as dividends received in euro in Portugal in the financial year in question, regardless of the year to which they relate.

2. **Conditioning factors**

   The distribution principle set out in the previous point shall be subject to:
   - Compliance with the capital ratios at any time applicable to the Bank, whether under Pillar 1 or Pillar 2, as well as with other applicable legal provisions, namely those governing what is considered the "maximum distributable amount";
   - Respect for the findings and guidelines of the Bank's ICAAP and RAF at any time in force;
   - The absence of exceptional circumstances that justify, in the Board of Directors' reasoned opinion, submitting to the Shareholders' resolution the distribution of a dividend of a different amount from that resulting from the application of the rule referred to in point 1.

The 2021 net profit distribution, was approved by the Board of Directors on February 1, 2022 and later, on March 10, 2022, by its sole shareholder, by written unanimous resolution.

	2021
Net income reported in the individual accounts of Banco BPI	293 368
Application of 2022 individual net profit	
To dividends	194 000
To legal reserve	29 337
To other reserves	70 031
Individual profit of Banco BPI in 2021	**293 368**
Pay-out ratio for dividend distribution purposes	**66%**

This proposal, which considers the exceptional conditions that justify a dividend above the 50% threshold referred to in the Proposed Application of Results included in the 2021 Annual Report, corresponded to the distribution of 50% of the individual net profit determined in the activity in Portugal and the distribution of all dividends received from BFA and BCI (payout of 66% of the net profit determined in the individual accounts of the financial year).

6. SEGMENTS

The objective of business segment reporting is to allow internal supervision and management of BPI's activity and consolidated income. The information is broken down into the various lines of business according to the Bank's organizational structure. To define and segregate segments, the inherent risks and management characteristics of each segment are considered. The information reporting used by management is essentially prepared on an accounting basis supported by the IFRS. Their preparation relies on i) the same presentation principles used for the Bank's management information, and ii) the same accounting principles and policies used to prepare the annual financial statements.

At 30 June 2022, BPI's segment reporting considers the following segments:

- **Commercial Banking**

Banco BPI's operations are focused mainly on commercial banking in Portugal, making an extensive offer of financial products and services available to retail, corporate and institutional Customers. Commercial banking includes:

- Individuals, Businesses, Premier and InTouch Banking: commercial operations with individual clients, individual entrepreneurs and small businesses, developed through a multi-channel distribution network comprising traditional branches (serving mass-market clients, entrepreneurs and small businesses), premier centres (serving high net worth Clients or Clients with potential for wealth accumulation) and intouch centres (which offer individual clients a dedicated account manager accessible by telephone or digital channels, during an extended timetable).
- Private Banking: serving Individual Clients with larger financial assets. Provides discretionary management and financial advisory specialised services, and comprises the activity of a fully-held subsidiary in Switzerland - BPI Suisse.
- Corporate and Institutional Banking: specialised service to companies and institutions, provided through corporate centres, institutional centres (for public sector and state business sector bodies and enterprises), real estate business centres (provide specialised support to developers and builders involved in large residential real estate projects) and corporate and investment banking centres (for the largest national business groups, insurance companies and subsidiaries of the largest Spanish companies).

This segment also includes the Bank's ALCO activity and other residual segments (representing less than 10% of total income and results of the Bank).

- **Corporate Centre**

This segment essentially comprises the income generated by associated companies and joint ventures in Portugal (Cosec, Allianz and Unicre) as well as the income associated to participation units in credit recovery and private equity funds, and to investments in shares, net of the financing cost.

Additionally, the remuneration of BPI's excess capital is also included in the Corporate Centre, calculated as the difference between BPI's CET 1 (excluding the capital allocated to the holdings in BFA and BCI) and a reference value of 11.5%.

Non-recurrent operating expenses (essentially early retirement and termination costs) and expenses of a corporate nature (structural expenses associated with the corporate bodies) are also allocated to the Corporate Centre.

- **Other**

Includes the activity developed in Mozambique by Banco Comercial e de Investimentos, S.A.R.L. and the results associated to the equity holding in Banco de Fomento Angola, classified in the portfolio of equity instruments at fair value through other comprehensive income.

At 30 June 2022, the income statement by business segment of BPI consolidated was as follows: [1]

	Commercial Banking	Corporate Centre	**Domestic activity**	**Other**			**BPI consolidated**
				BFA	BCI	**Total**	
1.Interest income	262 004	2 453	**264 457**	6 952		**6 952**	**271 409**
2.Interest expense	(30 574)		**(30 574)**				**(30 574)**
3.Net interest income [1+2]	**231 430**	**2 453**	**233 883**	**6 952**		**6 952**	**240 835**
4.Dividend income	1	3 948	**3 949**	87 343		**87 343**	**91 292**
5.Equity accounted income		10 862	**10 862**		18 697	**18 697**	**29 559**
6.Fee and commission income	158 326		**158 326**				**158 326**
7.Fee and commission expenses	(13 749)		**(13 749)**				**(13 749)**
8.Net fee and commission income [6+7]	**144 577**		**144 577**				**144 577**
9.Gains/(losses) on financial assets and liabilities and other	16 589	868	**17 457**	19 503		**19 503**	**36 960**
10.Other operating income and expenses	(42 190)		**(42 190)**	(6 987)		**(6 987)**	**(49 177)**
11.Gross income [3+4+5+8+9+10]	**350 407**	**18 131**	**368 538**	**106 811**	**18 697**	**125 508**	**494 046**
12.Staff expenses	(109 081)	(4 533)	**(113 614)**				**(113 614)**
13.Other administrative expenses	(74 737)	(368)	**(75 105)**				**(75 105)**
14.Depreciation and amortisation	(32 817)	(22)	**(32 839)**				**(32 839)**
15.Operating expenses [12+13+14]	**(216 635)**	**(4 923)**	**(221 558)**				**(221 558)**
16.Net operating income [11+15]	**133 772**	**13 208**	146 980	**106 811**	**18 697**	**125 508**	**272 488**
17.Impairment losses and other provisions	(26 388)		**(26 388)**				**(26 388)**
18.Other impairments and provisions	(2 827)		**(2 827)**				**(2 827)**
19.Gains and losses in other assets	886		**886**				**886**
20.Net income before income tax [16+17+18+19]	**105 443**	**13 208**	118 651	**106 811**	**18 697**	**125 508**	**244 159**
21.Income tax	(35 874)	1 760	(34 114)	(7 249)	(1 589)	(8 838)	(42 952)
22.Net income [20+21]	**69 569**	**14 968**	**84 537**	**99 562**	**17 108**	**116 670**	**201 207**

[1] Income statement structure presented in accordance with Banco BPI management information.

At 30 June 2021, the income statement by business segment of BPI consolidated was as follows:[1]

	Commercial Banking	Corporate Centre	**Domestic Activity**	**Other**			**BPI consolidated**
				BFA	BCI	**Total**	
1.Interest income	248 054	906	**248 960**				**248 960**
2.Interest expense	(21 850)		**(21 850)**				**(21 850)**
3.Net interest income [1+2]	**226 204**	**906**	**227 110**				**227 110**
4.Dividend income	1	1 723	**1 724**	97 935		**97 935**	**99 659**
5.Equity accounted income		10 670	**10 670**		9 987	**9 987**	**20 657**
6.Fee and commission income	142 064		**142 064**				**142 064**
7.Fee and commission expenses	(11 816)		**(11 816)**				**(11 816)**
8.Net fee and commission income [6+7]	**130 248**		**130 248**				**130 248**
9.Gains/(losses) on financial assets and liabilities and other	14 183	(2 090)	**12 093**	2 030		**2 030**	**14 123**
10.Other operating income and expenses	(31 671)		**(31 671)**	(7 835)		**(7 835)**	**(39 506)**
11.Gross income [3+4+5+8+9+10]	**338 965**	**11 209**	**350 174**	**92 130**	**9 987**	**102 117**	**452 291**
12.Staff expenses	(111 570)	(10 997)	**(122 567)**				**(122 567)**
13.Other administrative expenses	(71 475)	(474)	**(71 949)**				**(71 949)**
14.Depreciation and amortisation	(28 933)	(22)	**(28 955)**				**(28 955)**
15.Operating expenses [12+13+14]	**(211 978)**	**(11 493)**	**(223 471)**				**(223 471)**
16.Net operating income [11+15]	**126 987**	**(284)**	**126 703**	**92 130**	**9 987**	**102 117**	**228 820**
17.Impairment losses and other provisions	(9 773)		**(9 773)**				**(9 773)**
18.Other impairments and provisions	(423)		**(423)**				**(423)**
19.Gains and losses in other assets	328		**328**				**328**
20.Net income before income tax [16+17+18+19]	**117 119**	**(284)**	**116 835**	**92 130**	**9 987**	**102 117**	**218 952**
21.Income tax	(36 012)	3 544	(32 468)	(556)	(849)	(1 405)	(33 873)
22.Net income [20+21]	**81 107**	**3 260**	**84 367**	**91 574**	**9 138**	**100 712**	**185 079**

[1] Income statement structure presented in accordance with Banco BPI management information.

At 30 June 2022, the income statement by business segment of BPI individual was as follows: [1]

	Commercial Banking	Corporate Centre	**Domestic Activity**	**Other**			**BPI**
				BFA	BCI	**Total**	
1.Interest income	262 004	2 453	**264 457**	6 952		**6 952**	**271 409**
2.Interest expense	(30 554)		**(30 554)**				**(30 554)**
3.Net interest income [1+2]	**231 450**	**2 453**	**233 903**	**6 952**		**6 952**	**240 855**
4.Dividend income	1	22 198	**22 199**	87 343	19 292	**106 635**	**128 834**
5.Fee and commission income	154 616		**154 616**				**154 616**
6.Fee and commission expenses	(13 747)		**(13 747)**				**(13 747)**
7.Net fee and commission income [5+6]	**140 869**		**140 869**				**140 869**
8.Gains/(losses) on financial assets and liabilities and other	16 565	868	**17 433**	19 503		**19 503**	**36 936**
9.Other operating income and expenses	(42 191)		**(42 191)**	(6 987)	(1 929)	**(8 916)**	**(51 107)**
10.Gross income [3+4+7+8+9]	**346 694**	**25 519**	**372 213**	**106 811**	**17 363**	**124 174**	**496 387**
11.Staff expenses	(107 455)	(4 533)	**(111 988)**				**(111 988)**
12.Other administrative expenses	(74 158)	(368)	**(74 526)**				**(74 526)**
13.Depreciation and amortisation	(32 783)	(22)	**(32 805)**				**(32 805)**
14.Operating expenses [11+12+13]	**(214 396)**	**(4 923)**	**(219 319)**				**(219 319)**
15.Net operating income [10+14]	**132 298**	**20 596**	**152 894**	**106 811**	**17 363**	**124 174**	**277 068**
16.Impairment losses and other provisions	(26 388)		**(26 388)**				**(26 388)**
17.Other impairments and provisions	(2 827)		**(2 827)**				**(2 827)**
18.Gains and losses in other assets	843		**843**				**843**
19.Net income before income tax [15+16+17+18]	**103 926**	**20 596**	**124 522**	**106 811**	**17 363**	**124 174**	**248 696**
20.Income tax	(35 666)	1 760	(33 906)	(7 249)		(7 249)	(41 155)
21.Net income [19+20]	**68 260**	**22 356**	**90 616**	**99 562**	**17 363**	**116 925**	**207 541**

[1] Income statement structure presented in accordance with Banco BPI management information.

At 31 June 2021, the income statement by business segment of BPI individual was as follows:[1]

	Commercial Banking	Corporate Centre	**Domestic Activity**	Other			**BPI**
				BFA	BCI	**Total**	
1.Interest income	248 230	906	**249 136**				**249 136**
2.Interest expense	(21 895)		**(21 895)**				**(21 895)**
3.Net interest income [1+2]	**226 335**	**906**	**227 241**				**227 241**
4.Dividend income	1	11 668	**11 669**	97 935	6 097	**104 032**	**115 701**
5.Fee and commission income	138 189		**138 189**				**138 189**
6.Fee and commission expenses	(11 815)		**(11 815)**				**(11 815)**
7.Net fee and commission income [5+6]	**126 374**		**126 374**				**126 374**
8.Gains/(losses) on financial assets and liabilities and other	14 168	(2 090)	**12 078**	2 030		**2 030**	**14 108**
9.Other operating income and expenses	(31 674)		**(31 674)**	(7 835)	(610)	**(8 445)**	**(40 119)**
10.Gross income [3+4+7+8+9]	**335 204**	**10 484**	**345 688**	**92 130**	**5 487**	**97 617**	**443 305**
11.Staff expenses	(109 933)	(10 997)	**(120 930)**				**(120 930)**
12.Other administrative expenses	(70 838)	(474)	**(71 312)**				**(71 312)**
13.Depreciation and amortisation	(28 885)	(22)	**(28 907)**				**(28 907)**
14.Operating expenses [11+12+13]	**(209 656)**	**(11 493)**	**(221 149)**				**(221 149)**
15.Net operating income [10+14]	**125 548**	**(1 009)**	**124 539**	**92 130**	**5 487**	**97 617**	**222 156**
16.Impairment losses and other provisions	(9 773)		**(9 773)**				**(9 773)**
17.Other impairments and provisions	(423)		**(423)**				**(423)**
18.Gains and losses in other assets	328		**328**				**328**
19.Net income before income tax [15+16+17+18]	**115 680**	**(1 009)**	**114 671**	**92 130**	**5 487**	**97 617**	**212 288**
20.Income tax	(35 824)	3 544	(32 280)	(556)		(556)	(32 836)
21.Net income [19+20]	**79 856**	**2 535**	**82 391**	**91 574**	**5 487**	**97 061**	**179 452**

[1] Income statement structure presented in accordance with Banco BPI management information.

7. DISCLOSURE OF THE REMUNERATION OF THE GOVERNING BODIES

On 14 January 2021, CaixaBank, as the sole shareholder, approved the "Remuneration Policy of Banco BPI applicable to the members of the Board of Directors and of the Supervisory Board" applicable to the members of the Bank's governing bodies.

In accordance with Banco BPI's Articles of Association, the members of the corporate bodies shall have a fixed remuneration and the members of the Executive Committee may receive, in addition to a fixed remuneration, a variable remuneration determined in accordance with the criteria defined in the remuneration policy for the members of the supervision and management bodies.

