ANNUAL REPORT
2022

BPI

Grupo CaixaBank

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MANAGEMENT REPORT

ABOUT THIS REPORT

Banco BPI (hereinafter "BPI" or "the Bank") has prepared this 2022 Management Report in accordance with the International Framework for Integrated Reporting[1] with the objective of assembling in a single document the relevant information for the stakeholders and ensuring an integrated vision of the Bank's financial and non-financial performance.

The Report describes the Bank's performance in the material issues for the Bank and its stakeholders, identified in the 2022 Double Materiality Analysis, and the implementation of the strategic priorities for the 2022-2024 three-year period. Information on the Bank's financial performance is included, as well as the impact of its activities, both internal and at the business level, on the intellectual, human, environmental, social and governance dimensions.

The report complies with Decree-Law no. 89/2017 of 28 July on non-financial disclosure and diversity, the voluntary application guidelines on non-financial disclosure of the Portuguese Securities Market Commission, by means of a benchmark index, and the Taxonomy[2] - European Regulation EU 2020/852.

The preparation of the Sustainability Report also followed these international voluntary reporting principles and standards:

- Global Reporting Initiative – GRI[3]- "in accordance - core" reporting option*);*
- Sustainability Accounting Standards Board – SASB[4];
- Principles of the UN Global Compact and Sustainable Development Goals.

For the above standards, a matching index has been prepared.

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

[1] Integrated Reporting Framework – "Supplementary Information - Integrated Reporting"

[2] "Our Performance – Natural Capital – Environmental and Climate Risks" and "Supplementary Information – Standards and Commitments – European Taxonomy".

[3] "Supplementary Information - GRI Indicators".

[4] "Supplementary Information– Index of SASB Contents".

INTRODUCTION

STATEMENT OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

ANOTHER EXTRAORDINARY YEAR

2022 was another extraordinary year for BPI, and again extraordinary was the work done by everyone who works at the Bank. The results achieved in the most diverse areas - profitability, solvency, market share gains, innovation - all are there to prove it, as are the numerous distinctions received by BPI from independent entities.

The economic and financial results are the fruit of much hard work, but they also depend, and very much so, on the external environment, namely the growth of economic activity and monetary and fiscal policies.

In recent years, globally we faced two unexpected events of great global impact, the pandemic and the invasion of Ukraine by Russia. The challenges have been enormous. However, from an economic perspective, external conditions have not deteriorated as much as anticipated.

In Portugal, GDP grew close to 13 percent in real terms in the six years to 2022, despite a fall of more than 8 percent in 2020. Over the same period the average unemployment rate stood at 7.1 per cent, while the average 10-year yield on Treasury bonds reached 1.4 per cent.

"The soundness of the numbers, the firmness of the leadership, the robustness of the teams, are the guarantee that along with the strength of shareholder CaixaBank, **BPI is prepared to meet the challenges and successfully explore the opportunities that lie ahead**."

Fernando Ulrich

To help put this into context, one should consider what happened in the nine years to 2016: on average, GDP fell by 1 percent, average unemployment reached 12.2 percent and the 10-year yield averaged 5.5 percent.

Notwithstanding the excellent developments witnessed by the Portuguese economy in recent years, one should acknowledge the extraordinary groundwork done at BPI in a challenging backdrop. Now, I would like to direct my attention to the progress observed at Banco BPI.

BPI has faced many different scenarios since 1981, some more favourable than others. Contrary to the past, today the Bank enjoys a unique ability to carry out a significant number of projects simultaneously, which are transforming BPI into an increasingly efficient, modern and innovative company.

From the commercial to the control areas, from operations to technology, from human resources to sustainability, in all these areas multiple projects and action plans are being implemented, in most cases with the participation of several teams.

All this remarkable work has only been possible because BPI can rely on the inspiring, determined and competent leadership of João Pedro Oliveira e Costa and his team, who have been able to anticipate trends, attract and mobilise talent, care about People, and muster great teamwork, across all teams.

The soundness of the numbers, the firmness of the leadership, the robustness of the teams, are the guarantee that along with the strength of shareholder CaixaBank, BPI is prepared to meet the challenges and successfully explore the opportunities that lie ahead.

STATEMENT OF THE CHIEF EXECUTIVE OFFICER

OVERCOMING UNCERTAINTY

The three-year period ended in 2022, corresponding to the mandate of BPI's Executive Committee, was marked by an unusual succession of momentous events, which History will surely put down as incontrovertible milestones and turning points: at the very beginning of 2020, the pandemic was declared; during 2021 it continuously worsened, and when the first signs of hope emerged after a gradual process of control, in February 2022 Russia invaded Ukraine, staging a hitherto unthinkable return of war to Europe that triggered a sudden and surprising revision of all the assumptions on which the world’s geopolitical order relied since the reunification of Germany. This definitively closed a historical cycle, with no return, as, in fact, nothing can ever be the same again.

The other consequences of these two "black swans" are well known: first of all, the human suffering and the loss of millions of lives; then, the effects on social and economic activity, with a deep global recession, the breakdown of production and distribution chains and the need to sustain employment, income and the solvency of companies and families through generous exceptional measures, which - as we know today - fulfilled their purpose well, but inevitably left their marks. Among these, a new fact, also unknown of in

“In the last three years, BPI has consistently walked on a pathway of **financial strength, efficiency gains, growth and results**, without losing sight of long term and challenges, as the transformation of business.”

João Pedro Oliveira e Costa

the last decades, began to take shape: a very steep inflationary surge, which quickly reached double digits, driven, after the war, by escalating energy and food prices. This new fact - inflation - has forced a radical shift in monetary policies in the United States and Europe, with a sharp rise in interest rates. The expected effect of contraction of economic activity was already quite visible in the second half of 2022. For the financial sector this is, in the near future, the most demanding of challenges.

The combination of this sequence of events produced an environment of high volatility and uncertainty. In the Portuguese case, and taking only the growth of GDP as an illustration, in 2020 it had the biggest fall in a century and in 2022 the biggest rise of the last 35 years, following a partial recovery of more than 5% in 2021, in a context of on and off lockdowns, teleworking, an overloaded health system and, at banks' initiative, a broad-based loan moratorium, which permitted to sustain employment and the regular income of families and companies, critically contributing to maintain a reasonable level of normality in social life. The same commitment to customers and society will now be assumed in the difficult management of the impacts of rising interest rates, particularly on mortgage loans.

In the last three years, BPI has consistently walked on a pathway of financial strength, efficiency gains, growth and results, without losing sight of long term and challenges, as the transformation of business. In 2020-22, resources and loans increased by 18 and 20%, respectively, market shares rose in the main business areas, digital customers grew by 27% and efficiency ratios improved substantially; so did risk and profitability ratios, together with the main revenues and, as a result, the domestic and consolidated results. This path coincided with a significant resizing of the Bank's physical network, a permanent simplification of the internal organisation, the improvement of human capital's working conditions and remuneration, and a strong investment in technological innovation.

The 2022/2024 Strategic Plan, approved last year, aims to reaffirm and speed up the delivery of the objectives, which are geared towards efficiency, permanent modernisation, rigour in risk management and profitability, and always mindful of people and the promotion of talent, social responsibility, and - increasingly important - sustainability.

The consolidated net income for the year rose by 19%, to 365 million euros, gross income grew by 14%, market share gains continued to be achieved in the most relevant segments, and return on tangible equity was 8%, with a NPE risk ratio of 1.6%, the best in the financial sector in Portugal, with 155% coverage by impairments and collaterals.

Preparing for the future, in 2022 BPI created a sub-brand for the youth segment (BPI AGE) and inaugurated the first branch of a Portuguese bank in virtual reality, as a sign of a firm commitment to technological innovation and digital transformation, reflected in the growing operational robotisation and extensive use of machine learning tools. Along the same lines, and in concert with the capture and development of new talent, two Centres of Excellence were created internally, one dedicated to Artificial Intelligence and the other to Innovation and New Businesses.

Also thinking ahead, in an area which today is undisputed for any relevant organisation, the 2022-24 Sustainability Plan, approved last year, lays down BPI's determination to lead the way in good governance practices, social impact, and support for the green transition of companies and society. Despite the Plan's demanding quantified objectives for these three dimensions, high levels of execution were achieved already in the first year, which clearly reflects the seriousness of our purpose, now being pursued through an autonomous team, fully committed.

One of these objectives is to invest 120 million euros over three years in social impact and inclusion, reaching 200,000 individual beneficiaries, with the involvement of the "la Caixa" Foundation, which expects to meet in 2023 the target it announced in 2017: an annual budget of 50 million euros for Portugal, applied in social programmes, research and innovation in health, culture, and education, and scholarships. This collaboration with the "la Caixa" Foundation, one of the largest foundations in the world and today one of the largest in our country, constitutes a very strong and unique mark of BPI's commitment to society and is certainly one of the reasons behind the Bank's high levels of reputation and recognition.

In 2022, among many other distinctions, BPI received the National Sustainability Award for the second time and was considered "The Best Bank in Portugal" and "The Bank of the Year in Portugal" by Euromoney and The Banker magazines, respectively. These honours, which belong and are due to the whole team, push us to be even more responsible and are a valuable incentive to do even better in the difficult environment we are entering.

Executive Committee
Pedro Barreto, João Pedro Oliveira e Costa (Chairman), Francisco Barbeira, Ignacio Alvarez-Rendueles, Francisco Artur Matos

2022 KEY INDICATORS

38.9 Bn.€	29.2 Bn.€	40.0 Bn.€	1.9 million	4 404	325
Total assets	Loans	Customer Resources	Clients	Employees	Commercial Units

Strong commercial dynamism

+5.9% (yoy)
loan portfolio

+5.0% (yoy)
Customer deposits

11.5% (+0.4 p.p. yoy) **Market share** in loans (Dec.22)

11.4% (0.0 p.p. yoy) **Market share** in Customer resources (Dec.22)

Improved efficiency and profitability

365 M.€ (+19% yoy) **Consolidated net profit**

235 M.€ (+31% yoy) Net profit in Portugal

50.2% (-4.0 p.p.)
core efficiency in Portugal

8.0% (+1.1 p.p.)
Recurrent ROTE in Portugal

Low risk profile and high capitalisation

1.6% **NPE ratio**

155% **coverage of NPE**
(by impairments and collaterals)

18.9% total capital

14.8% CET1

Capital ratios, phasing-in
IRB adoption (mortgage loans)

25.6%
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	2022	Δ% 2021/2022
Net profit	490.6	327.9	104.8	306.8	365.0	19.0%
Activity in Portugal	396.3	230.2	66.2	178.6	234.6	31.4%
Equity holdings in BFA and BCI	94.4	97.6	38.6	128.2	130.4	1.7%
Return on tangible equity (ROTE) [1]	16.3%	10.3%	3.0%	9.2%	10.0%	0.8 p.p.
Recurring ROTE in the activity in Portugal [1]	8.8%	8.9%	2.7%	6.8%	8.0%	1.1 p.p.
Core efficiency ratio [2] in the activity in Portugal	60.4%	60.2%	58.0%	54.2%	50.2%	(4.0 p.p.)
Return on assets (ROA)	1.6%	1.0%	0.3%	0.8%	0.9%	0.1 p.p.
Total assets (net)	31 568	31 812	37 786	41 378	38 905	(6.0%)
Loans to Customers (gross)	23 487	24 381	25 695	27 529	29 161	5.9%
Total Customer resources	33 195	34 382	36 989	40 305	40 045	(0.6%)
Loan to deposit ratio	100%	100%	93%	91%	92%	1.0 p.p.
NPE ratio (Non performing exposures; EBA criteria)	3.5%	2.5%	1.7%	1.6%	1.6%	(0.1 p.p.)
NPE coverage by impairments and collaterals	127%	124%	140%	149%	155%	6.3 p.p.
Cost of credit risk [3]	(0.18%)	(0.17%)	0.57%	0.17%	0.20%	0.03 p.p.
Shareholders' equity attributable to BPI shareholders [4]	3 206	3 161	2 981	3 393	3 590	5.8%
Common Equity Tier 1 ratio [5]	13.8%	13.4%	14.1%	14.2%	14.8%	0.6 p.p.
Total capital ratio [5]	15.5%	16.6%	17.3%	17.4%	18.9%	1.6 p.p.
Leverage ratio [5]	7.3%	8.4%	7.3%	6.8%	7.1%	0.3 p.p.
Distribution network (no. units) [6]	498	480	425	349	325	(6.9%)
BPI Group employees (no.)	4 888	4 840	4 622	4 478	4 404	(1.7%)

[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.
[4] Excludes AT1 capital instruments (275 M.€ issued in September 2019).
[5] Fully loaded capital ratios until 2019 and phasing of impact of IFRS9 implementation from 2020 to 2022.
[6] Retail branches, mobile branch, Premier centres, Private Banking (2 centres in Portugal and one in Switzerland) and Corporate and Institutional centres.