Note 8 to Banco BPI's 2022 consolidated and individual financial statements presents in more detail the remuneration of the corporate bodies, namely of the members of Banco BPI's Board of Directors and Executive Committee.

Fixed remuneration

During the first half of 2022 and 2021, the fixed remuneration and attendance fees received by the members of the Board of Directors, excluding those who are members of the Executive Committee, were as follows

	Consolidated / Individual	
	30-06-2022	**30-06-2021**
Fixed Remuneration	2 460	2 500
Attendance Fees		15
	2 460	**2 515**
Number of persons	20	23

Variable remuneration

The members of the Board of Directors who are members of the Executive Committee may be entitled to receive variable remuneration. This variable remuneration is dependent upon the performance during a given year, and its attribution is usually decided and made during the first half of the following year.

Under the terms of the applicable Remuneration Policy, this variable remuneration is subject to deferral, i.e., one part thereof is paid in the year in which it is attributed and over five subsequent years.

The existence and amount of the variable remuneration for performance in 2022 shall be decided in the first half of 2023, under the terms referred to hereinabove. Notwithstanding the above, and in accordance with the applicable accounting rules, the limit approved in Banco BPI's Remuneration Policy is accrued in Banco BPI's financial statements.

With reference to performance in 2021, the Appointments, Assessment and Remuneration Committee of 24 March 2022 approved the attribution of variable remuneration to the Executive Directors in the total amount of 1 038 th.euros.

The amounts are paid half in cash and half in kind (in this case in Caixabank shares, valued at 3.0811 euros per share) and in a phased manner.

Long-term incentives

In relation to the long-term incentives, a global reference value of 600 th.euros, payable entirely in CaixaBank shares, was attributed, corresponding to the 3rd cycle of the plan linked to the 2019-2021 Strategic Plan. The value of the shares to be transmitted in 2025, 2026 and 2027 (subject to a 12-month retention period) depends on the degree of compliance with the requirements set out in the Long-Term Incentive Plan's regulations.

8. CASH AND BALANCES AT CENTRAL BANKS AND OTHER DEMAND DEPOSITS

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	**31-12-2021**	**30-06-2022**	**31-12-2021**
Cash	272 029	291 908	272 027	291 906
Demand deposits at Bank of Portugal	6 053 690	5 853 703	6 053 690	5 853 703
Other demand deposits	85 062	100 975	77 657	94 624
Interest on demand deposits at Bank of Portugal	(1 418)	(764)	(1 418)	(764)
	6 409 363	**6 245 822**	**6 401 956**	**6 239 469**

The caption 'demand deposits at Bank of Portugal' includes deposits made to comply with the Minimum Cash Reserve requirements of the Eurosystem. The component of these deposits made to comply with the Minimum Cash Reserve requirements is currently remunerated at 0% and the surplus funds up to 6 times the minimum reserve also have a 0% remuneration rate. For surplus funds above this amount the remuneration rate is -0.50%. The minimum cash reserve corresponds to 1% of the amount of deposits and debt securities issued maturing in up to 2 years, excluding liabilities to other institutions subject to and not exempt from the same minimum cash reserve system and the liabilities to the European Central Bank and national central banks that participate in the euro.

9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Financial assets held for trading

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	**31-12-2021**
Trading derivatives	95 456	98 057
Equity instruments		
Shares in Portuguese companies	1 380	1 163
Debt securities		
Bonds issued by Portuguese government entities	356	360
Bonds issued by other foreign entities	4 184	4 258
	4 540	**4 618**
	101 376	**103 838**

Financial assets held for trading are measured at fair value, which includes credit risk and related losses, and represents the Bank's maximum exposure to credit risk.

At 30 June 2022 and 31 December 2021, the caption Equity Instruments corresponds entirely to shares to hedge equity swap transactions carried out with Customers.

Financial liabilities held for trading

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	**31-12-2021**
Trading derivatives	92 115	103 937
	92 115	**103 937**

10. NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	**31-12-2021**
Equity instruments		
Shares in Portuguese companies	7 714	7 680
Shares in foreign companies	1 118	908
Participation units of Portuguese issuers	58 943	85 506
Participation units of foreign issuers	13 868	14 061
	81 643	**108 155**
Debt securities		
Bonds issued by other Portuguese entities	46	49
Bonds issued by other foreign entities	5 731	5 305
	5 777	**5 354**
	87 420	**113 509**

Non-trading financial assets mandatorily at fair value through profit or loss are measured at fair value, which includes credit risk and respective losses, and represents the Bank's maximum exposure to credit risk.

In the first half of 2022, the equity holdings in Fundos Inter-Risco II, Inter-Risco II CI and Caravela were reclassified to non-current assets held for sale (Note 18).

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This caption is made up as follows:

	Consolidated / Individual	
	30-06-2022	**31-12-2021**
Equity instruments		
Shares in Portuguese companies	81 603	101 451
Shares in foreign companies	366 036	329 938
	447 639	**431 389**
Debt securities		
Bonds issued by Portuguese government entities	422 766	438 724
Treasury Bills		
Treasury Bonds	422 766	438 724
Bonds issued by foreign government entities	745 781	796 651
	1 168 547	**1 235 375**
	1 616 186	**1 666 764**

In the first half of 2022 the movement in the caption ‘equity instruments at fair value through other comprehensive income’ was as follows:

	Consolidated / Individual				
	31-12-2021	**Purchases**	**Sales and other**	**Potential Gains/(losses) recognised under other comprehensive income and exchange variation**	**30-06-2022**
Banco de Fomento Angola, S.A.	321 400			36 000	357 400
SIBS	80 000			(12 100)	67 900
Other	29 989	100	(5 515)	(2 235)	22 339
	431 389	**100**	**(5 515)**	**21 665**	**447 639**

In the first half of 2022, the equity holding in Conduril was reclassified to non-current assets and disposal groups classified as held for sale (Note 18).

In 2021 the movement in BPI' consolidated and individual balance sheet caption ‘equity instruments at fair value through other comprehensive income’ was as follows:

	Consolidated / Individual					
	31-12-2020	**Purchases**	**Sales**	**Gains/(losses) recognised under other comprehensive income**	**Potential Gains/(losses) recognised under other comprehensive income and exchange variation[1]**	**31-12-2021**
Banco de Fomento Angola, S.A.	334 200				(12 800)	321 400
SIBS	71 300				8 700	80 000
Other	30 572	300	(2 290)	991	416	29 989
	436 072	300	(2 290)	991	(3 684)	431 389

[1] 28 598 th.euros,related to the distribution of BFA's free reserves, were recorded on Other comprehensive income (Note 27).

The estimated valuation values for BFA and SIBS were obtained based on the discounted future cash flow methodology, combined with comparable multiples methodologies.

In the first half of 2022, BFA approved the distribution of 50% of the 2021 results, in the amount of AKZ 78.2 billion. The dividend attributed to BPI (87 million euros, gross) was fully received in Portugal during May and June.

The change in the value of the holding in BFA in the first half of 2022 was essentially due to:

- recognition of the dividend for the 2021 financial year;
- revision of estimates and macroeconomic scenario, reflecting the more favourable outlook for the evolution of the AKZ;
- Increase in the discount rate (KoE), essentially as a result of the increase of the market yields of Angola's public debt in USD, and the risk premium for the equity markets.

In the first half of 2021, BFA's General Meeting approved:

- the distribution of 2020 earnings in the amount of AKZ 71.9 billion;
- the distribution of free reserves in the amount of AKZ 160.5 billion, to be paid in 3 instalments: 40% in September 2021, 30% in June 2022 and 30% in June 2023. The first two instalments have already been received.

The main assumptions underlying BFA's valuation model are the following:

Main assumptions underlying BFA's valuation (DDM)

	30-06-2022	30-06-2021
Projection period	5 years	5 years
Discount rate (KoE)[1]	21.8%	17.5%
Target capital ratio	20.0%	15.0%

[1] Calculated based on the interest rate of US T-Notes, plus a country risk premium and a market risk premium.

In order to determine whether there were significant changes in the estimated fair value of financial instruments classified in level 3 as a result of changes in one or more base parameters of the valuation model, Banco BPI made a sensitivity analysis on the estimated fair value of BFA determined by the Dividend Discount Method (DDM), as shown below:

Sensitivity analysis to the valuation of BFA (DDM)

	Baseline scenario	Sensitivity scenario (KoE)		Sensitivity scenario (Objective capital ratio)		Sensitivity scenario (Change in AKZ/USD until 2026)	
(in million euros)		+1p.p.	-1p.p.	+1p.p.	-1p.p.	-20%	+20%
Estimated value for 48.1% of BFA	**357**	341	376	353	360	285	426
Change versus baseline scenario		-16	19	-4	3	-72	69

12. FINANCIAL ASSETS AT AMORTISED COST

The detail of financial assets at amortised cost at 30 June 2022 and 31 December 2021, is as follows:

30-06-2022

	Consolidated / Individual				
	Nominal value	Accrued interest	Discount premium	Impairment	Book value
Debt securities	7 211 067	58 274	(125 020)	(16 554)	7 127 767
Loans and advances					
Central Banks and credit institutions	1 130 912	515		(4)	1 131 423
Customers	25 803 051	48 542		(526 072)	25 325 521
	34 145 030	**107 331**	**(125 020)**	**(542 630)**	**33 584 711**

In 30 June 2022 and 31 December 2021, impairments on assets at amortized cost include 50 000 th.euros and 71 582 th.euros, respectively, of unallocated impairments. The amount as at 30 June 2022 arises from the uncertainty due to the present macroeconomic context, namely with regard to the impact on the level of recoverability of loans to customers in the event of default.

31-12-2021

	Consolidated / Individual				
	Nominal value	Accrued interest	Discount premium	Impairment	Book value
Debt securities	6 924 705	25 086	(89 872)	(14 793)	6 845 126
Loans and advances					
Central Banks and credit institutions	1 002 428	445		(30)	1 002 843
Customers	24 767 647	33 949		(511 746)	24 289 850
	32 694 780	**59 480**	**(89 872)**	**(526 569)**	**32 137 819**

12.1. Debt securities

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Sovereign debt		
Portuguese sovereign debt	1 983 091	1 958 015
Foreign sovereign debt	1 739 382	1 703 594
	3 722 473	**3 661 609**
Customer debt		
Other Portuguese public issuers	587 511	546 029
Other Portuguese issuers	2 313 156	2 255 296
Other foreign issuers	521 181	396 985
	3 421 848	**3 198 310**
Impairment	**(16 554)**	**(14 793)**
	7 127 767	**6 845 126**

In 30 June 2022, Banco BPI holds medium and long-term public debt portfolio with a nominal amount of 3.5 billion euros with an average residual maturity of approximately 4 years. The foreign sovereign debt portfolio is made up of Spanish, Italian and American public debt securities.

At 30 June 2022 and 31 December 2021, Customer debt securities included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 19), namely 27 906 th.euros and 32 552 th.euros, respectively, allocated as collateral for public sector bonds.

12.2. Loans and advances

Loans and advances - Central Banks and other Credit Institutions

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Loans and advances to the Bank of Portugal	22 000	4 300
Loans and advances to Credit Institutions in Portugal		
Very short term applications	17 329	12 802
Cheques for collection	39 473	31 548
Loans	454 313	394 091
Other	374	2 180
Other applications	5 651	5 493
Interest receivable and commissions relating to amortised cost	244	297
	517 384	446 411
Loans and advances to other Credit Institutions abroad		
Very short term applications	77 019	166 067
Deposits	279 195	143 879
Cheques for collection	3 424	297
Loans	342	2 184
Other applications	221 859	235 454
Interest receivable and commissions relating to amortised cost	270	148
Debtors for futures operations	9 934	4 133
	592 043	552 162
Impairment	(4)	(30)
	1 131 423	**1 002 843**

Loans and advances - Customers

In the consolidated balance sheet of BPI, the breakdown of loans and advances to Customers by activity is as follows:

	Consolidated / Individual			
	30-06-2022		31-12-2021	
	Gross amount	**Impairment**	**Gross amount**	**Impairment**
Public sector	1 325 655	(956)	1 341 645	(960)
Other financial corporations and individual entrepreneurs (financial business)	150 673	(22 291)	172 929	(22 458)
Non-financial corporations and individual entrepreneurs (non-financial business)	9 005 206	(300 490)	8 655 179	(296 117)
Real estate development	94 887	(916)	91 040	(1 109)
Civil construction	414 571	(9 206)	416 169	(9 437)
Other	8 495 748	(290 368)	8 147 970	(285 571)
Large companies	2 568 102	(105 114)	2 264 565	(84 728)
Small and medium-sized companies	5 927 646	(185 254)	5 883 405	(200 843)
Individuals	15 370 059	(202 335)	14 631 843	(192 211)
Homes	13 800 306	(143 240)	13 089 202	(141 873)
Consumer spending	1 554 487	(58 170)	1 528 241	(49 541)
Other	15 266	(925)	14 400	(797)
	25 851 593	**(526 072)**	**24 801 596**	**(511 746)**

The movement in the caption Loans and advances to Customers in the first half of 2022 was as follows:

	Consolidated / Individual			
	Loans and advances	**Of which:**		
		Stage 1	**Stage 2**	**Stage 3**
Balance at 31-12-2021	**24 801 596**	**22 455 912**	**1 719 632**	**626 051**
Exposure increases / reductions	**1 087 039**	**1 256 960**	**(126 498)**	**(43 423)**
Transfers				
From stage 1:		(463 969)	431 446	32 523
From stage 2:		318 602	(391 983)	73 381
From stage 3:		5 922	19 798	(25 720)
Write-offs	(13 623)			(13 623)
Sales	(23 420)	(23 240)		(180)
Balance at 30-06-2022	**25 851 593**	**23 550 187**	**1 652 395**	**649 009**

The movement in the caption Loans and advances to Customers in 2021 was as follows:

	Consolidated / Individual			
	Loans and advances	**Of which:**		
		Stage 1	**Stage 2**	**Stage 3**
Balance at 31-12-2020	**23 116 113**	**20 625 580**	**1 900 568**	**589 965**
Exposure increases / reductions	**1 742 572**	**2 005 184**	**(213 771)**	**(48 842)**
Transfers				
From stage 1:		(827 673)	755 300	72 373
From stage 2:		644 242	(761 878)	117 636
From stage 3:		8 579	39 432	(48 011)
Write-offs	(17 357)			(17 357)
Sales	(39 732)		(19)	(39 713)
Balance at 31-12-2021	**24 801 596**	**22 455 912**	**1 719 632**	**626 051**

In the first half of 2022 the movement in impairments due to expected loss on Loans and advances to Customers was as follows:

	Consolidated / Individual			
	Impairments for loans and advances	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2021	**(511 746)**	**(85 532)**	**(93 577)**	**(332 637)**
Impairment / reversal of impairment due to changes in credit risk	(31 364)	20 106	(5 775)	(45 695)
Impairment allowance for new financial assets[1]	(20 919)	(16 288)	(1 776)	(2 855)
Reversal of impairments due to reimbursements and recoveries[1]	24 155	6 300	4 125	13 730
Net impairment [2]	(28 128)	10 118	(3 426)	(34 820)
Write-offs	13 623			13 623
Transfers and other	179			179
Balance at 30-06-2022	**(526 072)**	**(75 414)**	**(97 003)**	**(353 655)**

[1] Includes automatically renewed operations.

[2] Includes 1 257 th.euros related to impairments to offset part of the interest on credits in stage 3, included in net interest income.

In 2021 the movement in impairments due to expected loss on Loans and advances to Customers was as follows:

	Consolidated / Individual			
	Impairments for loans and advances	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2020	**(479 897)**	**(80 029)**	**(86 929)**	**(312 939)**
Impairment / reversal of impairment due to changes in credit risk	(82 493)	6 457	(9 818)	(79 132)
Impairment allowance for new financial assets[1]	(31 305)	(23 603)	(3 941)	(3 761)
Reversal of impairments due to reimbursements and recoveries[1]	41 214	11 661	7 105	22 448
Net impairment [2]	(72 584)	(5 485)	(6 654)	(60 445)
Write-offs	17 357			17 357
Sales	23 396		6	23 390
Transfers and other	(18)	(18)		
Balance at 31-12-2021	**(511 746)**	**(85 532)**	**(93 577)**	**(332 637)**

[1] Includes automatically renewed operations.

[2] Includes (842) th.euros related to impairments to offset part of the interest on credits in stage 3, included in net interest income.

12.3. Written-off loans

Written-off loans

The movement in loans written off from assets in the first half of 2022 and the year of 2021 was as follows:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Balance at beginning of period	**745 481**	**1 000 323**
Increases:		
Written-off loans	13 623	18 058
Decreases:		
Recovery of written-off principal and interest	(2 125)	(9 027)
Amount received on sale of written-off loans		(24 059)
Remission of written-off credits due to disposals	(16 255)	(240 329)
Other	(8 736)	515
Balance at end of period	**731 988**	**745 481**

Written-off loans because recovery was deemed to be remote are recognised under the off-balance sheet caption “Written-off loans”.

In the first half of 2021 Banco BPI sold a portfolio of non-performing loans for a global amount of 276 million euros, of which 266 million euros in written-off loans (recognised in off-balance sheet items) and 10 million euros in loans net of impairments (recognised in the balance sheet), of which the gross amount was 30 million euros and the impairment 20 million euros. This operation generated a result of 23 million euros (Note 33).

13. DERIVATIVES – HEDGE ACCOUNTING

The detail of hedging derivatives is as follows:

	Consolidated / Individual			
	30-06-2022		31-12-2021	
	Assets	Liabilities	Assets	Liabilities
Interest rates	49 145	8 058	25 174	15 859
By type of counterparty:				
Of which: OTC - credit institutions	49 105	6 885	24 952	14 106
Of which: OTC - other financial companies	40	1 173	222	1 753

14. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The detail of investments in joint ventures and associates is as follows:

	Effective holding (%)		Consolidated Book value		Individual Book value	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Investments in subsidiaries						
BPI Incorporated [1]		100.0%				4
BPI Suisse, S.A.	100.0%	100.0%			2 022	2 022
Investments in associates						
Banco Comercial e de Investimentos, S.A.	35.7%	35.7%	131 556	123 947	39 651	39 651
Companhia de Seguros Allianz Portugal, S.A.	35.0%	35.0%	47 276	78 099	41 680	41 680
Cosec – Companhia de Seguros de Crédito, S.A.	50.0%	50.0%	37 251	39 546	7 051	7 051
Unicre - Instituição Financeira de Crédito, S.A.	21.0%	21.0%	30 532	32 329	5 850	5 850
Inter-Risco – Sociedade de Capital de Risco, S.A. [2]		49.0%				
			246 615	**273 921**	**96 254**	**96 258**
BPI INC - Cauções						716
			246 615	**273 921**	**96 254**	**96 974**

Note: Book values net of impairments

[1] Liquidated in 2022.

[2] Equity holding reclassified to Non-current assets and disposal groups classified as held for sale as it is in the process of being sold (Note 18).

The movement that occurred in investments in joint ventures and associates during the half of 2022 was as follows:

	Consolidated			
	Book Value	Goodwill	Impairment[1]	Total
Balance at 31-12-2021	**261 316**	**18 467**	**(5 862)**	**273 921**
Net profit / (loss) for the period	29 559			
Dividends [2]	(37 542)			
Exchange difference	10 370			
InterRisco's reclassification (Note 18)	(201)		201	
Dividends related to treasury shares, not distributed	543			
Changes in associates' other comprehensive income	(27 824)			
Other[3]	(2 411)			
Balance at 30-06-2022	**233 809**	**18 467**	**(5 661)**	**246 615**

[1] Impairment in 30 June 2022 for Unicre equity holding.

[2] Corresponds to dividends from BCI, Cosec, Allianz and Unicre.

[3] Essentially includes the impact of the transition to IFRS 9 of Banco Comercial e de Investimentos, S.A.

The movement that occurred in investments in joint ventures and associates during 2021 was as follows:

	Consolidated			
	Book Value	Goodwill	Impairment[1]	Total
Balance at 31-12-2020	**225 373**	**18 467**	**(5 661)**	**238 179**
Net profit / (loss) for the year	47 762			
Dividends [2]	(26 542)			
Exchange difference	22 794			
Impairment for equity holding in InterRisco			(201)	
Changes in associates' other comprehensive income	(5 306)			
Other[3]	(2 765)			
Balance at 31-12-2021	**261 316**	**18 467**	**(5 862)**	**273 921**

[1] Impairment for Unicre and InterRisco equity holdings.

[2] Corresponds to dividends from BCI, Cosec, Allianz and Unicre.

[3] Essentially includes the impact of the transition to IFRS 9 of Banco Comercial e de Investimentos, S.A.

In the consolidated accounts the value of goodwill resulted from the acquisition of equity holdings in Unicre (13 194 th.euros) and BCI Moçambique (5 273 th.euros).

The breakdown of profit or loss of investments in joint ventures and associates accounted for using the equity method is as follows:[1]

	Consolidated	
	30-06-2022	30-06-2021
Banco Comercial e de Investimentos, S.A.R.L.	18 697	9 987
Companhia de Seguros Allianz Portugal, S.A.	6 820	8 148
Cosec – Companhia de Seguros de Crédito, S.A.	2 226	1 449
InterRisco - Sociedade de Capital de Risco, S.A.	0	(98)
Unicre - Instituição Financeira de Crédito, S.A.	1 816	1 171
	29 559	**20 657**

[1] Banco BPI's subsidiaries and associates contribution to the consolidated profit or loss is detailed in Note 34.

15. TANGIBLE ASSETS

The movement in tangible assets during the first half of 2022 and the year of 2021 was as follows:

	Consolidated									
	2022					2021				
	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use[1]	Total	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total
Gross amount										
Balance at beginning of the period	103 349	341 452	18 205	178 079	641 085	83 622	338 311	25 444	112 725	560 102
Acquisitions		929	4 271	3 226	8 426	618	1 176	20 378	99 614	121 786
Disposals and write-offs [1]		(2 284)		(10 138)	(12 422)	(115)	(3 844)		(30 955)	(34 914)
Transfers and other	505	1 137	(1 773)	4 583	4 452	19 224	5 722	(27 617)	(3 305)	(5 976)
Foreign exchange differences		74			74		87			87
Balance at end of the period	103 854	341 308	20 703	175 750	641 615	103 349	341 452	18 205	178 079	641 085
Depreciation										
Balance at beginning of the period	69 242	305 103		57 516	431 861	62 282	300 473		44 472	407 227
Depreciation in the period	4 250	4 096		13 802	22 148	7 542	8 447		26 838	42 827
Disposals and write-offs		(2 265)		(6 623)	(8 888)	(57)	(3 757)		(13 812)	(17 626)
Transfers and other		75			75	(525)	(143)		18	(668)
Foreign exchange differences		72			72		83			83
Balance at end of the period	73 492	307 081		64 695	445 268	69 242	305 103		57 516	431 861
Net value at end of the period	**30 362**	**34 227**	**20 703**	**111 055**	**196 347**	**34 107**	**36 349**	**18 205**	**120 563**	**209 224**

[1] In rights of use, it essentially corresponds to the cancellation or renegotiation of contracts.

The movement in tangible assets during the first half of 2022 and the year of 2021 was as follows:

	Individual									
	2022					2021				
	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total
Gross amount										
Balance at beginning of the period	103 349	339 464	18 206	178 080	639 099	83 622	336 423	25 444	112 724	558 213
Acquisitions		926	4 271	3 226	8 423	618	1 164	20 378	99 614	121 774
Disposals and write-offs [1]		(2 284)		(10 138)	(12 422)	(115)	(3 844)		(30 955)	(34 914)
Transfers and other	505	1 136	(1 773)	4 582	4 450	19 224	5 721	(27 616)	(3 303)	(5 974)
Balance at end of the period	103 854	339 242	20 704	175 750	639 550	103 349	339 464	18 206	178 080	639 099
Depreciation										
Balance at beginning of the period	69 242	303 200		57 517	429 959	62 282	298 741		44 472	405 495
Depreciation in the period	4 250	4 061		13 802	22 113	7 542	8 359		26 838	42 739
Disposals and write-offs		(2 265)		(6 623)	(8 888)	(57)	(3 757)		(13 811)	(17 625)
Transfers and other		75			75	(525)	(143)		18	(650)
Balance at end of the period	73 492	305 071		64 696	443 259	69 242	303 200		57 517	429 959
Net value at end of the period	**30 362**	**34 171**	**20 704**	**111 054**	**196 291**	**34 107**	**36 264**	**18 206**	**120 563**	**209 140**

[1] In rights of use, it essentially corresponds to the cancellation or renegotiation of contracts.

16. INTANGIBLE ASSETS

The investments made in the first half of 2022 totalled 10 240 th.euros, essentially concerning investment in the development of software commissioned by Banco BPI to external entities.

17. OTHER ASSETS

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Accrued income				
Dividends receivable from Banco de Fomento Angola (Note 11)	39 380	56 407	39 380	56 407
Dividends receivable from Banco Comercial e de Investimentos	17 561	5 535	17 561	5 535
Fees for Allianz's profit sharing	11 604	23 389	11 604	23 389
Other accrued income	32 198	47 807	29 561	45 440
	100 743	**133 138**	**98 106**	**130 771**
Deferred expenses				
Rents	1 774	1 201	1 774	1 201
Other deferred expenses	8 141	3 551	8 141	3 551
	9 915	**4 752**	**9 915**	**4 752**
Liabilities for pensions and other benefits (Note 22)				
Past service liabilities	1 830 754	2 000 302	1 830 754	2 000 302
Pension fund assets	(1 442 512)	(1 943 175)	(1 442 512)	(1 943 175)
	388 242	**57 127**	**388 242**	**57 127**
Other assets	19 523	17 917	18 814	17 897
Assets pending settlement	65 035	53 247	65 035	53 247
Impairment for other assets	(904)	(904)	(904)	(904)
	83 654	**70 260**	**82 945**	**70 240**
	582 554	**265 277**	**579 208**	**262 890**

18. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Assets received in settlement of defaulting loans and other tangible assets		
Buildings	6 584	8 875
Equipment	332	413
Other	1	1
Impairment	(3 481)	(4 191)
	3 436	**5 098**
Other current assets held for sale		
Non-trading financial assets mandatorily at fair value through profit or loss - Participation units of Portuguese issuers	22 419	
Financial assets at fair value through other comprehensive income – Shares in Portuguese companies	5 344	
Investments in associates - InterRisco - Sociedade de Capital de Risco, S.A	201	
Impairment	(201)	
	27 763	
	31 199	**5 098**

In the first half of 2022, the stake in Conduril (Note 11) and the stakes in Inter-Risco (Note 14) and in the Inter-Risco and Caravela Funds (Note 10) were reclassified to the portfolio of non-current assets held for sale, as they are in the process of being sold.

19. FINANCIAL LIABILITIES AT AMORTISED COST

The detail of financial liabilities at amortised cost at 30 June 2022 and 31 December 2021 is as follows:

30-06-2022

	Consolidated				Individual			
	Nominal value	**Accrued interest**	**Commissions relating to amortised cost**	**Book value**	**Nominal value**	**Accrued interest**	**Commissions relating to amortised cost**	**Book value**
Deposits								
Central Banks	4 862 000	(97 954)		4 764 046	4 862 000	(97 954)		4 764 046
Credit Institutions	1 112 320	227		1 112 547	1 112 320	227		1 112 547
Customers	29 949 754	5 384		29 955 138	29 949 754	5 384		29 955 138
Debt securities issued	2 325 000	6 424	(2 628)	2 328 796	2 325 000	6 424	(2 628)	2 328 796
Other financial liabilities	338 665	1		338 666	338 115	1		338 116
	38 587 739	**(85 918)**	**(2 628)**	**38 499 193**	**38 587 189**	**(85 918)**	**(2 628)**	**38 498 643**

31-12-2021

	Consolidated				Individual			
	Nominal value	**Accrued interest**	**Commissions relating to amortised cost**	**Book value**	**Nominal value**	**Accrued interest**	**Commissions relating to amortised cost**	**Book value**
Deposits								
Central Banks	4 897 317	(74 048)		4 823 269	4 897 317	(74 048)		4 823 269
Credit Institutions	1 002 964	31		1 002 995	1 002 964	31		1 002 995
Customers	28 865 257	6 883		28 872 140	28 865 257	6 883		28 872 140
Debt securities issued	2 200 000	9 080	(2 781)	2 206 299	2 200 000	9 080	(2 781)	2 206 299
Other financial liabilities	295 908	3		295 911	296 439	3		296 442
	37 261 446	**(58 051)**	**(2 781)**	**37 200 614**	**37 261 977**	**(58 051)**	**(2 781)**	**37 201 145**

19.1. Deposits - Central Banks and Credit Institutions

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	**31-12-2021**
Deposits - Central Banks		
Deposits	4 862 000	4 897 317
Interest payable	(97 954)	(74 048)
	4 764 046	**4 823 269**
Deposits - Credit Institutions		
Loans and advances to credit institutions in Portugal		
Deposits	26 403	18 064
Interest payable	44	5
	26 447	**18 069**
Funds of credit institutions abroad		
International financial organisations	465 728	465 728
Very short-term funds	32 924	25 643
Deposits	480 264	461 971
Other funds	107 001	31 558
Interest payable	183	26
	1 086 100	**984 926**
	1 112 547	**1 002 995**
	5 876 593	**5 826 264**

In the first half of 2022 and in the year of 2021, BPI decided to use the totality of the funds made available under TLTRO3, taking into account the favourable conditions offered by the European Central Bank in the context of the Covid-19 pandemic. These conditions permit to offer better financing conditions to BPI's clients and to the community in general.