BPI Grupo CaixaBank

KEY CORPORATE EVENTS 2022

2022

2 Feb. BPI presents **2021 results**

8 Mar. BPI discloses **MREL requirement.** BPI already meets the MREL requirements as a percentage of RWA and LRE

10 Mar. BPI shareholder approves **2021 Annual Report and dividend** (194 M.€)

8 and 24 Mar. **425 M.€ issue of subordinated debt and early redemption of 300 M.€ matching issue**, optimising the capital structure and reinforcing MREL eligible liabilities

2 May BPI launches **new brand AGE** for **Clients from 0 to 25 years old**

2-6 May 2nd **BPI Health and Well-being Week**

6 May BPI presents **1st quarter 2022 results**

25 May BPI starts marketing the **first Portuguese funds targeting sustainable investment** (**Art.9 SFDR**), launched by **BPI Gestão de Ativos**

8 Jun. BPI launches **2022-2024 Sustainability Plan** and communicates its commitment to sustainable development.

27 Jun. Portuguese Football Federation and BPI renew partnership until 2024. BPI becomes **official sponsor of the women's League Cup**

8 July BPI and Expresso newspaper launch **Sustainability Accelerator** for Companies

13 July BPI is **"Best Bank in Portugal 2022"** for **EuroMoney**

29 Jul. BPI presents **1st half 2022 results**

16 Sep. **S&P Global Ratings upgrades the rating on BPI and its senior debt** to BBB+

19 Sep. **MoveOn**, BPI's new working model that combines face-to-face with remote

24-30 Oct. 2nd edition of **BPI Volunteering Service Week**

25 Oct. BPI enters the **Metaverse** and launches **first Virtual Reality Branch in Portugal**

3 Nov. BPI is **"Best Private Banking in Portugal 2022"** for **PWN and The Banker** magazins

4 Nov. BPI presents **3rd quarter 2022 results**

15 Nov. BPI obtains AENOR certification for **Anti-Bribery Management System** and **Criminal Compliance Management System**

21 Nov. **ISO 14 001:2015 Environmental Management System Certification renewed,** and extended to the central buildings in Porto (Boavista and Saudade)

24 Nov. BPI obtains **AENOR certification** for **service quality in Corporate Banking**

1 Dec. BPI is **"Bank of the Year 2022 in Portugal"** for **The Banker**

16 Dec. BPI discloses **minimum prudential capital requirements and leverage ratio** for 2023

2023

3 Feb. BPI presents **2022 results**

WHO WE ARE

IDENTITY

Mission, Vision and Values

Mission

To contribute to the financial well-being of Customers and to the progress of Society as a whole

Vision

Leading and innovative financial group, with the best Customer Service, and a reference in Sustainable Banking

Values

Service quality

Trust

Social Commitment

BPI's mission is to contribute to the financial well-being of its Customers and to the sustainable progress of society as a whole through the offer of diversified and innovative financial products and services and the growing integration of Sustainability principles.

In the pursuit of its mission and vision, BPI conducts its activity based on values:

- The **quality of service,** to improve the experience of Customers and respond to their needs in an increasingly agile manner;
- The **trust** built on a daily basis that reflects an earnest and responsible conduct, transparent communication, the safeguard of depositors' safety, the protection of Customers' data, the increasingly high quality of service, and financial strength;
- The **social commitment** to Families, Companies and Society, which has marked BPI's identity since its birth and is currently assumed together with the "la Caixa" Foundation.

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

Commitment to the stakeholders

BPI formalises the general commitments that steer its relationship with its stakeholders in the Sustainability Action Principles.

CUSTOMERS

BPI places its **Customers at the core of its activity** and works to create long-term value both for them and for the environment in which it operates. BPI undertakes to deliver an offer that suits the Customers' needs; to promote service quality; to engage in accessible and transparent communication; to safeguard data protection; and to encourage an active and prompt dialogue.

EMPLOYEES

The **Employees are BPI's main asset** and the authors of the organisation's success in terms of Sustainability and socio-economic efficiency. BPI bases its relationship with the Employees on respect for human and labour rights, the promotion of diversity, equality and inclusion, job stability, conciliation of professional and family life and the development of talent.

SOCIETY

BPI is committed to **sustainable and inclusive development**, through the implementation of initiatives and an offer of financial products and services that promote sustainable transition and financial inclusion, as well as collaboration with entities dedicated to promoting practices aligned with the Sustainable Development Goals.

SUPPLIERS

BPI seeks to **manage its Suppliers and supply chain in a transparent and responsible manner**, integrating social, environmental and good governance factors into the approval and contracting process, with a special focus on respect for human and labour rights.

SHAREHOLDER

BPI seeks to correspond to the trust placed upon it by the shareholder, **creating long-term value**, delivering attractive returns and maintaining with it a close and transparent relationship.

Sustainable Finance Ecosystem

BPI is a signatory to national and international commitments and establishes partnerships with various relevant players in the sustainable finance ecosystem for a better and more coordinated integration of principles of Sustainability in its business model.

Main memberships

UN Global Compact
BPI undertakes to apply and promote the Ten Principles of the United Nations initiative on Human Rights, Labour Practices, and Environmental and Anti-Corruption Practices, and to contribute to the objectives of the 2030 Agenda.

BCSD Portugal
BPI actively participates in working groups, training initiatives and the sharing of good practices.

GRACE – Empresas Responsáveis
BPI is a member of GRACE – Empresas Responsáveis, under the Financial Cluster. GRACE is a business association operating in the areas of Social Responsibility and Corporate Sustainability.

Main Commitments

Letter of Commitment for Sustainable Finance in Portugal
BPI undertakes to participate in the works of the Reflection Group for Sustainable Finance

Lisbon Green Capital 2020 Commitment – 2030 Climate Action
BPI endorses the objectives defined by the Lisbon City Council for carbon neutrality.

Women's Empowerment Principles
BPI endorses seven principles, including equal pay, equal career progression opportunities, and zero tolerance for sexual harassment in the workplace.

OTHER PARTNERSHIPS WITH AN IMPACT

PRÉMIO NACIONAL DE SUSTENTABILIDADE · local · PWN | LISBON PROFESSIONAL WOMEN'S NETWORK · Junior Achievement Portugal · ENTRAJUDA APOIO A INSTITUIÇÕES DE SOLIDARIEDADE SOCIAL

WORKING GROUPS

- **Sustainable Finance Reflection Group** promoted by the Ministry for the Environment and Energy Transition;
- **Sustainable Finance Working Group,** organised by the Portuguese Banking Association;
- **Sustainable Finance Working Group** of BCSD Portugal, the Business Council for Sustainable Development;
- **Financial Cluster,** organised by GRACE-Sustainable Companies.

UNIVERSITIES

- **Social Equity Initiative,** with "la Caixa" Foundation and Nova School of Business & Economics (SBE).
  - **BPI| "la Caixa" Chair in Responsible Finance,** at Nova SBE.
  - **BPI| "la Caixa" Chair in Health Economics,** at Nova SBE.
- **SDG Observatory in Portuguese companies,** in partnership with Católica Business School.

Commitment to the Sustainable Development Goals

In 2022, BPI deepened its commitment to the Sustainable Development Goals (SDGs). Seven SDGs were identified as a priority for the Bank's performance in terms of Sustainability, based on the areas in which BPI can have a greater impact. Notwithstanding, BPI makes a transversal contribution to all 17 SDGs, namely through its joint action with the "la Caixa" Foundation.

1 NO POVERTY

No poverty: BPI promotes the social inclusion of the most vulnerable groups through access to inclusive products and services and the capillarity of its branches nationwide. The Bank also fosters employment and regional development through programmes developed in partnership with the "la Caixa" Foundation.

UN Target: 1.4

5 GENDER EQUALITY

Gender Equality: Under the Wengage Programme, BPI develops initiatives that promote gender equality and conciliation between personal, family and professional life. The Bank supports initiatives promoting equality in corporate, sports and cultural contexts, through partnerships, sponsorships and awards.

UN Target: 5.5

8 DECENT WORK AND ECONOMIC GROWTH

Decent Work and Economic Growth: BPI guarantees access to financial products and services to Individuals and Companies, and promotes entrepreneurship and the growth of small and medium-sized enterprises, through financing. Internally, the Bank applies best labour practices and invests in a people-oriented culture.

UN Target: 8.5

10 REDUCED INEQUALITIES

Reduced Inequalities: The commitment to society has marked BPI's identity since its foundation. The "la Caixa" Foundation and BPI develop initiatives that combat social inequalities in four areas: Social Programmes, Health Research and Innovation, Culture, Education and Scholarships.

UN Target: 10.2/3/4

13 CLIMATE ACTION

Climate Action: BPI believes it is crucial to support the transition to a carbon-neutral economy by managing environmental and climate risks, financing the sustainable transition and reducing the carbon footprint, both internally and in its loan portfolio.

UN Target: 13.2/3

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Peace, Justice and Strong Institutions: BPI shapes its operating model through its focus on a responsible and transparent culture, founded on rigorous social conduct steered by responsible policies, careful risk management and continuous and transparent dialogue with its stakeholders.

UN Target: 16.4, 16.5, 16.6, 16.7

17 PARTNERSHIPS FOR THE GOALS

Partnerships for the Goals: BPI is committed to the Sustainable Development Goals, recognising the need for a collaborative approach. To this end, it establishes partnerships and an active dialogue with entities and working groups dedicated to the promotion of Sustainability.

UN Target: 17.7

The priority Sustainable Development Goals reflect the Bank's commitment to People, Society and the Environment.

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 December, BPI had market shares[1] of 11.5% in loans and 11.4% in customer resources - 10.9% 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

BPI

ACTIVITY IN PORTUGAL

Commercial Banking
- Individuals and Premier
- Small businesses
- Private Banking
- 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 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
- Acquiring, POS

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

[2] In partnership with Allianz, which holds 65% of the share capital.
[3] In partnership with Allianz Trade, a company of the Allianz Group, which holds 50% of the share capital. At the beginning of 2023, BPI approved the sale of its entire stake in Cosec to Allianz Trade. The completion of this transaction is expected for the 1st half of 2023.
[4] Spanish market leader.

[1] Sources: BPI, Bank of Portugal, APFIPP (Portuguese Association of Investment and Pension Funds and Asset Management Firms) APS (Portuguese Association of Insurers), and BPI Vida e Pensões.

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

INDIVIDUALS, BUSINESSES, PREMIER & INCONTACT BANKING

This area is responsible for commercial initiatives with individual Customers, entrepreneurs, and small businesses, undertaken through a multichannel distribution network.