The change in other funds is related to collateral received related to derivatives.

19.2. Deposits – Clients

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	**31-12-2021**
By type		
Demand deposits	21 334 316	20 311 318
Term deposits	8 513 190	8 453 216
Saving accounts	90 990	78 939
Compulsory deposits	11 259	13 573
Other Customer resources		8 212
Interest payable	5 383	6 882
	29 955 138	**28 872 140**
By sector		
Public sector	646 844	471 150
Private sector	29 308 294	28 400 990
	29 955 138	**28 872 140**

19.3. Debt securities issued

The detail of this heading is as follows:

	Consolidated / Individual							
	30-06-2022				31-12-2021			
	Issues	**Repurchased**	**Balance**	**Interest rate[1]**	**Issues**	**Repurchased**	**Balance**	**Interest rate[1]**
Covered bonds	7 900 000	(7 150 000)	750 000	0.0%	7 900 000	(7 150 000)	750 000	0.0%
Senior non-preferred bonds	1 150 000		1 150 000	0.7%	1 150 000		1 150 000	0.6%
Fixed-rate bonds								
Interest payable			2 598				4 776	
Commissions relating to amortised cost, net			(2 617)				(2 781)	
			1 899 981				**1 901 995**	
Subordinated bonds	425 000		425 000	2.8%	300 000		300 000	5.2%
Interest payable			3 826				4 304	
Commissions relating to amortised cost, net			(11)					
			428 815				**304 304**	
			2 328 796				**2 206 299**	

[1] Interest rate weighted by the value of the issues at the end of the period.

In the first half of 2022, Banco BPI redeemed in advance a subordinated bond issue fully subscribed by the shareholder Caixabank in the amount of 300 000 th.euros, maturing in 2027. On the other hand, Banco BPI issued subordinated bonds in the amount of 425 000 th.euros, variable coupon of 6-month EURIBOR + 3.30%, and maturity in 2032, fully subscribed by the shareholder CaixaBank.

Moreover, Banco BPI redeemed in advance two covered bond issues totalling 2 050 000 th.euros and two public sector bond issues for a total amount of 450 000 th.euros. On the other hand, Banco BPI made two bond issues which it fully repurchased, namely a covered bonds issue in the amount of 2 050 000 th.euros, variable coupon of 3-month Euribor + 0.25% and maturity in 2029 and a public sector bond issue in the amount of 450 000 th.euros, floating rate at the 3-month Euribor + 0.20% and maturity in 2028.

In 2021 Banco BPI issued senior non-preferred bonds in the amount of 700 000 th.euros, variable coupon of 6-month EURIBOR + 0.95%, and maturity in 2027, fully subscribed by the shareholder CaixaBank.

19.4. Other financial liabilities

This caption is made up as follows:

	Consolidated		Individual	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Other Customer funds				
Checks and orders payable	92 326	44 903	92 326	44 903
Guaranteed rate deposits	245	425	245	425
Interest payable	1	3	1	3
Creditors and other resources				
Creditors for futures operations	10 071	3 756	10 071	3 756
Consigned resources	10 655	33 355	10 655	33 355
Captive account resources	3 214	3 177	3 214	3 177
Guarantee account resources	1 630	1 688	1 630	1 688
Public sector				
VAT payable	3 518	2 129	3 478	2 052
Tax withheld at source	23 628	13 534	23 628	13 534
Contributions to the Social Security	3 649	3 165	3 141	3 145
Other	2 740	2 740	2 740	2 740
Contributions to other healthcare systems	1 335	1 325	1 335	1 325
Creditors for factoring agreements	31 353	22 808	31 353	22 808
Creditors for the supply of goods	6 612	6 291	6 612	6 291
Subscribed but not paid-up capital in venture capital funds				
Fundo de Recuperação, FCR	7 726	7 936	7 726	7 936
Fundo InterRisco II CI	3 482	3 968	3 482	3 968
Fundo InterRisco II - Fundo de Capital de Risco	647	913	647	913
Fundo de Reestruturação Empresarial, FCR	212	212	212	212
Fundo Pathena SCA Sicar	1 780	2 201	1 780	2 201
Sundry creditors	16 357	16 534	16 355	17 162
Lease liabilities (IFRS 16)	117 485	124 848	117 485	124 848
	338 666	**295 911**	**338 116**	**296 442**

20. PROVISIONS AND CONTINGENT LIABILITIES

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Pending legal issues and tax litigation		
VAT Recovery processes	7 168	5 813
Tax contingencies and other	19 409	28 303
Impairment and provisions for guarantees and commitments (Note 25)	17 824	18 093
Other provisions	298	298
	44 699	**52 507**

The movement in provisions in the first half of 2022 was as follows:

	Consolidated / Individual					
	Balance at 31-12-2021	Increases	Decreases / Reversals	Amounts used	Transfers	Balance at 30-06-2022
Pending legal issues and tax litigation	34 116	3 330	(503)	(1 152)	(9 214)	26 577
Commitments and guarantees given	18 093	2 445	(2 714)			17 824
Other provisions	298					298
	52 507	**5 775**	**(3 217)**	**(1 152)**	**(9 214)**	**44 699**

Transfers correspond to reclassifications to current tax liabilities (Note 24).

The movement in provisions in 2021 was as follows:

	Balance at 31-12-2020	Increases	Decreases / Reversals	Amounts used	Balance at 31-12-2021
Pending legal issues and tax litigation	31 706	4 279	(564)	(1 305)	34 116
Commitments and guarantees given	16 704	4 613	(3 033)	(191)	18 093
Other provisions	298				298
	48 708	**8 892**	**(3 597)**	**(1 496)**	**52 507**

20.1. Provisions for pending legal issues and tax litigation

Banco BPI is party to several legal and administrative proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters.

Based on available information, Banco BPI considers that it had reliably estimated the obligations arising from each case under litigation and that it has recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these tax and legal situations. It also considers that any responsibility arising from the said proceedings will not, as a whole, have a material adverse effect on the Bank's businesses, financial position or results of operations.

20.2. Provisions for commitments and guarantees given

This heading includes the provisions for credit risk of the guarantees and contingent commitments given (Note 25).

20.3. Contingent liabilities

Competition Authority

In 2012, the Portuguese Competition Authority (CA), under the powers legally attributed to it, opened administrative infraction proceedings against 15 banks operating in the Portuguese market, including BPI, due to alleged competition restrictive practices.

On 1 June 2015 Banco BPI was served the corresponding notice of illicit act. On 27 September 2017 the Bank presented its defence. Furthermore, during the process, and whenever appropriate, Banco BPI appealed against several interlocutory rulings issued by the Competition Authority, which the Bank considered as susceptible of violating its rights.

On 9 September 2019, the CA notified BPI and the other banks of its ruling whereby they had been found guilty. The penalty imposed on BPI was 30 million euros.

In its ruling, the CA:

a) Accuses BPI, as well as the other banks, of having engaged in exchanges of information during the period from May 2002 to March 2013 concerning (i) mortgage loan and consumer loan production volumes, and (ii) the commercial conditions for these types of loans and for loans to small businesses and SME, including spread tables;
b) Considers that such an exchange constitutes an infringement by object, i.e., an infringement which is deemed to have been committed irrespective of whether or not the conduct in question had negative effects on the competition, and therefore it is not necessary to prove such effects; in other words, for the infringement to be deemed as committed, it is sufficient to prove that the conduct is, in the abstract, capable of having adverse effects on competition.

Banco BPI argues that it did not commit the infringement of which it was accused by the CA, and on October 2019, appealed against the aforementioned decision to the Competition, Regulation and Supervision Court, from where the appeal will be filed with the Lisbon Court of Appeal.

In addition to disputing that the exchange of information took place in the manner alleged in the decision imposing the sanction, BPI considers that the information allegedly exchanged, either on account of its form and the time at which such exchange occurred, or on account of its content, was not capable of producing negative effects on the competition, there being no grounds for the assumptions on which the existence of an infringement by object, and therefore the decision imposing the sanction, were based. It is also the understanding of BPI that the alleged exchange of information did not have any negative effects on the market or on consumers, but on the contrary, at least in part, that it had pro-competitive effects.

Together with the above appeal, BPI requested the suspension of the effects of the CA's decision until a final decision is taken on the case. As part of that request for suspension of the effects of the decision, BPI provided a guarantee. On those grounds, the court declared the guarantee validly provided, and in consequence granted suspensive effect to the appeal.

The appeal is currently being heard by the Competition, Regulation and Supervision Court, which, on 28 April 2022, issued a decision establishing the facts as proven but not ruling on any sanctions, suspending the proceedings and referring the case to the Court of Justice of the European Union for a preliminary ruling, to which it asked whether the proven facts met the necessary characteristics to constitute an infringement of the rules of the so-called competition by object.

It is based on this framework of non-existent grounds for the decision and sentencing being maintained by a final court ruling, that the Bank's Executive Committee of the Board of Directors, backed by the substantiated opinion of external legal consultants, believes that the probabilities of the process ending without the Bank having to pay a fine are higher than the reverse occurring, and therefore no provision for this process has been recognised in the Bank's financial statements as at 30 June 2022.

21. OTHER LIABILITIES

This caption is made up as follows:

	Consolidated		Individual	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Expenses payable				
Staff Expenses	59 854	80 641	59 733	80 417
Other administrative expenses	40 246	24 463	40 201	24 420
Interest payable on Additional Tier 1 issue	539	588	539	588
Other	6 915	1 631	6 022	867
	107 554	**107 323**	**106 495**	**106 292**
Deferred income				
From guarantees given and other contingent liabilities	1 558	1 531	1 558	1 531
	1 558	**1 531**	**1 558**	**1 531**
Other adjustment accounts				
Foreign exchange transactions pending settlement	341	284	341	284
Liabilities pending settlement	59 983	47 884	59 983	47 884
Other transactions pending settlement	403 580	162 449	403 580	162 449
	463 904	**210 617**	**463 904**	**210 617**
	573 016	**319 471**	**571 957**	**318 440**

At 30 June 2022 and 31 December 2021, the caption staff expenses includes 15 961 th.euros and 23 628 th.euros, in liabilities for end-of-career bonuses and for medical services (SAMS) of former Employees, respectively. The main actuarial assumptions used to calculate these liabilities are the same as those used to calculate employee pension liabilities (Note 22). In the first half of 2022 and 2021, 5 684 th.euros and 1 227 th.euros were recognised, respectively of actuarial deviations resulting from the change in the financial and demographic assumptions used in the calculation of these liabilities.

At 30 June 2022 and 31 December 2021, the caption ‘Other transactions pending settlement’ includes 289 680 th.euros and 114 748 th.euros, respectively, relating to transfers under SEPA (Single Euro Payment Area) and 80 224 th.euros and 9 777 th.euros respectively, relating to securities operations pending settlement.

22. LIABILITIES FOR PENSIONS AND OTHER BENEFITS

Past service liabilities for Pensioners, Employees and Directors that are, or have been, at the service of BPI, are calculated in accordance with IAS 19.

Benefits established by BPI are defined benefits based on the last salary earned and length of service, providing for the payment of benefits in the event of retirement due to old age, disability, death and end-of-career bonuses. The rules used to calculate these benefits are mainly drawn from the provisions of the Collective Labour Agreement for the Portuguese Banking Sector. There is also a restricted group of management staff that is covered by a supplementary defined benefit pension plan, based on the last salary earned and length of service.

With the publication of Decree-Law no. 1-A / 2011 of 3 January, from 1 January 2011 all banking sector employees who were beneficiaries of “CAFEB – Caixa de Abono de Família dos Empregados Bancários” were integrated into the General Social Security Scheme, being henceforth covered by this scheme for old-age pensions as well as for maternity, paternity and adoption allowances, which the Bank ceased to support. Given the complementary nature of the scheme under the rules of the Collective Labour Agreement for the Portuguese Banking Sector (“ACT”), the Bank continues to cover the difference relative to the amount of the benefits paid under the General Social Security Regime for the eventualities covered and the benefits established in the ACT.

Following the instructions of the National Council of Financial Supervisors (Conselho Nacional dos Supervisores Financeiros), the amount of past service liabilities remained unchanged at 31 December 2010. Current service cost decreased as from 2011 and the Bank became subject to the Single Social Tax (Taxa Social Única - TSU) at the rate of 23.6%.

Disability and survivor pensions and sick leave for these Employees continue to be the Bank’s responsibility.

Decree-Law 127/2011 of 31 December established the transfer to the Social Security of liabilities for retirement and survivor pensions of retired personnel and pensioners that were in that situation at 31 December 2011 and were covered by the substitute social security regime included in the collective labour regulations instrument in force for the banking sector (Pillar 1), as well as the transfer to the Portuguese State of the corresponding pension fund assets covering these liabilities. Since the transfer to the Social Security corresponded to a settlement, extinguishing the corresponding liability of Banco BPI, the negative difference (99 507 th.euros) between the amount of the pension fund assets transferred to the Portuguese State and the amount of the liability transferred based on actuarial assumptions used by Banco BPI was fully recognised as a cost in 2011/12. For tax purposes, this cost is recognised over a period of 18 years.

Through its pension fund, Banco BPI retains the liability for payment of (i) the amount of updates to the pensions mentioned above, according to the criteria set out in the ACT; (ii) the complementary benefits to the retirement and survivor pensions assumed by the ACT; (iii) the fixed contribution to the Social and Medical Support Services (SAMS); (iv) death allowance; (v) survivor pensions to children and surviving spouse related to the same Employee and (vi) survivor pension due to the family member of a retired Employee, in which the conditions for being granted occurred as from 1 January 2012.

BPI Vida e Pensões is the entity responsible for the actuarial calculations used to determine the amounts of the retirement and survivor pension liabilities, as well as for managing the respective Pension Funds.

The “Projected Unit Credit” method was used to calculate the normal cost and past service liabilities due to old age, and the “Single Successive Premiums” method was used to calculate the cost of the disability and survivor benefits.

The commitments assumed in the regulations of Banco BPI Pension Plans are funded by Pension Funds and therefore Banco BPI is exposed to risks resulting from the valuation of the liabilities and the value of the related pension funds. Banco BPI’s Pension Funds are disclosed in Note 36.

The funding scheme of the Pension Fund is defined in Bank of Portugal Notice no. 4/2005, which establishes the requirement to fully fund (100%) the liabilities with pensions under payment and a minimum of 95% of the past service liabilities for current personnel.

The main actuarial assumptions used to calculate the pension liabilities of Employees are as follows:

	30-06-2022	31-12-2021
Demographic assumptions:		
Mortality Table	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]
Disability table	EKV 80	EKV 80
Staff turnover	0%	0%
Decreases	By mortality	By mortality
Financial assumptions		
Discount rate		
Start of the period	1.3%	1.0%
End of the period	3.4%	1.3%
Pensionable salaries growth rate [3]	0.9% [4]	0.9%
Pensions growth rate	0.4% [4]	0.4%

[1] Life expectancy considered for men was 1 years longer than considered in the mortality table used.

[2] Life expectancy considered for women was 2 years longer than considered in the mortality table used.

[3] The mandatory promotions under the current ACT and the projected seniority payments are considered separately, i.e., directly in the estimate of salaries evolution, corresponding to an increase of approximately 0.5%.

[4] Growth rate of pensionable wages and estimated pensions for the year of 2024 and beyond. For 2023, taking into account the current macroeconomic framework, a rate of 2.5% and 2.0%, respectively, was considered.

The past service liabilities for Pensioners and Employees of BPI and respective coverage by the Pension Fund present the following composition:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Total past service liabilities	(1 398 636)	(1 888 471)
Net assets of the Pension Fund	1 781 190	1 944 373
Contributions to be transferred to the Pension Fund		549
Coverage surplus/(shortfall)	382 554	56 451
Coverage ratio of liabilities	127%	103%

The return of the pension fund in the first half of 2022 was -6.8% (non-annualised).

The movement in actuarial deviations in 2021 and in the first half of 2022 was as follows:

	Consolidated/Individual
Amount at 31-12-2020	**(333 535)**
Deviation in pension funds return	104 462
Change in the Mortality Table	(50 581)
Change in discount rate	81 808
Impact on ACT table from the national minimum wage increase	(21 627)
Deviation in pensions paid	(1 395)
Other deviations	(9 246)
Amount at 31-12-2021	**(230 114)**
Deviation in pension funds return	(147 332)
Change in discount rate	537 607
Change in the growth rate of wages and pensions estimated for 2023	(35 170)
Impact of ACT table update	(32 519)
Deviation in pensions paid	(1 191)
Other deviations	(38)
Amount at 30-06-2022	**91 243**

The sensitivity analysis to a change in the main financial assumptions for the entire period covered by the actuarial valuation (and not just a change in a given year) would result in the following impact on the present value of past service liabilities [1]:

	(decrease)/increase	
	%	**Amount**
Change in discount rate		
0.25% increase	-3.4%	(48 033)
0.25% decrease	3.6%	50 836
Change in salaries growth rate [2]		
0.25% increase	0.7%	9 633
Change in pensions growth rate [3]		
0.25% increase	4.3%	60 095
Mortality Table		
+1 year	2.9%	40 277

[1] The calculation method and assumptions were the same as used for the calculation of the liabilities, except for the assumption under analysis.
[2] The change in the increase in salaries applies only to the pensionable salaries component of the pension plan foreseen in ACT, there being no change in the growth rate of the pensionable salaries for Social Security pension purposes, since what is considered is the maximum risk in the wage evolution component.
[3] The change in the pension increase applies to pensions and supplements provided by the Bank, as well as to pensions transferred to the Social Security, for whose future revisions the Bank remain responsible.

The Members of the Executive Committee of the Board of Directors of Banco BPI, S.A. and the former Board Members of Banco Português de Investimento benefit from a supplementary retirement and survivor pension plan, the funding coverage of which is ensured through a pension fund.

The main actuarial assumptions used to calculate the pension liabilities of Board members are as follows:

	30-06-2022	31-12-2021
Demographic assumptions:		
Mortality Table	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]
Disability table	EKV 80	EKV 80
Staff turnover	0%	0%
Decreases	By mortality	By mortality
Financial assumptions		
Discount rate		
Start of the period	1.3%	1.0%
End of the period	3.4%	1.3%
Pensionable salaries growth rate	0.4% [4]	0.4%
Pensions growth rates [3]	0.4% [4]	0.4%

[1] Life expectancy considered for men was 1 years longer than considered in the mortality table used.

2 Life expectancy considered for women was 2 years longer than considered in the mortality table used.

[2] Rate of increase corresponds to Consumer Price Index rate of change, as per the pension plan rules.

[4] Growth rate of pensionable wages and estimated pensions for the year of 2024 and beyond. For 2023, taking into account the current macroeconomic framework, a rate of 2.0% was considered.

The past service liabilities for Board members and respective coverage by the Pension Fund present the following composition:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Total past service liabilities	(43 876)	(54 704)
Net assets of the Pension Fund	49 564	55 929
Coverage surplus/(shortfall)	5 688	1 225
Coverage ratio of liabilities	113%	102%

In the first half of 2022, the return of the pension fund was -8.3% (non-annualised).

The changes in actuarial deviations during 2021 and the first half of 2022 were as follows:

	Consolidated / Individual
Amount at 31-12-2020	**(16 739)**
Deviation in pension funds return	2 322
Change in financial and demographic assumptions	(1 693)
Change in discount rate	1 642
Deviation in pensions paid	(563)
Other deviations	497
Amount at 31-12-2021	**(14 534)**
Deviation in pension funds return	(5 092)
Change in discount rate	10 897
Deviation in pensions paid	(74)
Change in the growth rate of wages and pensions estimated for 2023	(829)
Impact of ACT table update	(363)
Valor em 30-06-2022	**(9 995)**

The sensitivity analysis to a change in the main financial assumptions for the entire period covered by the actuarial valuation (and not just a change in a given year) would result in the following impact on the present value of past service liabilities [1] :

	(decrease)/increase	
	%	Value
Change in discount rate		
0.25% increase	-2.4%	(1 038)
0.25% decrease	2.5%	1 083
Change in salaries growth rate [2]		
0.25% increase	0.1%	36
Change in pensions growth rate [3]		
0.25% increase	2.6%	1 145
Mortality Table		
+1 year	3.2%	1 384

[1] The calculation method and assumptions were the same as used for the calculation of the liabilities, except for the assumption under analysis.
[2] The change in the increase in salaries applies only to the pensionable salaries component of the pension plan foreseen in ACT, there being no change in the growth rate of the pensionable salaries for Social Security pension purposes, since what is considered is the maximum risk in the wage evolution component.
[3] The change in the pension increase applies to pensions and supplements provided by the Bank, as well as to pensions transferred to the Social Security, for whose future revisions the Bank remains responsible.

23. SHAREHOLDERS' EQUITY

Capital

At 30 June 2022 and 31 December 2021, Banco BPI's share capital was 1 293 063 th.euros, represented by 1 456 924 237 ordinary dematerialised registered shares with no nominal value.

Equity instruments issued other than capital

In 2019, Banco BPI issued 275 000 th.euros, with a flat rate of 6.5%, in Additional Tier 1 Undated Deeply Subordinated Notes – Series 1132 under the EMTN Programme, which qualify as Additional Tier I Capital for the Tier 1 ratio, under the terms of Directive 2013/36/EU (CRD IV – Capital Requirements Directive). These bonds may be reimbursed as from 19 September 2024 (first early reimbursement date) and subsequently on any interest-payment date, subject to the authorisation of the relevant authorities. The interest on these notes is recognised under "Other reserves" on account of its payment being discretionary. The notes were fully purchased by CaixaBank.

Accumulated other comprehensive income

The main movements in Accumulated other comprehensive income are detailed in the tables of the consolidated statements of profit and loss and other comprehensive income.

Retained earnings and other reserves

This caption is made up as follows:

	Consolidated		Individual	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Retained earnings				
Legal reserve	317 119	287 782	317 119	287 782
Other reserves and retained earnings	1 825 491	1 755 121	1 789 917	1 719 886
Reserves of fully consolidated companies	3 578	511		
Profit/(loss) recognised in equity instruments at fair value through other comprehensive income	9 963	9 963	9 963	9 963
	2 156 151	**2 053 377**	**2 116 999**	**2 017 631**
Other reserves				
Merger reserve	1 665	1 665	1 665	1 665
Interest payable on Additional Tier 1 issue	(49 707)	(40 819)	(49 707)	(40 819)
Reserves of equity consolidated companies	156 603	148 481		
	108 561	**109 327**	**(48 042)**	**(39 154)**

24. TAX POSITION

24.1. Tax assets and liabilities

The breakdown of tax assets and liabilities is as follows:

Tax assets

	Consolidated		Individual	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Current tax assets	3 648	3 450	3 648	3 450
Recoverable VAT	8	10		
Deferred tax assets	180 200	197 423	180 200	197 423
	183 856	**200 883**	**183 848**	**200 873**

Tax liabilities

	Consolidated		Individual	
	30-06-2022	31-12-2021	30-06-2022	31-12-2021
Current tax liabilities	22 664	1 776	22 664	1 776
Deferred tax liabilities	13 644	18 297	2 691	7 062
	36 308	**20 073**	**25 355**	**8 838**

In the first half of 2022, the amount of 9 214 th.euros of provisions (Note 20) was transferred to current tax liabilities.

24.2. Deferred tax assets and liabilities

Deferred tax assets and liabilities correspond to the amount of tax recoverable and payable in future periods resulting from temporary differences between the amount of assets and liabilities on the balance sheet and their tax base. Deferred tax losses carried forward and tax credits are also recognised as deferred tax assets.

In accordance with IAS 12, deferred tax assets and liabilities are recognised to the extent that it is probable that taxable profits will be available in the future against which they can be utilised. Accordingly, Banco BPI prepared future taxable income projections to support the deferred tax assets accounted for, namely regarding the consumption of reportable tax losses.

Deferred tax assets and liabilities were measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability settled. The tax rate applied to the 2022 and 2021 deferred taxes is 27.4%.

The movement in deferred tax assets during the first half of 2022 was as follows:

	Consolidated / Individual			
	31-12-2021	Increases	Decreases	30-06-2022
Tax losses	41 370		(15 092)	26 278
Application of Art. 4 of the regime set forth in Law 61/2014	9 017		(9 017)	
Taxed provisions and impairments	49 663	1 357	(3 922)	47 098
Tax deferral of the impact of the partial transfer of pension liabilities to the Social Security	12 143		(758)	11 385
Pension liabilities	23 963	201	(2 932)	21 232
Actuarial deviations	44 591		(158)	44 433
Voluntary terminations programme	3 866		(1 413)	2 453
End-of-career bonus	2 589	79	(767)	1 901
Financial instruments at fair value	851	13 814	(121)	14 544
Other	9 370	2 727	(1 221)	10 876
	197 423	**18 178**	**(35 401)**	**180 200**

The movement in deferred tax liabilities in the first half of 2022 was as follows:

	Consolidated			
	31-12-2021	Increases	Decreases	30-06-2022
Taxable temporary differences in subsidiaries and associated companies (BCI)	11 235		(282)	10 953
Financial instruments at fair value	5 798	2	(4 429)	1 371
Other	1 264	100	(44)	1 320
	18 297	**102**	**(4 755)**	**13 644**

	Individual			
	31-12-2021	Increases	Decreases	30-06-2022
Financial instruments at fair value	5 798	2	(4 429)	1 371
Other	1 264	100	(44)	1 320
	7 062	**102**	**(4 473)**	**2 691**

25. OFF-BALANCE SHEET ITEMS

This caption is made up as follows:

	Consolidated / Individual	
	30-06-2022	31-12-2021
Loan commitments given		
Irrevocable credit lines	465	374
Securities subscribed	507 610	518 771
Revocable commitments	2 838 305	2 757 693
	3 346 380	**3 276 838**
Financial guarantees given		
Financial guarantees and sureties	125 483	138 702
Financial stand-by letters of credit	3 103	518
	128 586	**139 220**
Other commitments given		
Non-financial guarantees and sureties	1 680 967	1 437 593
Non-financial standby letters of credit	10 131	10 411
Documentary credits	163 218	180 722
Term liabilities for annual contributions to the Deposit Guarantee Fund	38 714	38 714
Term liabilities for annual contributions to the Resolution Fund	15 507	12 972
Potential liability to the Investor Compensation Scheme	9 897	9 711
Other irrevocable commitments	13 453	13 961
Other commitments given	298	298
	1 932 185	**1 704 382**
	5 407 151	**5 120 440**
Assets pledged as collateral		
European System of Central Banks	6 942 912	6 648 736
Deposit Guarantee Fund	44 791	43 472
Investors Compensation Scheme	4 803	5 071
European Investment Bank	585 640	548 968
	7 578 146	**7 246 247**
Securities deposit and custody responsibilities	**27 367 361**	**28 764 723**

The breakdown by stage of the exposure and impairment in guarantees and commitments at 30 June 2022 is as follows:

	Consolidated / Individual							
	Exposure				Impairments			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments given	3 229 584	107 094	9 702	3 346 380	271	1 276	4	1 551
Financial guarantees given	125 959	2 192	435	128 586	331	48	404	783
Other commitments given	1 752 610	47 042	68 117	1 867 769	1 758	929	12 803	15 490
	5 108 153	156 328	78 254	5 342 735	2 360	2 253	13 211	17 824

Note: Excludes term liabilities for annual contributions to the deposit guarantee fund and resolution fund, and potential liability to the investor compensation scheme.