This network comprises traditional **Branches** (for mass market Customers, entrepreneurs and small businesses), **Premier Centres** (serving high networth Customers or Customers with potential for wealth accumulation), **Intouch centres** (which offer individual Customers a dedicated account manager accessible by phone or digital channels, during an extended timetable), **AGE Centre** (remote service to young Customers from 18 to 25), and **Connect Centre** (remote service to Customers with low commercial potential and involvement).

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 Companies and Business Development commercial areas focused on developing the relationship of the Bank with groups with a turnover of up to 10 M.€, which they serve through a remote and highly flexible response.

In addition, the **Corporate and Institutional Banking** teams address the needs of the Institutional customers and largest national enterprise groups.

PRIVATE BANKING

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

To provide products and services to all its Clients, BPI relies on a physical network of 325 commercial units, 9 remote centres/areas of commercial teams, and a transversal homebanking service (BPI Net, BPI Net Empresas, BPIApp, APP BPI Empresas, BPI Broker and BPI Direto).

BPI was the **first Bank in Portugal** to offer an immersive experience of presentation **of banking** services and contact with the Customer in the virtual world, through its **Virtual Branch** launched in the Metaverse.

856 th. **Digital Banking** regular users

630 th. **BPI APP** regular users

85% Individual digital Clients actively use BPI App

1 **Virtual branch in the metaverse**

31 December 2022

1.9 M. Clients | **325** Commercial units - physical network | **4 404** Employees

Individuals and businesses	Corporate and institutional

PRIVATE BANKING

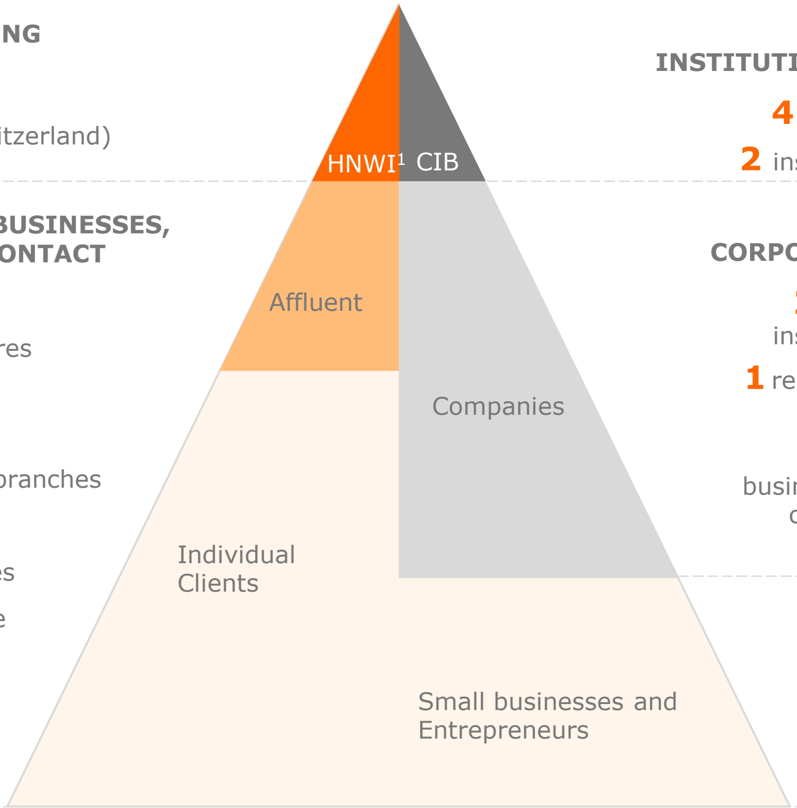
3 centres
(2 Portugal, 1 Switzerland)

INDIVIDUALS, BUSINESSES, PREMIER & INCONTACT BANKING

14 Premier centres

278 traditional branches
1 mobile branch
5 *inTouch*[2] centres
1 *Connect*[2] centre
1 AGE[2] centre

1 339 ATM



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 th. PoS

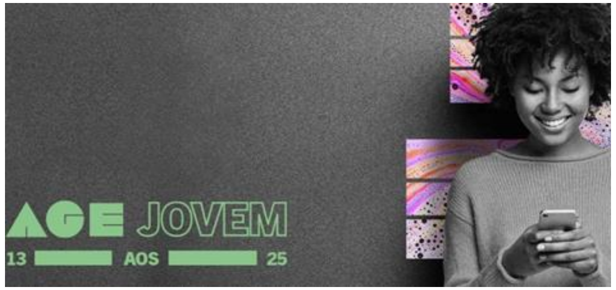
[1] High net worth individuals.
[2] No in-person customer service.

Offer of products and services

BPI designs its **offer of products and services to meet the specific needs of its Customers**, and markets it in a transparent and responsible manner.

The commercial teams' awareness and performance model has been developed around Customer needs and the presentation of the most suitable offer. BPI regularly conducts market surveys and studies to gain a better understanding of its Customers' profile and to outline actions aimed at increasing service quality.

In alignment with BPI's **Product Governance Policy**, in 2022 the Product Validation Committee analysed, discussed and submitted to vote 69 products, services and advertising campaigns.



To address the needs of People and Families, BPI's offer is organised around **5 Customer Experiences:**

My daily life

Solutions that make the day-to-day life easier:

- *Valor* accounts (include a range of products and services for a single monthly fee);
- Easy remote contact with Account Manager.

My home

Solutions for buying, building, equipping, and protecting your home, carrying out renovation work or transferring your mortgage. Fixed or variable rate.

Sleeping peacefully

Protection and security solutions that ensure peace of mind for when unpredicted events occur:

- Complete offer of life and non-life insurance;
- Alarms (partnership with Securitas Direct);
- In the digital channels: Insurance checkups.

Enjoying life

Solutions that make it easier to develop personal and professional projects:

- Loans for personal projects, healthcare, training, or works expenses, etc.
- Instant loan;
- Car loans and *renting* under exclusive campaigns;
- Catalogue of non-financial products.

Thinking about the future

Investment and retirement solutions:

- Complete offer for diversification, savings or retirement;
- Advised sale consolidated service (Branches) and investment advisory service (BPI Premier Centres)

2022 highlights: AGE Now. AGE with BPI

AGE is BPI's reinforced bet on the young segment up to 25 years old (worldplay with "age", Portuguese for "act"). Adapted to the rhythms and habits of a "digital-1st" generation, the brand includes:

- Age *Júnior* and AGE *Jovem* accounts;
- No maintenance fees and extensive set of cost-free means of operating the account;
- Dedicated digital platform in BPI App and new website - bpiage.pt;
- Access to financial literacy contents.

Offer for Private Banking Clients

For high-network clients, BPI's private banking offers three types of specialised service:

Mere execution
For Clients who make their own investment decisions

Investment advisory service
Professional personalised financial advice

Discretionary management
The management of the Customer's assets is entrusted to the Bank

The Investment Advisory and Discretionary Management service's investment selection process takes into account environmental, social and governance (ESG) **Sustainability factors**, in addition to financial and risk criteria.

Investment products offer

The Customer can access a wide range of products of different of asset classes. BPI has focused on the launch of innovative and exclusive investment products, in particular products issued by entities that declare their commitment to the **United Nations Principles for Responsible Investment (PRI)**, and which provide investors with returns adjusted to the Customer's risk profile.

Team of qualified professionals

Each Client is monitored, in terms of both daily account management and of investment decisions, by a qualified and experienced financial advisor, who is proficient, among others, in financial markets and asset management.

The financial advisors also have the support of a 100% dedicated Financial Advisory team.

Highlights of 2022 offer:

- **BPI Casa 65**, exclusive for Private banking, which allows the Investor, when selling a house, to reinvest in Unit-Linked insurance and obtain tax benefits.
- **Structured Products,** with and without guaranteed capital, for investment in the financial markets at attractive rates compared to the rest of the offer. Exclusive Investment Advisory Service products.
- **BPI Switch**, which allows the Customer to rotate his/her investment through 10 autonomous funds with distinct classes of assets and different levels of associated risk. Exclusive Investment Advisory Service product.

Offer for Corporate and Institutional Clients

BPI has a wide **range of specific products and services** to support the business of **Corporates and Institutionals**, that also consider their sustainable transition:

Managing the daily routines

Solutions that make day-to-day management easier:

- Payments, transfers and collections;
- Points-of-Sale;
- Accounts and channels;
- Short-term loans;
- Bank guarantees.

Investing in the future

Investment finance solutions for companies:

- Medium and long-term investment;
- Specialised credit.

Protecting the business

Business protection and security solutions:

- Credit risks (COSEC solutions);
- Market risks (interest and FX rates);
- Business risks (Allianz insurance and life insurance).

Digital Banking Services for Companies

- **BPI Net Empresas**: BPI's Corporate Internet Banking service that allows an integrated management of accounts and a wide range of national and international operations.
- **BPI App for Companies:** an application that provides access to a set of functionalities for Companies' daily management.
- **Multibank Channel**: Communication platform that allows the exchange of direct financial information between Companies' computer system and BPI .
- **SWIFT Net Channel**: Communication platform managed by SWIFT that ensures safe and efficient exchange of messages and standard files between Companies and banks, with full integrity, authentication and confidentiality.

VALUE CREATION MODEL

In order to provide information which is relevant to the stakeholders, this Management Report follows the Integrated Reporting international structure, describing the impact of BPI's activity on the **Capitals presented**[1]**.**

INPUTS

Financial capital	Own funds; Customer resources and debt issues.
Manu-factured capital [1]	Distribution network; central buildings and equipment.
Intelle-ctual capital	Software, licences; Innovation; Service quality; Organisation and processes; Codes, policies and standards.
Human capital	Knowledge and experience; Personal attributes; Motivation and loyalty; Productivity; Professionalism and ethics.
Social capital	Stakeholder trust; Shareholder support; Partnerships and cooperation.
Natural capital	Energy and water consumption in the Commercial Network and central buildings; Fuels, paper and other consumables.

BPI's mission

To contribute to the financial well-being of Customers and to the sustainable progress of Society as a whole.

VALUE CREATED

Financial capital	Commercial Banking Business; Economic value generated; Business Profitability; Tax and GDP Contribution.
Intellectual capital	Digital transformation in processes and services; Operational and organisational efficiency.
Human capital	Health and Well-being: Diversity and Inclusion; Training and Development; Financial Benefits.
Social capital	Inclusion of vulnerable groups; Support for social sector organisations; Reputation and recognition.
Natural capital	Carbon Footprint Mitigation; Climate and environmental risk management; Financing to support sustainable transition.

SDG

[1] On Manufactured Capital, see Business Model Description ("Distribution network and Customer segmentation").

OUR STRATEGY

DOUBLE MATERIALITY

In 2022, BPI conducted a Double Materiality review, with the objective of assessing Sustainability issues in terms of both impact materiality and financial materiality:

- **Impact materiality**: refers to the Bank's significant impacts, actual or potential, on the Environment or Society;
- **Financial materiality**: refers to the significant impacts of Sustainability issues on the Bank's financial situation, value and/or reputation.

The review involved a benchmarking analysis and a survey of relevant entities and individuals on the national scene, in order to identify mainstream concerns and trends. **20 potentially relevant themes** were identified. These were aligned with Caixabank's themes and integrated into **our thematic areas:**

Governance | Social
Transversal | Environmental

Consultation process

The consultation process with BPI representatives (to determine financial materiality) and stakeholders (impact materiality) was carried out using a specific questionnaire.

The themes were represented in a **double materiality** matrix and grouped into three different levels of relevance/priority.

A theme that obtains a vote equal to or greater than 8.8 in the Impact Materiality vector or in the Financial Materiality vector (see matrix on next page) is considered a very important (material) theme.