The breakdown by stage of the exposure and impairment in guarantees and commitments at 31 December 2021 is as follows:

	Consolidated / Individual							
	Exposure				Impairments			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments given	3 157 836	108 638	10 365	3 276 839	358	847	2	1 207
Financial guarantees given	136 499	2 287	435	139 221	406	63	380	849
Other commitments given	1 515 924	59 043	67 720	1 642 687	2 142	1 125	12 770	16 037
	4 810 259	169 968	78 520	5 058 747	2 906	2 035	13 152	18 093

Note: Excludes term liabilities for annual contributions to the deposit guarantee fund and resolution fund, and potential liability to the investor compensation scheme.

26. NET INTEREST INCOME

This caption is made up as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Interest income				
Financial assets held for trading	9 430	10 161	9 430	10 161
Non-trading financial assets mandatorily at fair value through profit or loss	57	1 415	57	1 415
Financial assets at fair value through other comprehensive income	1 735	1 475	1 735	1 475
Financial assets at amortised cost				
Debt securities	19 858	17 160	19 858	17 160
Loans and advances - central banks and other credit institutions	2 821	1 370	2 821	1 370
Loans and advances - Customers	196 687	190 955	196 687	190 955
Derivatives - Hedge accounting, interest rate risk				
Asset hedging operations	(6 769)	(7 786)	(6 769)	(7 786)
Interest on deposits - Central Banks (liabilities)	23 905	23 438	23 905	23 438
Interest on deposits - Credit Institutions (liabilities)	4 689		4 689	
Other[1]	7 560	184	7 560	393
Commissions received relating to amortised cost	11 436	10 588	11 436	10 555
	271 409	**248 960**	**271 409**	**249 136**
Interest expense				
Financial liabilities held for trading	(8 926)	(9 350)	(8 926)	(9 350)
Financial liabilities at amortised cost				
Deposits - Credit Institutions	(928)	(273)	(928)	(273)
Deposits - Customers	(2 637)	(3 390)	(2 637)	(3 390)
Debt securities issued	(12 292)	(10 697)	(12 292)	(10 697)
Interest on lease liabilities (IFRS 16)	350	(192)	350	(192)
Derivatives - Hedge accounting, interest rate risk				
Liability hedging operations	8 828	10 670	8 828	10 670
Interest on deposits at Banco de Portugal (assets)	(14 403)	(8 443)	(14 403)	(8 443)
Interest on deposits at Credit Institutions (assets)	(159)		(139)	
Other	(257)	(29)	(257)	(74)
Commissions paid relating to amortised cost	(150)	(146)	(150)	(146)
	(30 574)	**(21 850)**	**(30 554)**	**(21 895)**
Net interest income	**240 835**	**227 110**	**240 855**	**227 241**

[1] At 30 June 2022 includes 6 952 th.euros relating to the accrual of the financial effect of the amount receivable in 2022 and 2023 from the distribution of free reserves from BFA (Note 11 and 27).

27. DIVIDEND INCOME

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Financial assets at fair value through other comprehensive income				
Banco de Fomento Angola, S.A.	87 343	97 935	87 343	97 935
SIBS - Sociedade Interbancária de Serviços	3 508	1 476	3 508	1 476
Other	441	248	441	248
Investments in joint ventures and associates				
Banco Comercial e de Investimentos, S.A.			19 292	6 097
Companhia de Seguros Allianz Portugal, S.A.			11 599	
Cosec - Companhia de Seguros de Crédito, S.A.			2 966	2 356
Unicre - Instituição Financeira de Crédito, S.A.			3 685	7 589
	91 292	**99 659**	**128 834**	**115 701**

In the first half of 2022, the amount of dividends from BFA (gross amount) corresponds to the dividend on the 2021 results.

In the first half of 2021, the amount of dividends from BFA (gross amount) corresponds to the dividend on the 2020 results, in the amount of 43 390 th.euros plus the share of distribution of free reserves, taken to the income statement, in the amount of 54 545 th.euros (Note 11).

The distribution of BFA's free reserves totalled 85 629 th.euros net of financial effect (78 779 th.euros of taxes withheld in Angola) and was recorded in the Bank's accounts as follows:

- in the income statement 54 545 th.euros (50 181 th.euros net of tax) corresponding to earnings retained by BFA in 2019 and 2020, since the date of classification of the equity holding as a financial investment, were recognised in "shares at fair value through other comprehensive income" in December 2018;
- in equity, the remaining 31 085 th.euros (28 598 th.euros net of tax) were recognised in the caption 'Fair value changes of equity instruments measured at fair value through other comprehensive income'.

28. FEE AND COMMISSION INCOME AND EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Fee and commission income				
On guarantees provided	6 288	6 017	6 288	6 017
On commitments to third parties	2 380	1 343	2 380	1 343
On other banking services provided	137 456	123 119	133 746	119 244
On operations performed on behalf of third parties	6 588	5 738	6 588	5 738
Other	310	295	310	295
Refund of expenses	2 023	1 871	2 023	1 871
Income from provision of sundry services	3 281	3 681	3 281	3 681
	158 326	**142 064**	**154 616**	**138 189**
Fee and commission expenses				
For guarantees received	(10)	(19)	(10)	(19)
On financial instruments transactions	(185)	(152)	(185)	(152)
On banking services provided by third parties	(4 245)	(5 814)	(4 243)	(5 814)
On operations performed by third parties	(1 248)	(914)	(1 248)	(914)
Commission-equivalent expenses	(2 412)	(4 176)	(2 412)	(4 176)
Other	(5 649)	(741)	(5 649)	(740)
	(13 749)	**(11 816)**	**(13 747)**	**(11 815)**

29. GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	**19**	**45**	**19**	**45**
Financial liabilities at amortised cost	15	8	15	8
Other	4	37	4	37
Gains or (-) losses on financial assets and liabilities held for trading, net	**7 858**	**3 440**	**7 858**	**3 440**
Trading derivatives	6 524	(13 869)	6 524	(13 869)
Debt securities	1 093	657	1 093	657
Equity instruments	241	16 652	241	16 652
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**927**	**4 362**	**927**	**4 362**
Debt securities	(65)	6 348	(65)	6 348
Equity instruments	992	(1 986)	992	(1 986)
Gains or (-) losses from hedge accounting, net	**1 054**	**(1 088)**	**1 054**	**(1 088)**
Hedging derivatives	17 168	16 531	17 168	16 531
Hedged items	(16 114)	(17 619)	(16 114)	(17 619)
Exchange differences [gain or (-) loss], net	**27 102**	**7 364**	**27 078**	**7 349**
	36 960	**14 123**	**36 936**	**14 108**

At 30 June 2022 and 2021, the caption foreign exchange differences includes 19 503 th.euros and 2 030 th.euros resulting from the revaluation of the exposure in kwanza through the dividends to be received from Banco de Fomento Angola, between the attribution date and the dates of payment and transfer to Portugal.

30. OTHER OPERATING INCOME AND EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Other operating income				
Service provision agreements with CaixaBank Group companies	4 612	4 963	4 612	4 963
Gains on finance leases	8 394	3 295	8 394	3 295
Other operating income	2 979	11 299	2 979	11 295
	15 985	**19 557**	**15 985**	**19 553**
Other operating expenses				
Special tax on banks	(21 246)	(18 762)	(21 246)	(18 762)
Additional solidarity tax on banks	(3 863)	(3 607)	(3 863)	(3 607)
Contributions to the Deposit Guarantee Fund	(236)	(37)	(236)	(37)
Contribution to the Resolution Fund	(8 807)	(8 494)	(8 807)	(8 494)
Contributions to the Single Resolution Fund	(14 363)	(10 727)	(14 363)	(10 727)
Contribution to the Investor Compensation Scheme	(5)	(5)	(5)	(5)
Losses on finance leases	(7 995)	(3 057)	(7 995)	(3 057)
Other operating expenses	(1 642)	(6 525)	(1 642)	(6 524)
Taxes on dividends and interest	(7 005)	(7 849)	(8 935)	(8 459)
	(65 162)	**(59 063)**	**(67 092)**	**(59 672)**

31. STAFF EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
Staff expenses				
Remuneration	(92 222)	(92 398)	(90 721)	(91 013)
Other mandatory social costs	(23 710)	(25 029)	(23 758)	(24 907)
Pension costs				
Current service cost	3 577	3 140	3 433	3 269
Interest cost relating to the liabilities	(14 479)	(10 817)	(14 479)	(10 817)
Income on plan assets computed based on the discount rate	15 709	11 017	15 709	11 017
Other	(435)	(397)	(124)	(397)
Other staff costs	(1 702)	(1 436)	(1 696)	(1 435)
	(113 262)	**(115 920)**	**(111 636)**	**(114 283)**
Costs with early retirements and terminations				
Early retirements	(465)	(6 397)	(465)	(6 397)
Voluntary terminations	113	(250)	113	(250)
	(352)	**(6 647)**	**(352)**	**(6 647)**
	(113 614)	**(122 567)**	**(111 988)**	**(120 930)**

In the second half of 2021, Banco BPI reorganised its management structure, which is now divided into three levels below the Executive Committee. In this sense, those responsible for the commercial units became part of the senior management segment.

In the first half of 2022 and 2021, the average headcount is broken down as follows:

	Consolidated			
	30-06-2022		30-06-2021	
	Men	Women	Men	Women
Directors[1]	5		5	
Senior management	476	295	241	128
Other management staff	1 363	2 093	1 694	2 380
Other employees	88	159	55	95
	1 932	**2 547**	**1 995**	**2 603**

[1]Executive Directors of Banco BPI.

	Individual			
	30-06-2022		30-06-2021	
	Men	Women	Men	Women
Directors[1]	5		5	
Senior management	471	295	237	128
Other management staff	1 358	2 089	1 687	2 374
Other employees	87	158	54	94
	1 921	**2 542**	**1 983**	**2 596**

[1]Executive Directors of Banco BPI.

In the first half of 2022 and 2021, the headcount is broken down as follows:

	Consolidated			
	30-06-2022		30-06-2021	
	Men	Women	Men	Women
Directors[1]	5		5	
Senior management	467	294	247	130
Other management staff	1 350	2 054	1 672	2 363
Other employees	107	184	54	91
	1 929	**2 532**	**1 978**	**2 584**

[1] Executive Directors of Banco BPI.

	Individual			
	30-06-2022		30-06-2021	
	Men	Women	Men	Women
Directors[1]	5		5	
Senior management	462	294	243	130
Other management staff	1 345	2 050	1 665	2 357
Other employees	106	183	53	90
	1 918	**2 527**	**1 966**	**2 577**

[1] Executive Directors of Banco BPI.

32. OTHER ADMINISTRATIVE EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2022	30-06-2021	30-06-2022	30-06-2021
General administrative expenses				
Supplies				
Water, energy and fuel	(2 673)	(2 903)	(2 667)	(2 900)
Consumables	(1 071)	(885)	(1 062)	(874)
Other	(310)	(282)	(310)	(282)
Services				
Rents and leases	(6 633)	(4 438)	(6 372)	(4 192)
Communications and IT	(24 724)	(22 694)	(24 689)	(22 666)
Travel, lodging and representation	(1 248)	(1 061)	(1 212)	(1 037)
Advertising and publishing	(5 291)	(4 274)	(5 291)	(4 274)
Maintenance and repairs	(6 691)	(7 133)	(6 686)	(7 129)
Insurance	(557)	(520)	(553)	(516)
Fees	(921)	(1 011)	(865)	(937)
Legal expenses	(1 176)	(1 393)	(1 156)	(1 323)
Security and cleaning	(3 164)	(3 234)	(3 164)	(3 233)
Information services	(1 650)	(1 611)	(1 556)	(1 492)
Studies, consultancy and auditing	(4 633)	(7 102)	(4 606)	(7 070)
Clearing and ATM system	(1 440)	(1 463)	(1 440)	(1 463)
Outsourcing	(8 486)	(7 484)	(8 486)	(7 484)
Subscriptions and donations	(387)	(13)	(386)	(11)
Other taxes	(846)	(650)	(823)	(633)
Other	(3 204)	(3 798)	(3 202)	(3 796)
	(75 105)	**(71 949)**	**(74 526)**	**(71 312)**

33. IMPAIRMENT OR (-) REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2022	30-06-2021
Financial assets at amortised cost		
Loans and advances		
Net allowances		
Credit Institutions	26	1
Customers	(26 871)	(38 009)
Recovery of loans written off from assets	2 125	29 732
Expenses associated with recovery of loans	(193)	(715)
Debt securities		
Net allowances	(1 744)	(142)
	(26 657)	**(9 133)**

34. PROFIT

In 2022 and 2021, the contribution of Banco BPI and its subsidiaries and associates to the consolidated net income was as follows:

	30-06-2022	30-06-2021
Banks		
Banco BPI, S.A.	171 972	163 941
Banco Comercial e de Investimentos, S.A.R.L.	17 108	9 138
Asset management		
BPI (Suisse), S.A.	1 265	1 334
Venture / development capital		
Inter-Risco - Sociedade de Capital de Risco, S.A.[1]		(97)
Insurance		
Cosec - Companhia de Seguros de Crédito, S.A.	2 226	1 449
Companhia de Seguros Allianz Portugal, S.A.	6 820	8 148
Other		
BPI, Inc[2]		(5)
Unicre - Instituição Financeira de Crédito, S.A.	1 816	1 171
	201 207	**185 079**

[1] In the first half of 2022, Inter-Risco equity holding was transferred to the portfolio of Non-current assets held for sale, as it is in the process of being sold (Note 18).

[2] In the first half of 2022, the liquidation process of BPI Inc was concluded.

35. INFORMATION ON FAIR VALUE

Note 38 to the individual and consolidated financial statements of Banco BPI at 31 December 2021 describes the criteria for the classification of financial instruments by levels in accordance with the hierarchy established in IFRS 13, according to the methodology used to calculate their fair value. There were no significant changes to the criteria described in the previous year's notes to the financial statements.

35.1. Fair value of financial instruments recorded in the balance sheet at fair value

The detail of the financial assets measured at fair value on the consolidated and individual balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	30-06-2022					31-12-2021				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial assets held for trading	**101 376**	**101 376**	**1 736**	**59 477**	**40 163**	**103 838**	**103 838**	**1 523**	**73 151**	**29 164**
Derivatives	95 456	95 456		59 477	35 979	98 057	98 057		73 151	24 906
Equity instruments	1 380	1 380	1 380			1 163	1 163	1 163		
Debt securities	4 540	4 540	356		4 184	4 618	4 618	360		4 258
Non-trading financial assets mandatorily at fair value through profit or loss	**87 420**	**87 420**	**1 118**		**86 302**	**113 509**	**113 509**	**908**		**112 601**
Equity instruments	81 643	81 643	1 118		80 525	108 155	108 155	908		107 247
Debt securities	5 777	5 777			5 777	5 354	5 354			5 354
Financial assets at fair value through other comprehensive income	**1 616 186**	**1 616 186**	**1 169 923**		**446 263**	**1 666 764**	**1 666 764**	**1 236 887**		**429 877**
Equity instruments	447 639	447 639	1 376		446 263	431 389	431 389	1 512		429 877
Debt securities	1 168 547	1 168 547	1 168 547			1 235 375	1 235 375	1 235 375		
Derivatives - Hedge accounting	**49 145**	**49 145**		**49 145**		**25 174**	**25 174**		**25 174**	
Total	**1 854 127**	**1 854 127**	**1 172 777**	**108 622**	**572 728**	**1 909 285**	**1 909 285**	**1 239 318**	**98 325**	**571 642**

The detail of financial liabilities measured at fair value on the consolidated and individual balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	30-06-2022					31-12-2021				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial liabilities held for trading	**92 115**	**92 115**		**57 166**	**34 949**	**103 937**	**103 937**		**82 372**	**21 565**
Derivatives	92 115	92 115		57 166	34 949	103 937	103 937		82 372	21 565
Derivatives - Hedge accounting	**8 058**	**8 058**		**8 058**		**15 859**	**15 859**		**15 859**	
Total	**100 173**	**100 173**		**65 224**	**34 949**	**119 796**	**119 796**		**98 231**	**21 565**

The movement in level 3 financial assets at fair value and financial liabilities held for trading, in the first half of 2022 and the year of 2021, was as follows:

	Consolidated / Individual									
	30-06-2022					31-12-2021				
	Financial assets and liabilities held for trading		Non-trading financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Financial assets and liabilities held for trading		Non-trading financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through other comprehensive income
	Debt securities	Trading derivatives[1]	Equity instruments	Debt securities	Equity instruments	Debt securities	Trading derivatives[1]	Equity instruments	Debt securities	Equity instruments
Balance at beginning of the period	**4 258**	**3 342**	**107 247**	**5 354**	**429 877**	**4 952**	**5 164**	**124 083**	**52 314**	**435 185**
Total profit or (-) loss	(74)	(1 613)	119	423	24 457	(20)	772	(11 914)	(744)	(4 222)
Losses or gains	(74)	(1 613)	119	488		(20)	772	(11 914)	(744)	
Adjustments to equity				(65)	24 457					(4 222)
Purchases					31	2 075				198
Liquidations and other		(699)	(26 841)		(8 102)	(2 749)	(2 594)	(4 922)	(46 216)	(1 284)
Balance at end of the period	**4 184**	**1 030**	**80 525**	**5 777**	**446 263**	**4 258**	**3 342**	**107 247**	**5 354**	**429 877**

[1] Net value

35.2. Fair value of financial assets at amortised cost

The fair value of the financial assets at amortised cost on the consolidated and individual balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	30-06-2022					31-12-2021				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial assets at amortised cost										
Debt securities	7 127 767	6 873 918			6 873 918	6 845 126	6 891 574			6 891 574
Loans and advances	26 456 944	28 560 339		1 128 336	27 432 003	25 292 693	25 547 500		996 578	24 550 922
Central Banks and Credit Institutions	1 131 423	1 128 336		1 128 336		1 002 843	996 578		996 578	
Customers	25 325 521	27 432 003			27 432 003	24 289 850	24 550 922			24 550 922
Total	**33 584 711**	**35 434 257**		**1 128 336**	**34 305 921**	**32 137 819**	**32 439 074**		**996 578**	**31 442 496**

The fair value of financial liabilities at amortised cost on the consolidated balance sheet, broken down by levels, is as follows:

	Consolidated									
	30-06-2022					31-12-2021				
		Fair value					Fair value			
	Book value	Total	Level 1	Level 2	Level 3	Book value	Total	Level 1	Level 2	Level 3
Financial liabilities at amortised cost										
Deposits	35 831 731	35 774 981		4 703 263	31 071 718	34 698 404	34 623 712		4 747 673	29 876 039
Central Banks	4 764 046	4 703 263		4 703 263		4 823 269	4 747 673		4 747 673	
Credit Institutions	1 112 547	1 112 895			1 112 895	1 002 995	993 698			993 698
Customers	29 955 138	29 958 823			29 958 823	28 872 140	28 882 341			28 882 341
Debt securities issued	2 328 796	2 470 172			2 470 172	2 206 299	2 347 764			2 347 764
Other financial liabilities	338 666	338 666			338 666	295 911	295 911			295 911
Total	**38 499 193**	**38 583 819**		**4 703 263**	**33 880 556**	**37 200 614**	**37 267 387**		**4 747 673**	**32 519 714**

The fair value of financial liabilities at amortised cost on the individual balance sheet, broken down by levels, is as follows:

	Individual									
	30-06-2022					31-12-2021				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial liabilities at amortised cost										
Deposits	35 831 731	35 774 982		4 703 263	31 071 719	34 698 404	34 623 713		4 747 673	29 876 040
Central Banks	4 764 046	4 703 263		4 703 263		4 823 269	4 747 673		4 747 673	
Credit Institutions	1 112 547	1 112 895			1 112 895	1 002 995	993 698			993 698
Customers	29 955 138	29 958 823			29 958 823	28 872 140	28 882 341			28 882 341
Debt securities issued	2 328 796	2 470 172			2 470 172	2 206 299	2 347 764			2 347 764
Other financial liabilities	338 116	338 116			338 116	296 442	296 442			296 442
Total	**38 498 643**	**38 583 270**		**4 703 263**	**33 880 007**	**37 201 145**	**37 267 919**		**4 747 673**	**32 520 245**

36. RELATED PARTIES

In accordance with IAS 24, the entities considered to be related to Banco BPI are:

- those in which the Bank has direct or indirect significant influence over their management and financial policies (Associated companies) and pension funds;
- Caixabank, which holds the entire share capital of Banco BPI, and the companies controlled by the Caixabank Group;
- the members of the key management personnel of Banco BPI, such being considered for this purpose the executive and non-executive members of the Board of Directors and Supervisory Board and individual persons and companies related with them. In 2021, following the entry into force of Bank of Portugal Notice 3/2020, the Bank changed the scope of the entities related to the members of the Board of Directors, and included in it the Supervisory Board.

In accordance with these criteria, BPI's related parties at 30 June 2022, are the following

Name of related entity	Registered office	Effective holding	Direct holding
Shareholders of Banco BPI			
Grupo CaixaBank	Spain	100.0%	
Associated entities of Banco BPI			
BPI (Suisse), S.A. [1]	Switzerland	100.0%	100.0%
Banco Comercial e de Investimentos, S.A.	Mozambique	35.7%	35.7%
Companhia de Seguros Allianz Portugal, SA	Portugal	35.0%	35.0%
Cosec - Companhia de Seguros de Crédito, SA	Portugal	50.0%	50.0%
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	49.0%	49.0%
Unicre - Instituição Financeira de Crédito, SA	Portugal	21.0%	21.0%
Pension Funds of BPI Employees			
Fundo de Pensões Banco BPI	Portugal	100.0%	
Fundo de Pensões Aberto BPI Acções	Portugal	5.8%	
Fundo de Pensões Aberto BPI Valorização	Portugal	30.7%	
Fundo de Pensões Aberto BPI Segurança	Portugal	16.0%	
Fundo de Pensões Aberto BPI Garantia	Portugal	6.3%	
Members of the Board of Directors of Banco BPI			
Fernando Ulrich			
António Lobo Xavier			
Fransico Artur Matos			
Cristina Rios Amorim			
Elsa Maria Roncon			
Fátima Barros			
Francisco Barbeira			
Gonzalo Gortázar Rotaeche			
Ignacio Alvarez-Rendueles			
Javier Pano Riera			
João Pedro Oliveira e Costa			
Lluís Vendrell			
Manuel Sebastião			
Natividad Capella			
Pedro Barreto			
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. represented by José Manuel Henriques Bernardo and Cláudia Sofia Parente Gonçalves da Palma			

[1] Transactions with fully consolidated companies are only shown in the tables for Banco BPI - individual basis.

In accordance with these criteria, BPI's related parties at 31 December 2021, were the following:

Name of related entity	Registered office	Effective holding	Direct holding
Shareholders of Banco BPI			
Grupo CaixaBank	Spain	100.0%	
Associated entities of Banco BPI			
BPI Incorporated[1]	USA	100.0%	100.0%
BPI (Suisse), S.A.[1]	Switzerland	100.0%	100.0%
Banco Comercial e de Investimentos, S.A.	Mozambique	35.7%	35.7%
Companhia de Seguros Allianz Portugal, SA	Portugal	35.0%	35.0%
Cosec - Companhia de Seguros de Crédito, SA	Portugal	50.0%	50.0%
Inter-Risco – Sociedade de Capital de Risco, S.A.	Portugal	49.0%	49.0%
Unicre - Instituição Financeira de Crédito, SA	Portugal	21.0%	21.0%
Pension Funds of BPI Employees			
Fundo de Pensões Banco BPI	Portugal	100.0%	
Fundo de Pensões Aberto BPI Acções	Portugal	6.1%	
Fundo de Pensões Aberto BPI Valorização	Portugal	31.9%	
Fundo de Pensões Aberto BPI Segurança	Portugal	16.8%	
Fundo de Pensões Aberto BPI Garantia	Portugal	6.5%	
Members of the Board of Directors of Banco BPI			
Fernando Ulrich			
António Lobo Xavier			
Francisco Artur Matos			
Cristina Rios Amorim			
Elsa Maria Roncon			
Fátima Barros			
Francisco Barbeira			
Gonzalo Gortázar Rotaeche			
Ignacio Alvarez-Rendueles			
Javier Pano Riera			
João Pedro Oliveira e Costa			
Lluís Vendrell			
Manuel Sebastião			
Natividad Capella			
Pedro Barreto			
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. represented by José Manuel Henriques Bernardo and Cláudia Sofia Parente Gonçalves da Palma			

[1] Transactions with fully consolidated companies are only shown in the tables for Banco BPI - individual basis.

At 30 June 2022 the total amount of assets, liabilities, capital and off-balance sheet commitments relating to transactions with Shareholders of Banco BPI, associated companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Consolidated				
	Shareholders of Banco BPI [1]	**Associated entities**	**Pension Funds of BPI Employees**	**Members of the Board of Directors of Banco BPI**	**Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]**
Assets					
Cash and cash balances at central banks and other demand deposits	2 548				1 215
Financial assets held for trading	29 738				1 380
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	1 118				
Financial assets at fair value through other comprehensive income - equity instruments	560				67 900
Financial assets at amortised cost					
Debt securities					184 341
Loans and advances - central banks and other credit institutions	218 049	29 719			
Loans and advances - Customers	49 282	91		**473**	15 080
Derivatives - Hedge accounting	48 206				
Tangible assets					32
Other assets	27 512	29 657			755
	377 013	**59 467**		**473**	**270 703**
Liabilities					
Financial liabilities held for trading	9 338				
Financial liabilities at amortised cost					
Deposits - Customers	210 583	22 556	27 157	6 264	30 261
Deposits - Credit Institutions	67 537	4 014			119
Debt securities issued	1 580 176				
Other financial liabilities	176	11			(1)
Provisions - Commitments and guarantees given					75
Other liabilities	23 059	29		3 544	19
	1 890 869	**26 610**	**27 157**	**9 808**	**30 473**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	55 727	5 000		45	19 686
Financial guarantees given					
Guarantees and sureties given					16 152
Other commitments given					
Non-financial guarantees and sureties	536	13 774			23 924
Liabilities for services provided					
Deposit and safekeeping of valuables	7 497 364	1 078 764	1 848 613	1 313	14 579
Other	13 218				
Foreign exchange transactions and derivative instruments					
Purchase	1 955 580				
Sale	(1 342 855)				
Other				**26**	
	8 179 570	**1 097 538**	**1 848 613**	**1 384**	**74 341**

[1] Includes the CaixaBank Group and the companies which it controls.

[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

	Individual				
	Shareholders of Banco BPI [1]	Associated entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Assets					
Cash and cash balances at central banks and other demand deposits	2 548				1 215
Financial assets held for trading	29 738				1 380
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	1 118				
Financial assets at fair value through other comprehensive income - equity instruments	560				67 900
Financial assets at amortised cost					
Debt securities					184 341
Loans and advances - central banks and other credit institutions	218 049	29 719			
Loans and advances - Customers	49 282	91		473	15 080
Derivatives - Hedge accounting	48 206				
Investments in joint ventures and associates		96 254			
Tangible assets					32
Intangible assets					
Other assets	27 512	29 657			755
	377 013	**155 721**		**473**	**270 703**
Liabilities					
Financial liabilities held for trading	9 338				
Financial liabilities at amortised cost					
Deposits - Credit Institutions	67 537	4 014			119
Deposits - Customers	210 583	22 556	27 157	6 264	30 261
Debt securities issued	1 580 176				
Other financial liabilities	176	11			(1)
Provisions - Commitments and guarantees given					75
Other liabilities	23 059	29		3 456	19
	1 890 869	**26 610**	**27 157**	**9 720**	**30 473**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	55 727	5 000		45	19 686
Financial guarantees given					
Guarantees and sureties given					16 152
Other commitments given					
Non-financial guarantees and sureties	536	13 774			23 924
Liabilities for services provided					
Deposit and safekeeping of valuables	7 497 364	1 078 764	1 848 613	1 313	14 579
Other	13218				
Foreign exchange transactions and derivative instruments					
Purchase	1 955 580				
Sale	(1 342 855)				
Other				26	
	8 179 570	**1 097 538**	**1 848 613**	**1 384**	**74 341**

[1] Includes the CaixaBank Group and the companies which it controls.