In 2022, there is an increase in the number of material themes (8 vs. 7 in 2021). **"Cybersecurity and data protection" continues to be the most valued theme.** The themes "Responsible marketing tailored to Customers' needs", "Straightforward and transparent communication", "Technological innovation and ethical data management" and "Skills and talent management", which were not among the most important themes in 2021, were considered material in 2022.

Online questionnaire
Valuation of 20 topics

BPI Representatives

Financial Materiality

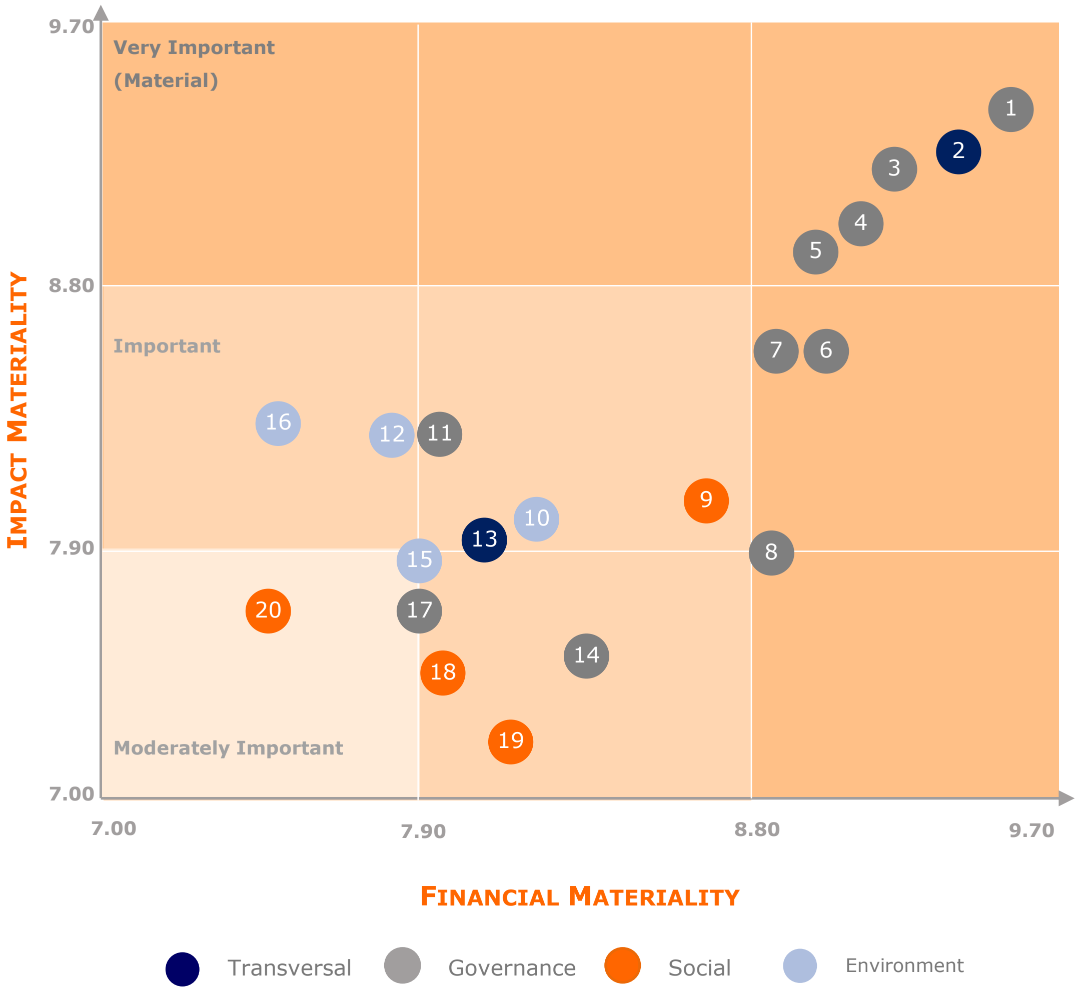
- Members of the Executive Committee
- Executive Managers
- Sustainability Committee

Stakeholder representatives

Impact Materiality

- Shareholder
- Individual Clients
- Corporate and institutional Clients
- University, culture and social sector institutions segments and BPI's Social Responsibility Committee
- Entities from the Financial Community and the Media
- Employees
- Suppliers

2022 Double Materiality Matrix



1 **Cybersecurity and data protection**
2 **Financial strength and profitability**
3 **Active risk management**
4 **Responsible marketing tailored to Customers' needs**
5 **Governance and Compliance Best Practices**
6 **Straightforward and transparent communication**
7 **Technological innovation and ethical data management**
8 **Skills and talent management**
9 Expert advice, accessibility of commercial channels and service quality
10 Environmentally sustainable financing and investment solutions
11 Responsible management and transparent contracting of Suppliers
12 Management of environmental and climate risks in investment and financing
13 Partnerships for Sustainability
14 Employee safety, health, well-being, and engagement
15 The Bank's direct carbon footprint and environmental management
16 Decarbonisation of the loan and investment portfolio
17 Diversity, equality and conciliation
18 Financing solutions with social impact
19 Social work and volunteering
20 Financial-Digital and Sustainability Literacy

Committed to establishing **straightforward and transparent communication** with its stakeholders, BPI has in place **communication and dialogue channels** to address the needs of each of them.

By Stakeholder	**CUSTOMERS**	**SHAREHOLDER**	**SOCIETY**	**EMPLOYEES**
More relevant topics	▪ Cybersecurity and data protection ▪ Technological innovation and ethical data management ▪ Straightforward and transparent communication ▪ Responsible marketing tailored to Customers' needs ▪ Governance and Compliance Best Practices	▪ Cybersecurity and data protection ▪ Financial strength and profitability ▪ Responsible marketing tailored to Customers' needs ▪ Straightforward and transparent communication ▪ Technological innovation and ethical data management	▪ Governance and Compliance Best Practices ▪ Partnerships for Sustainability ▪ Straightforward and transparent communication ▪ Financial-Digital and Sustainability Literacy ▪ Social work and volunteering	▪ Cybersecurity and data protection ▪ Financial strength and profitability ▪ Governance and Compliance Best Practices ▪ Straightforward and transparent communication ▪ Employee safety, health, well-being, and engagement
Main channels of communication	▪ Specialised distribution networks: Branches, Premier Centres, Private Banking Centres, InTouch Centre, Corporate and Institutional Centres, Real Estate Business Centres, Corporate and Investment Banking Centres ▪ Homebanking services (BPI Net and BPI Net Empresas), Telephone Banking (BPI Direto) and mobile applications (BPI App) ▪ Mobile branch ▪ Institutional website ▪ Social networks (Facebook, LinkedIN, Twitter, Instagram, Youtube) ▪ Meetings with Customers ▪ Customer events, face-to-face and online ▪ Surveys	▪ Meetings, namely with the corporate bodies ▪ Face-to-face, e-mail or telephone contacts ▪ Management reports ▪ Surveys	▪ Omnichannel distribution networks ▪ Institutional website ▪ Social networks (Facebook, LinkedIN, Twitter, Instagram, Youtube) ▪ Meetings open to the Community ▪ Surveys	▪ Intranet ▪ Surveys, namely to the organisational climate ▪ Internal meetings ▪ Performance assessment ▪ Whistleblowing channel

2022-2024 STRATEGIC PLAN

In 2022, BPI launched its Strategic Plan for the period of 2022 to 2024, focused on service quality, business growth and the fulfilment of its Sustainability commitments.

BPI will continue to deliver an increasingly better and distinctive experience to its Customers, and to support Society and People, which is part of the bank's identity. As concerns the social commitment, there are several initiatives under way, which in the 2022-24 three year period will reach an investment of at least 120 million euros by BPI | "la Caixa" Foundation, permitting to provide social support to more than **200 thousand people**.

At the financial level, the objectives for Dec-24 involve increasing commercial activity and income, and maintaining the quality of the loan portfolio, resulting in an improvement in the core efficiency ratio to 46% (vs 54% in Dec-21) and an increase in the recurrent ROTE to 12%* (vs 6.8% in Dec-21).

Under the motto "**Grow More. Grow Better**", this 2022-24 Strategic Plan thus pursues BPI's mission of contributing to the financial well-being of Customers and the sustainable progress of Society, based on principles of quality, trust and commitment to Customers and Employees.

* with optimised capital.

The Plan has the following three strategic lines:

3 Strategic priorities for 2022-24

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.

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.

Being 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 in progress at the level of People, Technology and Processes, where the following stand out:

People

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

Continuous focus on **quality** and the **satisfaction of Clients and Employees** is reflected on growth, the results achieved by BPI and the Banks' increasingly strong impact on society.

2022-2024 SUSTAINABILITY PLAN

The **Sustainability Plan** sets out the Bank's ambitions for sustainability in the environmental, social and governance fields, and defines the alignment of these priorities with the **Sustainable Development Goals** on which the Bank's activity could have a material impact.

SUPPORTING THE SUSTAINABLE TRANSITION OF COMPANIES AND SOCIETY

- **Sustainable transition** of Corporate and Individual Clients
- **Environmental Management and 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 Volunteering Program**

Priority SDGs

Environmental Axis
- 13 CLIMATE ACTION

Social Axis
- 1 NO POVERTY
- 10 REDUCED INEQUALITIES

Governance Axis
- 5 GENDER EQUALITY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
- 17 PARTNERSHIPS FOR THE GOALS

Goals for 2022-2024

	Global			Social		Governance
	Sustainable Business	in Loans	in Investment	Beneficiaries	BPI and "la Caixa" Foundation investment	Women in management positions[3]
REACHED 2022	2.2 Bn.€	785 M.€	1.4 Bn.€[1]	97 th.	40 M.€[2]	43%
OBJECTIVE 2022/24	4 Bn.€	2 Bn.€	2 Bn.€	200 th.	120 M.€	43%

[1] Net production (-38 M.€) and Transformation of Mutual Funds and Insurance Art.8/9 (1.4 Bn.€)

[2] "la Caixa" Foundation 2022 Budget.

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

OUR PERFORMANCE

2022 Backdrop

Global and European Economy

It was expected that in 2022 the economies would continue to recover from the impacts of the COVID pandemic. However, the return of war to European territory brought with it a new context of uncertainty. According to the IMF, global growth is expected to fall back from 6% in 2021 to 3.2% in 2022, slowing even more markedly in 2023, to 2.7%1.[1].

IMF projections for 2022 – 2023F[1]

Real GDP (%)	2021	2022F	2023F
World	6.0	3.2	2.7
Advanced economies	5.2	2.4	1.1
USA	5.7	1.6	1.0
Eurozone	5.2	3.1	0.5
Emerging and developing economies	6.6	3.7	3.7
China	8.1	3.2	4.4

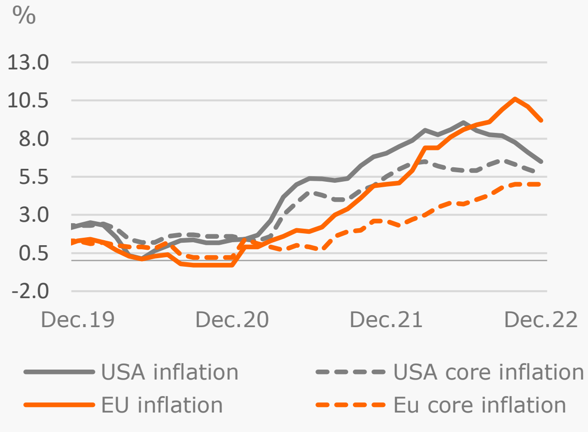
In the major economies on both sides of the Atlantic, prices gained new upward momentum at the beginning of the year, driven by the expansion of demand supported by the forced savings accumulated during the pandemic and by the reopening of economies from mid-2021. The war and its disruptive consequences for the energy and food supply chain exacerbated the pressure on prices. In the Eurozone, inflation reached double digits for the first time (10.6% in October 2022).

The need to control inflation shaped the action taken by the main Central Banks in 2022. In this context, the Federal Reserve initiated the cycle of interest rate hikes in March (+25 bps), staying this course until reaching 4.25% - 4.50% at present (+50 bps in December).

The ECB took longer to act, only making the first move to raise interest rates in July (+50 bps). This process, which in cumulative terms reached 250 bps, ended a period of around 6 years with zero or even negative reference rates. At the end of the year, the deposit and refinancing rates were 2.0% and 2.5%, respectively. The ECB also announced the Transmission Protection Instrument (TPI) as a tool to contain imbalances in risk premia within the euro area, through the acquisition of public debt in the secondary market (with residual maturity of 1 to 10 years), or private debt (subject to some conditions).

The outlook for 2023 is for weaker growth with negative risks. Although tending to abate, the environment of heightened inflation is expected to continue, and so should a restrictive monetary policy discouraging consumption and investment. Added to this are the risks associated with a possible worsening of the conflict in Ukraine, the possibility of energy rationing, and an economic slowdown in China, with global repercussions.

yoy inflation in the USA and EU

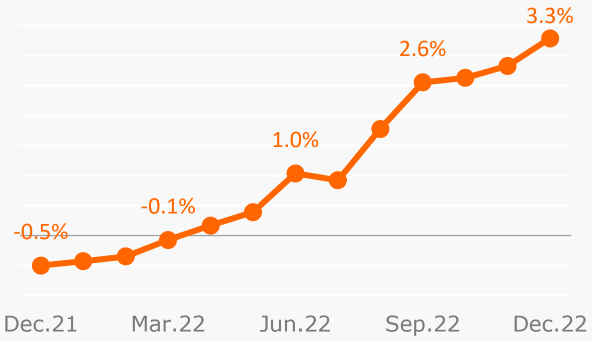


[1] IMF, World Economic Outlook update, October 2022.

Financial Markets

The tightening of monetary policy, which is expected to continue into the first months of 2023, translated into an increase in **Euribor rates** to 2009 highs. Since mid-2022, short-term interest rates rose by more than 300 basis points, the fastest and strongest movement in the history of the single currency. At the end of December the 12-month Euribor stood at 3.3%, the 6-month Euribor at 2.7% and the 3-month Euribor at 2.1%.

12-Month Euribor
(end of period)



In the **fixed rate market**, climbing inflation, uncertainty as to the response of Central Banks and, later, fears that the withdrawal of monetary stimuli would lead to a significant cooling of economic activity, were reflected in strong volatility, rising Bund and US Treasury yields and the increase in the risk premia demanded of the so-called Eurozone peripheral countries. Thus, the 10-year Bund closed the year at 2.51% (-0.18% at the end of 2021) and the 10-year US Treasury at 3.85% (1.5% at the end of 2021). In the UK, following the announced 'mini budget' (later abandoned), the 10-year Gilt shot up, closing September above 4% and the year at 3.68%.

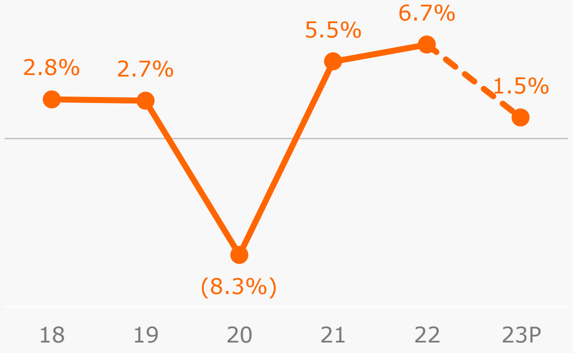
Portugal's **risk premium** to the Bund rose from 65 bps at the end of 2021 to 103 bps at the end of 2022, lower than Italy's (212 bps) and Spain's (109 bps). All the main rating agencies give Portugal investment grade.

In an environment of greater uncertainty, the main **stock markets** lost value during the year: Euro stoxx 50 -11.7%; S&P 500 -19.4%. The PSI 20 trended in the opposite direction in the first half of the year, having gained 8.5%, but this trend subsequently slowed down and the index closed the year with 2.8% gains.

Portuguese Economy

In 2022 the growth of the Portuguese economy was 6.7%, with GDP exceeding pre-pandemic levels in the 1st quarter of the year. This growth was supported not only by base effects (the first quarter of 2021 had been one of the worst affected by the pandemic) but also by the recovery of private consumption and tourism to pre-pandemic levels, albeit with a slowdown in activity towards the end of the year.

Real GDP growth [1]



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

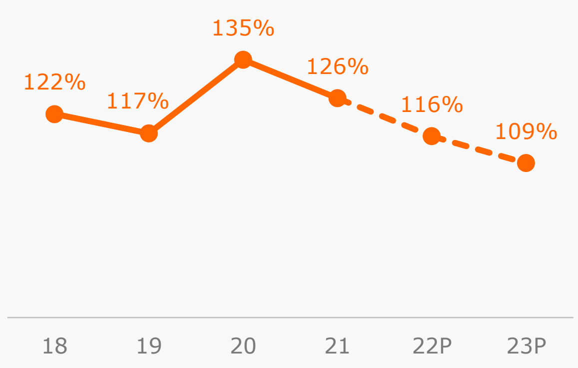
A sharp slowdown in economic activity is expected in 2023 as a result of the cumulative effect of escalating inflation, the full impact of rising interest rates and the uncertain environment. The execution of the Recovery and Resilience Plan (RRP), under which an amount equivalent to 1.6% of GDP will be received in 2023, should mitigate these negative impacts. The Bank of Portugal thus predicts in its 2022 Economic Bulletin that GDP will grow by 1.5% and inflation will remain high and above 5% (5.8%, measured by the HICP).

As regards the external accounts, the **current account** balance ran a deficit of 2% of GDP until the end of the 3rd quarter, under pressure from an energy account deficit (-5.2% of GDP). The recovery of tourism was decisive in mitigating this deterioration, with the balance of services showing a surplus equivalent to 9.4% of GDP.

On the **public accounts** front, the 2022 execution data (public accounts basis) point to a fiscal balance that may dip below the -1.9% of GDP expected by the Government. The 11.1% year-on-year increase in revenue due to greater tax collection - particularly VAT, driven by the economic recovery and the nominal increase in the tax base due to inflation - contributed to this performance.

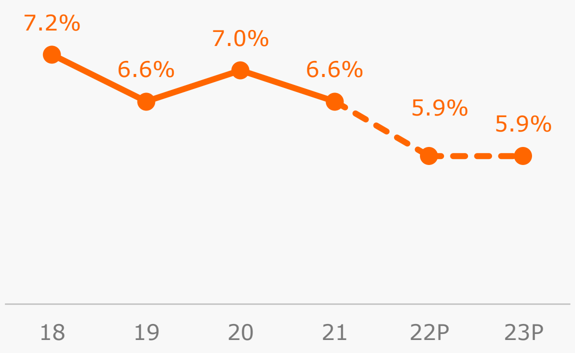
The **fiscal consolidation** trajectory should continue in 2023, with the European Commission estimating that the debt ratio will decrease to 109% of GDP, below that forecast in the Portuguese Government's 2022-2026 Stability Programme (115.4%).

Public debt as % of GDP [1]



The Portuguese **labour market** is now sturdier than in the past, with the number of unfilled vacancies reaching record highs in the second quarter of 2022. The expectation is that it will prove resilient against next year's unfavourable environment. The European Commission estimates that the unemployment rate in 2023 will remain unchanged compared to 2022, at 5.9%.

Unemployment rate in Portugal [1]



[1] Source: European Commission (Autumn 2022 Economic Forecast, November 2022).

Portuguese financial system

In 2022, the **stock of loans** to the non-financial private sector increased by 1.4% yoy (1% drop in the corporate segment and 2.8% increase in loans to individuals).

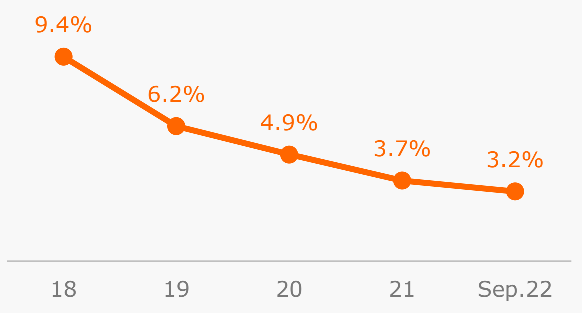
In the full year, new production grew by 8.8% (yoy). Mortgage loans production advanced by 2.5% (yoy), though decelerating. Loan origination should decrease in 2023, with the expected slowdown in the real estate market. New production increased by 11.3% (yoy) in the corporate segment and by 15.9% in consumer loans.

Private Sector - evolution of loans and deposits [1]

Δ yoy (%)	2021	2022
LOANS		
Individual Clients	**3.3**	**2.8**
Mortgage loans	3.3	2.7
Other	3.1	2.9
Non-financial companies	**2.2**	**(1.0)**
TOTAL CREDIT	**2.9**	**1.4**
DEPOSITS	**9.3**	**6.4**

At the same time, the **NPL ratio** retreated to 3.2% (down by 0.5 p.p. on 2021).

Non-performing loans (NPL) ratio [1]



The non-financial private sector **deposits** grew by 6.4% year-on-year. This deceleration from the performance in 2021 (+9.3%) also reflects the winding down of families' saving rate.

At the end of the 3rd quarter of 2022 the **loan to deposit ratio** was 79%, having decreased by 2.1 p.p. relative to the end of 2021, continuing the downward trend seen in recent years.

The **CET 1** capital ratio declined by 0.9 p.p. relative to the end of 2021, to 14.6%.

In 2022, the increase in interest rates contributed to improve the sector's profitability, but the economic slowdown expected for 2023, combined with the rise in debt service levels, magnifies the risk of increasing defaults.

[1] Source: Bank of Portugal.

FINANCIAL CAPITAL

Commercial Banking Business

Individuals, Businesses, Premier and inContact Banking

At the end of 2022, Individuals, Businesses, Premier and inContact Banking handled 1.6 million accounts and was responsible for a portfolio of Customer resources of 25.2 Bn.€ and a loan and guarantees portfolio amounting to 17.7 Bn.€.

2022 maintained a strong commercial dynamism, as shown by the expansion of the loan and deposits portfolios, with the market share in mortgage loans reaching a new historic high of 13.8%.

In the remote service model, we highlight the launch of the AGE brand, with BPI App and specific public website for the youth segment, and the opening of new Centres adapted to the different needs of each Client:

- The AGE Centre, for exclusive communication with Customers aged between 18 and 25;
- The Connect Centre, for non-customised management of around 300 th. Customers with low commercial involvement;
- The 5th InTouch Centre, which monitors Customers with a digital profile.

+7.4% **in Customer loans** (yoy)

+5.6% **in deposits** (yoy)

13.8% **Market share[4]** (Dec.22) in mortgage loan portfolio

+0.6 p.p. (yoy)

Customer Resources

Total Customer resources increased by 0.5% in 2022, notably with a 5.6% rise in deposits.