[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

At 31 December 2021 the total amount of assets, liabilities, capital and off-balance sheet commitments relating to transactions with Shareholders of Banco BPI, associated companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Consolidated				
	Shareholders of Banco BPI [1]	**Associated entities**	**Pension Funds of BPI Employees**	**Members of the Board of Directors of Banco BPI**	**Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]**
Assets					
Cash and cash balances at central banks and other demand deposits	2 421				4 373
Financial assets held for trading	18 150				1 163
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	908				
Financial assets at fair value through other comprehensive income - equity instruments	560				80 000
Financial assets at amortised cost					
Debt securities					209 355
Loans and advances - central banks and other credit institutions	203 905	20 550			
Loans and advances - Customers	8 226			**682**	16 795
Derivatives - Hedge accounting	24 503				
Tangible assets	267				
Intangible assets	8 525				
Other assets	47 302	28 924			
	314 767	**49 474**		**682**	**311 686**
Liabilities					
Financial liabilities held for trading	20 596				
Financial liabilities at amortised cost					
Deposits - Customers	239 774	34 797	21 382	6 255	48 070
Deposits - Credit Institutions	18 391	955			53
Debt securities issued	1 457 187				
Other financial liabilities	484				
Derivatives - Hedge accounting	621				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4				
Provisions - Commitments and guarantees given					97
Other liabilities	1 196			3 738	
	1 738 253	**35 752**	**21 382**	**9 993**	**48 220**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	66 215	5 000		44	19 365
Irrevocable commitments	2 443				
Financial guarantees given					
Guarantees and sureties given					18 843
Other commitments given					
Non-financial guarantees and sureties	366	12 686			23 924
Liabilities for services provided					
Deposit and safekeeping of valuables	7 138 811	1 156 823	1 998 505	941	27 306
Other	17 356				
Foreign exchange transactions and derivative instruments					
Purchase	2 237 281				
Sale	(1 735 490)				
Other				**33**	
	7 726 982	**1 174 509**	**1 998 505**	**1 018**	**89 438**

[1] Includes the CaixaBank Group and the companies which it controls.
[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

	Individual				
	Shareholders of Banco BPI [1]	Associated entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Assets					
Cash and cash balances at central banks and other demand deposits	2 421				4 373
Financial assets held for trading	18 150				1 163
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	908				
Financial assets at fair value through other comprehensive income - equity instruments	560				80 000
Financial assets at amortised cost					
Debt securities					209 355
Loans and advances - central banks and other credit institutions	203 905	20 550			
Loans and advances - Customers	8 226			682	16 795
Derivatives - Hedge accounting	24 503				
Investments in joint ventures and associates		97 170			
Tangible assets	267				
Intangible assets	8 525				
Other assets	47 302	28 924			
	314 767	**146 644**		**682**	**311 686**
Liabilities					
Financial liabilities held for trading	20 596				
Financial liabilities at amortised cost					
Deposits - Customers	239 774	34 797	21 382	6 255	48 070
Deposits - Credit Institutions	18 391	955			53
Debt securities issued	1 457 187				
Other financial liabilities	484				
Derivatives - Hedge accounting	621				
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4				
Provisions - Commitments and guarantees given					97
Other liabilities	1 196			3 680	
	1 738 253	**35 752**	**21 382**	**9 935**	**48 220**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	66 215	5 000		44	19 365
Irrevocable commitments	2 443				
Financial guarantees given					
Guarantees and sureties given					18 843
Other commitments given					
Non-financial guarantees and sureties	366	12 686			23 924
Liabilities for services provided					
Deposit and safekeeping of valuables	7 138 811	1 156 823	1 998 505	941	27 306
Other	17356				
Foreign exchange transactions and derivative instruments					
Purchase	2 237 281				
Sale	(1 735 490)				
Other				**33**	
	7 726 982	**1 174 509**	**1 998 505**	**1 018**	**89 438**

[1] Includes the CaixaBank Group and the companies which it controls.
[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

At 30 June 2022 the total amount of assets, liabilities, results, capital and off-balance sheet commitments relating to transactions with associated and jointly controlled companies, pension funds of BPI Employees, Shareholders of Banco BPI, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Consolidated				
	Shareholders of Banco BPI [1]	Associated and jointly controlled entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 889)				
	(8 889)				
Results					
Net interest income	(8 180)	35			39
Dividend income					3 508
Fee and commission income	20 860	26 467		1	122
Fee and commission expenses	(6 615)				(1 387)
Gains or (-) losses on financial assets and liabilities held for trading, net	22 122				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	158				
Gains or (-) losses from hedge accounting, net	(6 011)				
Other operating income	4 612				
Other operating expenses	5 734	(184)			(1 831)
Administrative expenses					
Staff Expenses				(3 531)	
Other administrative expenses	(17 943)	(1 059)	(5 836)	(755)	(1 164)
Depreciation					
Provisions or (-) reversal of provisions - Commitments and guarantees given					20
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					256
	14 737	**25 259**	**(5 836)**	**(4 285)**	**(437)**

[1] Includes the CaixaBank Group and the companies which it controls.
[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

	Individual				
	Shareholders of Banco BPI [1]	Associated and jointly controlled entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 889)				
	(8 889)				
Results					
Net interest income	(8 180)	35			39
Dividend income		37 542			3 508
Fee and commission income	20 860	26 467		1	122
Fee and commission expenses	(6 615)				(1 387)
Gains or (-) losses on financial assets and liabilities held for trading, net	22 122				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	158				
Gains or (-) losses from hedge accounting, net	(6 011)				
Other operating income	4 612				
Other operating expenses	5 734	(184)			(1 831)
Administrative expenses					
Staff expenses				(3 531)	
Other administrative expenses	(17 943)	(1 059)	(5 836)	(727)	(1 164)
Depreciation					
Provisions or (-) reversal of provisions - Commitments and guarantees given					20
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					256
	14 737	**62 801**	**(5 836)**	**(4 257)**	**(437)**

[1] Includes the CaixaBank Group and the companies which it controls.
[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

At 30 June 2021 the total amount of assets, liabilities, capital, results and off-balance sheet commitments relating to transactions with Shareholders of Banco BPI, associated and jointly controlled companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Consolidated				
	Shareholders of Banco BPI [1]	Associated and jointly controlled entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 889)				
	(8 889)				
Results					
Net interest income	(6 313)	17			14
Dividend income					1 476
Fee and commission income	15 921	25 889		2	113
Fee and commission expenses	(2 065)	(8)			
Gains or (-) losses on financial assets and liabilities held for trading, net	821				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	135				
Gains or (-) losses from hedge accounting, net	1 235				
Other operating income	5 522				
Administrative expenses					
Staff expenses				(3 615)	
Other administrative expenses	(11 814)	(491)	(6 120)	(122)	
Depreciation	(1 476)				
Provisions or (-) reversal of provisions - Commitments and guarantees given					(6)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through	(30)				6
	1 936	**25 407**	**(6 120)**	**(3 735)**	**1 603**

[1] Includes the CaixaBank Group and the companies which it controls.
[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

	Individual				
	Shareholders of Banco BPI [1]	Associated and jointly controlled entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 889)				
	(8 889)				
Results					
Net interest income	(6 313)	17			14
Dividend income		16 041			1 476
Fee and commission income	15 921	25 889		2	113
Fee and commission expenses	(2 065)	(8)			
Gains or (-) losses on financial assets and liabilities held for trading, net	821				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	135				
Gains or (-) losses from hedge accounting, net	1 235				
Other operating income	5 522				
Administrative expenses					
Staff expenses				(3 615)	
Other administrative expenses	(11 814)	(491)	(6 120)	(95)	
Depreciation	(1 476)				
Provisions or (-) reversal of provisions - Commitments and guarantees given					(6)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through	(30)				6
	1 936	**41 448**	**(6 120)**	**(3 708)**	**1 603**

[1] Includes the CaixaBank Group and the companies which it controls.
[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

Operations with CaixaBank Group companies are part of the Bank's regular business activity and are carried out on arm's length terms. The most significant operations included in this note are the following:

- In 2019 Banco BPI approved an overdraft to Caixabank Payments & Consumer E.F.C. E.P., S.A. with a ceiling of 175 000 th.euros, a commitment fee of 0.40% and interest rate at the 12-month Euribor + 0.80%. At 30 June 2022 and 31 December 2021 the unused amount of the credit was 18 727 th.euros and 31 780 th.euros, respectively, and was recognised in the off balance sheet caption "revocable commitments".

- In September 2019 Banco BPI issued Additional Tier 1 (AT1) capital instruments in the amount of 275 000 th.euros, and fixed coupon of 6.5%. The issue, whose conditions are described in Note 23, was fully subscribed by CaixaBank, S.A.. The value of this operation is recognised in the caption "Equity instruments issued, except for share capital", and its remuneration is recognised under "Other reserves (Note 23).

- In March 2020 Banco BPI issued senior non-preferred debt in the amount of 450 000 th.euros, with a coupon of 0.875% and yield equivalent to the 5-year swap rate plus a spread of 130 basis points, fully subscribed by CaixaBank. This transaction was booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2022 and 31 December 2021 amounts to 451 262 th.euros and 453 236 th.euros, respectively (Note 19.3).

- In October 2021 Banco BPI issued senior non-preferred bonds in the amount of 700 000 th.euros, variable coupon of 6-month EURIBOR + 0.95%, and maturity in 2027, fully subscribed by the shareholder CaixaBank. This transaction was booked under 'financial liabilities measured at amortised cost - debt securities issued', in the amount of 700 990 th.euros and 700 716 th.euros at 30 June 2022 and 31 December 2021, respectively (Note 19.3).

- In the first half of 2022, Banco BPI redeemed in advance a subordinated bond issue fully subscribed by the shareholder Caixabank in the amount of 300 000 th.euros, maturing in 2027. On the other hand, Banco BPI issued subordinated bonds in the amount of 425 000 th.euros, variable coupon of 6-month EURIBOR + 3.30%, and maturity in 2032, fully subscribed by the shareholder CaixaBank. These transactions are booked under 'financial liabilities measured at amortised cost - debt securities issued', in the amount of 428 862 th.euros at 30 June 2022 and 303 235 th.euros at 31 December 2021 (Note 19.3).

37. SUBSEQUENT EVENTS

Following CaixaBank Group's strategic decision to merge the Wealth Management activities of its two international subsidiaries, BPI Suisse, wholly owned by BPI, and CaixaBankWealthManagement Luxembourg (CWML), wholly owned by CaixaBank, Banco BPI approved the sale of all shares representing 100% of BPI Suisse's share capital to CWML, for 17 million euros. The completion of this transaction is scheduled for the second half of 2022.

Banco BPI is analysing the sale of a portfolio of non-performing loans to Customers in the Individuals and Corporate segments, to be completed in the second half of 2022. The completion of this operation (and the recognition of the recovery of loans/reversal of impairments) is scheduled for the second half of 2022.

38. NOTE ADDED FOR TRANSLATION

These consolidated and individual financial statements are a translation of financial statements originally issued in Portuguese in conformity with the International Financial Reporting Standards (IFRS) as endorsed by the European Union, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Review Report on the Condensed Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Banco BPI, S.A. (“Grupo”, “Banco BPI” or “Banco”), which comprise the condensed consolidated interim statement of financial position as at 30 June 2022 (which shows total assets of Euros 43.119.468 thousand and total shareholder's equity of Euros 3.950.031 thousand, including a profit attributable to the owners of the parent of Euros 201.207 thousand, the condensed interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed interim consolidated financial statements.

Management’s responsibility

The Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on the accompanying condensed interim consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these condensed interim consolidated financial statements.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
Receção: Palácio Sottomayor, Avenida Fontes Pereira de Melo, nº16, 1050-121 Lisboa, Portugal
Tel +351 213 599 000, Fax +351 213 599 999, www.pwc. pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros
da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed interim consolidated financial statements of Banco BPI, S .A. as at 30 June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

29 July 2022

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

José Manuel Henriques Bernardo, ROC nº 903
Registered with the Portuguese Securities Market Commission under no. 20160522

(This is a translation, not to be signed)

Review Report on the Condensed Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed financial statements of Banco BPI, S.A. ("Banco BPI" or "Banco"), which comprise the condensed interim statement of financial position as at 30 June 2022 (which shows total assets of Euros 42.958.289 thousand and total shareholder's equity of Euros 3.801.414 thousand, including a profit attributable to the owners of the parent of Euros 207.541 thousand, the condensed interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed interim financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed interim financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed interim financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed interim financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these condensed interim financial statements.

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Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
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da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed interim financial statements of Banco BPI, S.A. as at 30 June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

29 July 2022

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
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José Manuel Henriques Bernardo, ROC nº 903
Registered with the Portuguese Securities Market Commission under no. 20160522

(This is a translation, not to be signed)

Statement

DECLARATION REFERRED TO IN ARTICLE 29-J (1) C) OF THE SECURITIES CODE

Article 29-J (1) (c) of the Securities Code prescribes that each one of the persons responsible for the company issues a declaration, the content of which is defined therein.

The Members of the Executive Committee of Banco BPI's Board of Directors, identified here by name, individually subscribe to the declaration transcribed as follows:

"I declare in the terms and for the purposes of article 29-J (1) (c) of the Securities Code that, to the best of my knowledge, the financial statements and the directors' report of Banco BPI, S.A., relating to the 1st half of 2022, were prepared in conformity with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial situation and the results of that company and of the companies included in the consolidation perimeter, and that the directors' report contains an indication of the important events which occurred in the 1st half of 2022 and their impact on the respective financial statements, as well as a description of the principal risks and uncertainties for the six following months."

João Pedro Oliveira e Costa	(Chairman)
Francisco Artur Matos	(Member)
Francisco Manuel Barbeira	(Member)
Ignacio Alvarez-Rendueles	(Member)
Pedro Barreto	(Member)

Porto, 26 July 2022

This is a translation from the Portuguese original. In the event of any inconsistency the Portuguese version shall prevail.

BANCO BPI, S.A.
Registered at Commercial Registry of Porto
under registration number PTIRNMJ 501 214 534
and tax identification number 501 214 534
Registered office: Avenida da Boavista 1117, 4100-129 Porto, Portugal
Share capital: € 1 293 063 324.98