Customer Resources (M.€)

	Dec.21[1]	Dec.22	Δ %
Customer deposits	**18 643**	**19 696**	**5.6%**
Assets under management	**5 891**	**5 416**	**(8.1%)**
BPI CaixaBank funds[2]	1 634	1 585	(3.0%)
Third-party funds	311	240	(22.9%)
Retirement Saving Plans[3]	2 205	1 903	(13.7%)
Capitalisation insurance[2]	1 741	1 688	(3.0%)
OTRV (Portuguese treasury floating rate bonds)	**517**	**69**	**-**
Total Resources	**25 051**	**25 181**	**0.5%**
Structured products	8	258	-

As part of the Bank's commitment to Sustainability, a range of sustainable investment funds - BPI Impacto Clima[5] - was launched, and the base offer, comprising Profile and Retirement Saving Plans products, was adapted to include investments that promote environmental or social factors[6].

At the same time, the Bank placed new structured products, capitalisation insurance and mutual funds with Customers, with an impact of +744 M.€ on Customer resources (gross production).

[1] Adjusted for Customer migration between commercial networks.
[2] Excludes Retirement Saving Plans.
[3] Retirement Saving Plans in the form of mutual funds and capitalisation insurance.
[4] Source: BPI and Bank of Portugal.

[5] In line with Article 9 of Regulation (EU) 2019/2088 on disclosure of sustainability-related information in the financial services sector.
[6] Article 8 of Regulation (EU) 2019/2088.

Loans to Customers

In 2022, the total loan portfolio grew by 7.4%, with mortgage loans expanding by 8.3% and loans to small businesses and entrepreneurs by 6.1%.

Loans and guarantees portfolio (M.€)[1]

	Dec.21[1]	Dec.22	Δ %
Mortgage loans[2]	13 028	14 104	8.3%
Consumer loans	1 267	1 305	3.1%
Car finance	311	306	(1.5%)
Small Businesses (loans and guarantees)[3]	1 885	2 000	6.1%
Total Credit	**16 490**	**17 714**	**7.4%**

Mortgage loans production reached 2.7 Bn.€ in 2022, up by 11% on a year earlier and corresponding to a market share of 15.7%.

Mortgage loans:

+8.3% **in portfolio** (yoy)

15.7% **Market share[4]** in 2022 production
+0.2 p.p. (yoy)

Fixed rate award

In the current context of rising Euribor rates, the fixed-rate type of loans stood out in BPI's offer, having received an award from ComparaJá and reached 26% of the 2022 production (+7 p.p. yoy).

A closer monitoring with credit intermediaries contributed to the increase in mortgage loan production. Also important was the Bank's institutional presence at the conventions of the main networks with credit intermediation, as well as the events recognising the credit intermediaries that stood out most in mortgage loan production in 2020 and 2021.

It should also be noted that BPI reduced the interest rate on mortgage loans for energy-efficient buildings.

In 2022, personal loans and car finance grew by 7%, to 608 M.€ (510 M.€ in personal loans and 98 M.€ in car finance). This increase was underpinned by the growth of instant loans production in the digital channels, boosted by Flash Sale campaigns with promotional rates.

The portfolio of loans and guarantees to entrepreneurs and small businesses increased by 6.1%, to which contributed the reinforcement of the BPI/EIF - EGF line with an additional ceiling of 150 M.€.

Credit and debit cards

At the end of the year there were 1.83 million cards placed with Clients, corresponding to a year-on-year increase of 3.8%.

The main highlights were the increase in the number of credit cards with pre-approved limits and the following launches:

- BPI&Go credit card with fixed monthly instalments for purchases and payments of services made with the card;
- BPI Enjoy credit card, a very flexible card that permits to pay a percentage of the outstanding balance or to split the payment of purchases made with the card.

Moreover, the Apple Pay service was added to individual clients' cards, providing a simple and secure way to make payments through iPhone, iPad, Apple Watch or Mac.

[1] Gross Loans. 2021 balances adjusted for Customer migrations between commercial networks.
[2] Loans secured by real estate. Essentially home loans and loans for home improvements works.
[3] Includes loans, equipment/real estate leasing, confirming, overdrafts, current account loans, discounted bills receivable and other loans included in the offer of credit products tailored to individual entrepreneurs and small businesses.
[4] Source: BPI and Bank of Portugal.

Acquiring

In 2022, in partnership with Comercia Global Payments, a specialised company of CaixaBank group, BPI launched the multi-currency acceptance service - Dynamic Currency Conversion (DCC), enriching its own offer of Acquiring Visa / Mastercard.

This new functionality, which became available in all BPI Point of Sale (POS) terminals, enabled the acceptance of transactions with foreign cards in the currency of origin. End Customers can thus set the exchange rate at the time of the transaction, which protects them from exchange rate fluctuations. This functionality is also convenient for merchants with BPI POS, as it allows them to receive a cash-back for the DCC transactions carried out.

BPI thus reinforces its offer in the small businesses segment, which already included the *Valor Negócios* Account, which provides the essential services for day-to-day management.

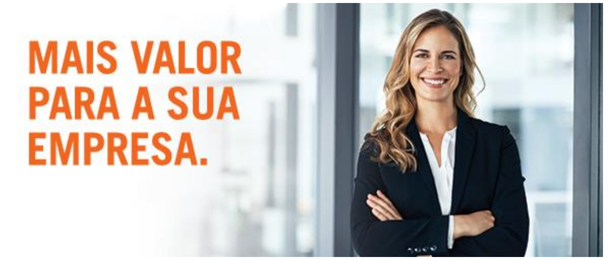
30 th. **POS allocated to the Individuals, Businesses, Premier and inContact network**

Accounts

During 2022 the Bank continued to restructure its offer of Sight Accounts for Individual and Businesses Customers, maximising its value proposition for BPI Customers.

The Bank continued the process of migration of traditional accounts to *Conta Valor* accounts, which offer a set of products and services against payment of a single monthly maintenance fee.

The offer was extended with the new *Valor BPI "Negócios+"* Account, essentially targeting Customers in the small businesses segment. In addition to the *Valor Negócios* account's basic offer, this account also includes instant transfers, batch payments, cheque book, free-of-charge coin deposits and 50% discounts in a wide range of services.



At the end of 2022, around 82% of Individual Customers had a *Valor* Account.

Bancassurance

In 2022, BPI maintained its growth strategy for life risk insurance, having launched a BPI Vida e Pensões life insurance policy associated to the BPI mortgage loans, which allows to opt for permanent total disability coverage as an alternative to the existing definitive absolute disability coverage.

With the objective of positioning the Bank as a reference in insurance marketing, several life and non-life insurance promotion and training actions were carried out in, and the partnership with Allianz Portugal for non-life insurance was maintained.

Insurance commissions reached 60.5 M.€, which represents a yoy increase of 3.7%. In life insurance, commissions increased by 9%.

Insurance commissions	60.5 M€	+4% (yoy)

Private Banking

The business volume[1] of BPI Private Banking decreased by 6%, to 8.5 Bn.€, in a year marked by an adverse economic environment, penalised by rising inflation, economic slowdown and consequent financial markets downturn.

At the end of 2022, assets under BPI Discretionary Management and Advisory Services totalled 7 401 M.€, Stable investments under custody reached 1 035 M.€ and Loans and guarantees amounted to 189 M.€.

Of note was the **growth of the investment advisory service** (non-independent), despite the unfavourable economic context, with its penetration rate reaching 74% (+12 p.p.).

In a scenario of strategic prudence, due to the instability and volatility in the financial markets, the successful placement of capital and minimum guaranteed return products should be highlighted, as it allowed Customers to increase the returns on their portfolios, with a controlled level of risk adjusted to their investor profile (placement of 8 new issues of structured products).

At the same time, the year was characterised by a strategic segmentation of Customers, with migrations between the Individuals, Small Businesses, Premier and InContact network and Private Banking. The purpose of this segmentation was to provide a service better adjusted to the Customers' needs and engagement potential.

Finally, a note to the **Best Private Banking in Portugal award** received by BPI for the fourth time, from The Banker and PWM magazines, of the Financial Times Group, in the Global Private Banking Awards 2022.

At European level, PWM distinguished BPI in the Wealth Tech Awards, as 'Best Private Banking for digital portfolio management – Europe' and with an Honourable Mention in the 'Best Private Bank for digitally empowering Relationship Managers' category.

BEST PRIVATE BANKING IN PORTUGAL

BEST PRIVATE BANKING FOR DIGITAL PORTFOLIO MANAGEMENT – *EUROPE*

DISCRETIONARY MANAGEMENT AND ADVISORY SERVICES
7 401 M.€

ADVISORY SERVICE PENETRATION RATE
74%

CUSTOMERS SUBSCRIBING TO DIGITAL CHANNELS
90%

[1] Adjusted for Customer migration between commercial networks.

Corporate and Institutional Banking

The Corporate and Institutional Banking gross loan portfolio reached 10.9 Bn.€ at the end of 2022. Customer loans, excluding specialised credit, grew by 6.5% yoy, with an expressive increase of 18.9% in the Large Companies segment.

Corporate client deposits increased by 4.2% to 7.4 Bn.€.

Customer Loans, guarantees and resources (M.€)

	Dec. 21[1]	Dec. 22	Δ%
Loans to Customers[2]			
Companies	**8 631**	**8 890**	**3.0%**
Large Companies	3 278	3 897	18.9%
Small and Medium-sized Companies	4 190	4 058	(3.2%)
Specialised credit	1 163	936	(19.5%)
Public Sector	**1 919**	**2 036**	**6.1%**
Other Loans	**10**	**17**	**83.9%**
Total	**10 560**	**10 944**	**3.6%**
Guarantees	**1 611**	**1 927**	**19.6%**
Customer resources[3]	**7 101**	**7 401**	**4.2%**

+ 6.5%
in Customer loans
(excluding specialised credit)

11.0%
Market share[4] Dec. 22
in loans to non-financial companies
+ 0.4 p.p. (yoy)

Corporate Banking continued to bolster its support for Portuguese Companies, gaining market share in 2022, despite all the constraints associated with the war in Ukraine, rising inflation, shortage of human resources and China's zero COVID-19 policy.

Proximity to Businesses

BPI has been, since its inception, a Bank for Companies. Strengthening its proximity to its Customers, in 2022 the Bank promoted several events focusing on the strategic and priority themes for BPI and for Companies: Sustainability, financing solutions (public support and BPI products), agriculture, tourism, macroeconomics, international trade.

37 Events held in 2022

Sustainability Accelerator	6
Talking about...	5
Businesses with the World	2
Meetings with Clients	8
Award events	6
Partnership events	10

[1] Balances adjusted for Customer migrations between Retail, Premier, Businesses, InContact, Private Banking, and Corporate and Institutional Banking.
[2] Gross Loans. Excludes loans to credit institutions.
[3] Sight and time deposits.
[4] Source: BPI and Bank of Portugal.

Quality Certification

1st Bank in Portugal with AENOR certification

for service quality in Corporate Banking

AENOR
BUSINESS CONSULTING
BANCA DE EMPRESAS
BANCO BPI

This certification, awarded by AENOR to BPI in 2022, is the **recognition afforded to the quality of the service** provided on a daily basis by BPI's Corporate Banking.

All processes were audited by AENOR, ensuring compliance with the service requirements adopted. The certification thus validates the commercial performance model of BPI's Corporate Banking, implemented with the objective of maximising efficiency and providing a seamless high quality service to the Customer across the commercial network.

Reinforcement of the offer for Businesses

BPI continued to reinforce its offer of support to Companies, launching new solutions to shore up their economic recovery. In addition to the lines that support the transition to Sustainability, the following stand out:

- **Support Line for Increased Production Costs: 600 M.€** to support companies particularly affected by rising energy and raw material costs.
- **Support line to Production: 400 M.€** to mitigate the rising costs of raw materials and energy and the disruption in supply chains.
- **Instant transfers on the BPI App for Companies:** funds available to the beneficiary in real time.
- **Virtual IBAN:** solution that facilitates bank reconciliation of payments received, through the definition of a Virtual IBAN per debtor, reducing administrative costs.
- **BPI *Negócios Valor* Account and BPI *Negócios+ Valor* Account+:** new current account solutions.

BPI maintained in 2022 a strong proactive approach to the financial instruments available under the European Investment Fund (EIF) and the European Investment Bank (EIB).

Of particular importance was the 950 M.€ BPI/EIF - EGF facility (of which 150 M.€ with capped guarantee), with EIF's 70% guarantee coverage.

BPI exhausted the allocation of the BPI/EIF-EGF facility, having supported more than 7 500 SMEs.

BPI, a partner for public support

BPI is the partner of Companies when it comes to accessing public support, namely community funds, which are expected to become an important factor for structural change in the country in the current decade.

BPI provides:

- Events with Customers where the main support available for the sustainable transition of Companies is addressed;
- Meetings between Customers and specialised consultants, to support the development of eligible investment projects.
- BPI/Recovery and Resilience Plan (RRP) facility to provide for the financing needs of entities with applications submitted to the RRP, before or after approval of the application;
- Detailed and permanently updated information on BPI's public website.

Strategic Segments

BPI provides close and specialised support through comprehensive and competitive solutions tailored to Customers' needs, and teams dedicated to structuring finance, the offering, risk analysis and business promotion.

AGRICULTURE
strategic segment

Main offers

- **BPI/EIF Agriculture Line:** financing with EIF guarantee.
- **Treasury Line - Agricultural Sector 2022:** support for farms affected by drought, market disruptions and increases in production costs.
- **Treasury Line – Pig farming and Milk 2022:** with SGM guarantee to the financing of treasury needs of the pig production sector and raw cow milk producers.
- **BPI PDR 2020 Line:** financing of agricultural projects applying for PDR 2020 across mainland Portugal.
- **BPI Vitis Line:** advance disbursement of up to 100% of the incentive, without conditioning the project to IFAP's payment schedule.
- **BPI SGM Line:** with Agrogarante guarantee.
- **John Deere Protocol**: to finance the acquisition of new or second-hand John Deer agricultural equipment, under favourable conditions.

Leadership in Agricultural sector

Short-term loans:

65% Oct.22 [1)] Total amount of advances on operating subsidies granted by IFAP and validated by CAP

65% Jun.22 [1] Farming-season credit with IFAP support to agriculture, livestock and forestry sectors' production units

National Agriculture Awards (2022)
10th edition, 1 321 applications
Co-organised by BPI and Cofina, with the support of the Ministry of Agriculture.

Partnerships in the sector: Official bank of the National Agriculture Fair, Official bank of Ovibeja, Sponsor of Agroglobal, Sponsor of the Corn Conference.

TOURISM
strategic segment

Main offers

- **'*Apoio à Qualificação da Oferta*' Line - Portuguese Tourism Board:** 300 M.€ to support projects for the rehabilitation, expansion and creation of undertakings with an impact on the tourism sector's environmental performance.
- **Support Line to Tourism:** 300 M.€ to improve the liquidity of tourism companies and boost their recovery.

National Tourism Awards (2022)
4th edition, 743 applications
Co-organised by BPI and Expresso, and supported by the Ministry of the Economy and Digital Transition.

Partnerships in the sector: Official Sponsor of the BTL - Lisbon Tourism Fair, Member of the Tourism 360 Companies Programme of the Portuguese Tourism Board, Founding Partner of NEST - Centre for Tourism Innovation.

[1] Market share sources: IFAP - Instituto Financiamento Agricultura e Pescas; CAP - Confederação dos Agricultores de Portugal.

REAL ESTATE AND URBAN RENEWAL
specialised monitoring

BPI continues to bet on the residential and commercial real estate companies, having in place structured finance teams and commercial teams specialising in the segment.

Main offers

- **IFRRU 2020 Line:** support to Urban Renewal and Revitalisation. In 2022, BPI exhausted the allocation it had available under the IFRRU 2020 programme and was the Bank with the best execution rate (98%), with a contracted amount share of 37%.

369 M.€ financed by BPI (98% of total allocation)

116 projects

484 M.€ total investment

Information at 31 December 2022.

The line aims to provide for the creation of around 2,100 jobs and achieve an improvement in primary energy consumption of around 75% (higher than the minimum 25% required)[1].

INTERNATIONAL TRADE
specialised monitoring

In order to meet Companies' multiple needs in terms of international trade, BPI offers products and services that ensure greater security to international transactions and allow financing the entire operating cycle. Under a **partnership with COSEC**, BPI also offers credit risk hedging solutions, where it has a share of 22% of global policies.

BPI offers its Customers close and personalised support, which includes support from a **team of product experts,** holding **free-of-charge in-company sessions**, and promoting various initiatives to strengthen companies' expertise in their approach to international activity.

2 "Businesses with the World" sessions

5th consecutive year

56 meetings in 2022
Client meetings with CaixaBank representatives

7 markets (2022)
Turkey, Egypt, India, Hong Kong, Algeria, Morocco and United Arab Emirates

4.5 Average rating of sessions
(out of 5)

[1] Source: Original energy certificates provided by the Clients that state the expected improvement at the end of the project.

Financial Results

Consolidated net profit

BPI reported a **consolidated net profit** of 365.0 M.€ in 2022, a 19% increase compared to 306.8 M.€ in the previous year. Return on consolidated tangible equity (ROTE) was 10%.

365.0 M.€
Consolidated net profit

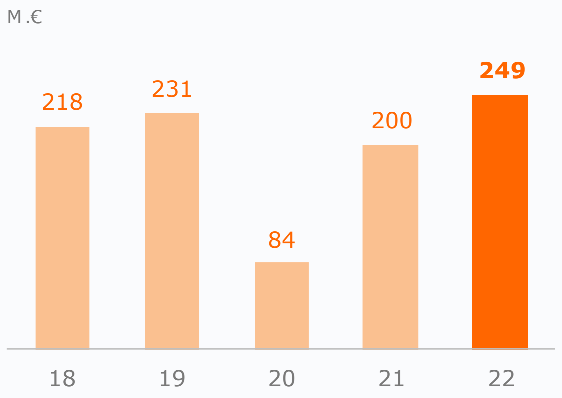
The recurrent net profit in the activity in Portugal increased by 24.5%, to 249.3 M.€ in 2022.

This performance is explained by a 14% increase in commercial banking gross income against a 4% rise in costs. The cost of credit risk was 0.20% (versus 0.17% in 2021).

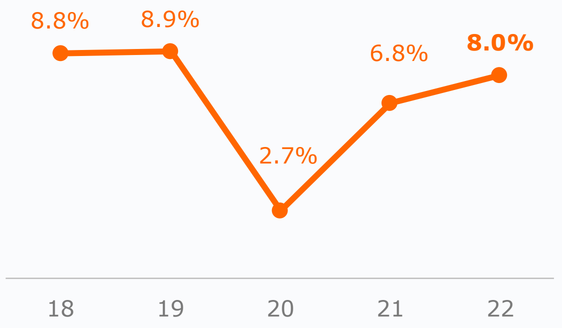
Recurrent ROTE rose to 8.0%.

Net profit as reported, which includes non-recurrent expenses with early retirements and voluntary terminations (14.6 M.€ in 2022), reached 234.6 M.€ in 2022 (+31% compared to 2021).

Recurrent net profit from the activity in Portugal



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 was 130.4 M.€ in 2022:

- BFA's contribution (dividend-related) was 96.2 M.€;
- BCI's contribution (equity accounted) was 34.2 M.€.

Consolidated net profit (M.€)

	2021	2022	Δ%
Activity in Portugal			
Recurring net profit	200.3	249.3	24.5%
Non-recurring impacts	(21.7)	(14.6)	(32.5%)
Activity in Portugal	**178.6**	**234.6**	**31.4%**
BFA contribution	105.7	96.2	(8.9%)
BCI contribution	22.6	34.2	51.7%
Consolidated net profit	**306.8**	**365.0**	**19.0%**

Activity in Portugal

Income Statement

Recurrent net profit from the activity in Portugal increased by 49 M.€ to 249.3 M.€ (+24.5%). The following explain this increase:

- Commercial banking gross income grew 104 M.€ (+13.5%), mainly underpinned by 20.4% increase in net interest income, reflecting the expansion of loan volume and rising market interest rates;
- Recurrent operating expenses increased by 18 M.€ (+4.1%);
- Loan impairments net of recoveries amounted to 60.6 M.€ (+13.5 M.€ vs. 2021), which corresponds to a cost of credit risk of 0.20%;

The net profit as reported, which includes costs with early retirements and voluntary terminations, increased by 31.4% to 234.6 M.€ in 2022.

Recurrent ROTE [1]	6.8%	8.0%
	2021	2022

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

	2021	2022	Δ%
Net interest income	455.6	548.5	20.4%
Dividend income	1.9	4.1	118.0%
Equity accounted income	23.1	24.5	6.2%
Net fee and commission income	288.2	295.7	2.6%
Commercial banking gross income	768.7	872.9	13.5%
Gains / (losses) on financial assets and liabilities and other	10.0	25.4	153.5%
Other operating income and expenses	(27.4)	(40.7)	(48.4%)
Gross income	**751.3**	**857.6**	**14.1%**
Recurring staff expenses	(231.1)	(238.4)	3.2%
Other administrative expenses	(135.6)	(139.7)	3.0%
Depreciation and amortisation	(61.2)	(67.5)	10.3%
Recurring operating expenses	**(427.9)**	**(445.6)**	**4.1%**
Non-recurring expenses	(29.8)	(21.2)	(28.9%)
Operating expenses	**(457.7)**	**(466.8)**	**2.0%**
Net operating income	**293.6**	**390.8**	**33.1%**
Impairment losses on financial assets	(47.2)	(60.6)	28.6%
Other impairments and provisions	(3.7)	(6.7)	81.1%
Gains and losses in other assets	(0.6)	(0.1)	80.0%
Net income before income tax	**242.2**	**323.3**	**33.5%**
Income tax	(63.6)	(88.7)	39.5%
Net income	**178.6**	**234.6**	**31.4%**
[Recurring net income]	*200.3*	*249.3*	*24.5%*

[1] Recurrent ROTE (8.0%) = Recurrent net profit in Portugal (249 M.€) less AT1 interest costs (18 M.€) recorded directly in shareholders' equity / Average allocated shareholders' equity (2 905 M.€).

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WHO WE ARE
OUR STRATEGY
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2022 Backdrop
Financial Capital
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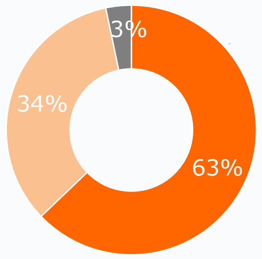
PROPOSED APPLICATION OF RESULTS
FINAL ACKNOWLEDGEMENTS
SUPPLEMENTARY INFORMATION

Gross Income

Commercial banking gross income grew by 13.5%, driven by a significant increase in net interest income (+20.4%).

Breakdown of commercial banking gross income



+20.4%
Net interest income
(Δ 2021 / 2022)

Net interest income

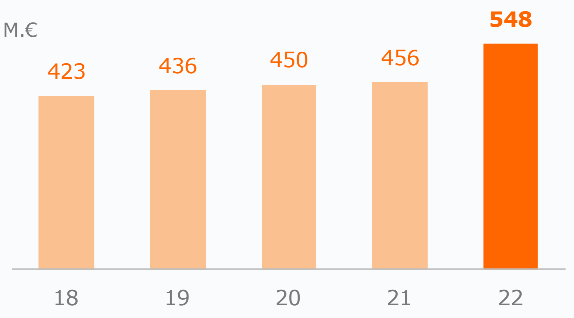
Net interest income increased by 92.9 M.€, such increase being explained by:

- expansion of the loan portfolio (+7.9% in average balances terms), generating a positive volume effect of 29 M.€ [1),3)];
- increase in the average remuneration of the loan portfolio (+0.2 p.p.), reflecting the rise in market interest rates, which generated a positive price effect of 68 M.€ [1),3)]. It should be noted that the rise in market interest rates is gradually reflected in the average remuneration of the loan portfolio, as credit operations are renewed and variable-rate loans, namely mortgage loans, are repriced.

The average remuneration of deposits was close to zero in 2022.

The unitary intermediation margin[2] rose by 0.23 p.p., to 1.77% in 2022.

Net interest income



Net interest income (M.€)

	2021			2022			Δ interests (%)
	Average balance	Average rate	Interest	Average balance	Average rate	Interest	
Loans to Customers[3]	25 837	1.55%	400.2	27 890	1.78%	497.1	24.2%
Customer deposits in euro	25 978	0.01%	2.7	28 481	0.01%	4.2	53.9%
Intermediation margin [2]		**1.54%**	**397.5**		**1.77%**	**492.9**	**24.0%**
Other revenues and costs			58.1			55.5	(4.4%)
Net interest income			**455.6**			**548.5**	**20.4%**

[1] The "volume" and "price" effects were calculated for each credit segment. Excludes the effect of interest rate hedges.
[2] Defined as the difference between income from interest on loans (excluding loans to Employees) and the cost of Customer deposits in euro. Does not include interest rate hedges.
[2] Excludes Employee loans, commissions at amortised cost and interest on overdue loans.

Net fee and commission income

Net fee and commission income increased by 2.6% (+7.6 M.€) relative to the previous year, underpinned by the following:

- 4.9% increase in banking commissions, driven by the positive performance of commissions on deposits and associated services (+12.7 M.€) and commissions on loans and guarantees (+2.6 M.€), while commissions on means of payment fell by 8.5 M.€;
- Commissions from mutual funds and capitalisation insurance dropped by 4.5% (-2.7 M.€), having been penalised by the capital markets context;
- 3.5% increase in insurance brokerage commissions, reflecting the growing contribution from the placement of life risk products of BPI Vida e Pensões.

2.6%
Net fee and commission income
(∆ 2021 / 2022)

Net fee and commission income (M.€)

	2021	2022	∆%
Loan and guarantee commissions	40.7	43.2	6.3%
Cards, ATMs and POS	23.6	15.1	(36.0%)
Sight deposits and associated services	75.9	88.6	16.7%
Other banking commissions	28.3	29.8	5.2%
Banking commissions	168.6	176.8	4.9%
Mutual funds and capitalisation insurance	60.5	57.7	(4.5%)
Insurance brokerage	59.1	61.2	3.5%
Total	**288.2**	**295.7**	**2.6%**

Equity accounted income

Equity accounted income increased by +1.4 M.€ to 24.5 M.€ in 2022. The contribution from the equity holdings in insurers was 19.3 M.€ (13.5 M.€ from Allianz Portugal and 5.9 M.€ from Cosec) while Unicre contributed with 5.2 M.€.

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

Gains / (losses) on financial assets and liabilities and other totalled 25.4 M.€ (versus 10.0 M.€ in 2021), essentially corresponding to 15.9 M.€ gains on foreign exchange transactions and 6.3 M.€ gains on customer hedging transactions.

Other operating income and expenses

Other operating income and expenses was negative in 2022, at 40.7 M.€. This includes regulatory costs of 48.3 M.€ (+6.7 M.€ yoy) 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

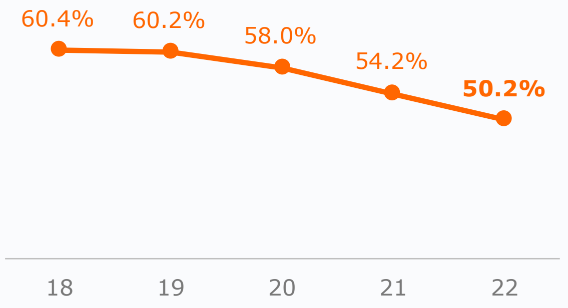
Recurrent operating expenses increased by 4.1%:

- staff expenses were up by 3.2% (+7.3 M.€), through the joint effect of an increase in fixed and variable remuneration and a 2.1% reduction in the average payroll;
- other administrative expenses increased by 3.0% (+4.1 M.€);
- depreciation and amortisation increased by 10.3% (+6.3 M.€), mainly driven by investment in software and works in buildings.

In 2022 BPI recognised non-recurrent expenses of 21.2 M.€ with 105 early retirements and voluntary redundancies.

The cost-to-core income ratio improved by 4 p.p., to 50.2% in 2022, driven by the expansion of the income basis (+13.5%), which surpassed the increase in costs.

Cost-to-core income ratio [1]



Operating expenses (M.€)

	2021	2022	Δ%
Staff expenses, excluding non-recurring expenses	231.1	238.4	3.2%
Other administrative expenses	135.6	139.7	3.0%
Depreciation and amortisation	61.2	67.5	10.3%
Operating expenses, excluding non-recurring	**427.9**	**445.6**	**4.1%**
Non-recurring expenses	29.8	21.2	(28.9%)
Operating expenses, as reported	**457.7**	**466.8**	**2.0%**

Pension liabilities

The net assets of the Employees' pension funds (1 714 M.€) cover 113% of the pension liabilities.

%

113% coverage of pension liabilities
(2022)

In 2022, positive actuarial and financial deviations of 145 M.€[2], essentially resulting from the updating of the discount rate (+611 M.€), offset the negative deviations in the fund's income (-215 M.€) and deviations due to the change of assumptions on the growth of salaries and pensions (-203 M.€).

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

	2021	2022
Total past service pension liabilities	1 888	1 514
Net assets of the pension fund	1 944	1 714
Coverage ratio of pension liabilities	103%	113%
Pension funds return	7.2%	(8.7%)
Discount rate	1.26%	3.80%
Pensionable salaries growth rate	0.90%	1.25% [3]
Pensions growth rate	0.40%	0.75% [3]

[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] Pension and salary growth assumptions of 4.0% and 4.5%, respectively, in 2023, and 3.0% and 3.5% in 2024.

Impairment and provisions for loans and guarantees

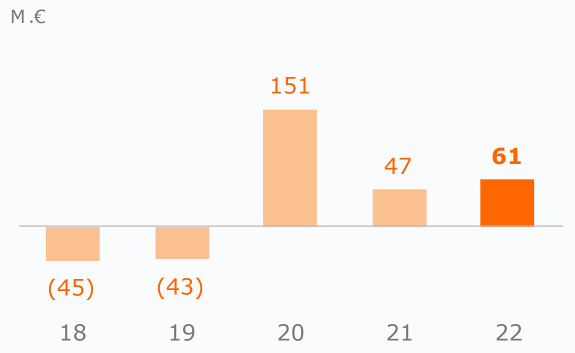
Impairments for loans and guarantees net of recoveries amounted to 60.6 M.€ (+13.5 M.€ yoy), to which the following contributed:

- net loan impairment charges of 87.2 M.€ (versus 70.6 M.€ in 2021);
- 26.6 M.€ gains on the sale of a 141 M.€ (gross) portfolio of non-performing loans[1] (versus 23.5 M.€ gains in 2021).

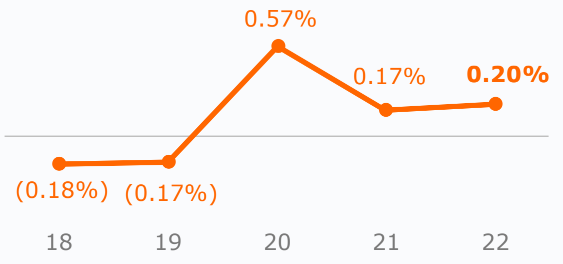
In 2022, the cost of credit risk was 0.20%[2].

	2021		2022	
	Impairments	% loan book[2)]	Impairments	% loan book[2)]
Loans to individuals	33.5	0.23%	63.0	0.40%
Mortgage loans	21.5	0.17%	19.7	0.14%
Other loans to individuals	12.0	0.68%	43.2	2.36%
Companies	45.1	0.39%	28.2	0.23%
Public sector	0.6	0.03%	0.0	0.00%
Impairments	**79.3**	**0.28%**	**91.2**	**0.30%**
Recovery of loans written off from assets	(8.7)	(0.03%)	(4.0)	(0.01%)
Subtotal	**70.6**	**0.25%**	**87.2**	**0.29%**
Sale of loans	(23.5)		(26.6)	
Total	**47.2**	**0.17%**	**60.6**	**0.20%**

Impairments for loans and guarantees net of recoveries



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



[1] Of which 88 M.€ in NPE and 53 M.€ in loans previously written off and other off-balance sheet . Total revenues from the sale amounted to 27.3 M.€, since 0.7 M.€ revenues were booked in gross income.
[2] As percentage of average gross loans and guarantees.

INTRODUCTION
WHO WE ARE
OUR STRATEGY
OUR PERFORMANCE
2022 Backdrop
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PROPOSED APPLICATION OF RESULTS
FINAL ACKNOWLEDGEMENTS
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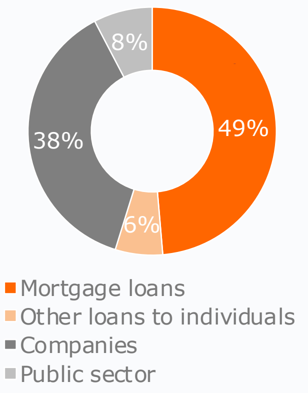
Loans to Customers

The portfolio of loans and advances to Customers (gross) expanded by 5.9%. (+1.6 Bn.€). By segment:

- the mortgage loans portfolio increased by 8.4% (+1.1 Bn.€). New mortgage loans production in 2022 was 2.7 Bn.€, which represents a yoy increase of 11%. The market share in loan production reached 15.7%;
- the corporate loan book expanded by 4.0% (+0.4 Bn.€).

Loan portfolio (Dec. 22)



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

	2021	2022	Δ%
Loans to individuals	14 892	15 984	7.3%
Mortgage loans	13 089	14 183	8.4%
Other loans to individuals	1 803	1 800	(0.2%)
Companies	10 523	10 945	4.0%
Public sector	2 115	2 233	5.6%
Total	**27 529**	**29 161**	**5.9%**
Note:			
Net loan portfolio	27 008	28 630	6.0%

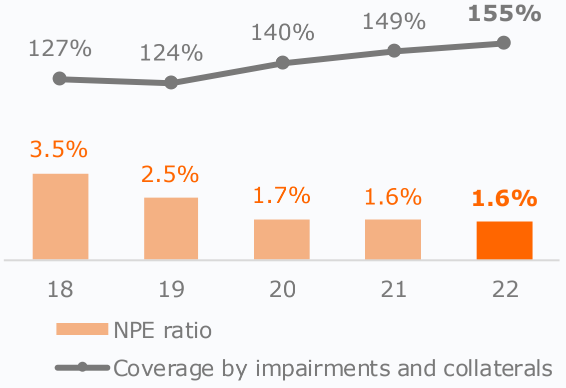
Asset quality

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

Non-Performing Exposures (NPE) EBA[2]

In December 2022 the NPE ratio (EBA) was 1.6% with coverage by impairments of 94% and coverage by impairments and collaterals associated to NPE of 155%.

Non-performing exposures (NPE) and coverage



[1] Loans to Customers (gross) corresponds to Loans and advances to Customers (25 986 M.€ in Dec. 22), excluding collateral accounts, reverse repos and other assets (41 M.€ in Dec. 22), added of debt securities issued by Customers (3 216 M.€ in Dec. 22, excluding credit institutions), recognised under Financial assets at amortised cost.
[2] In addition to the credit exposure considered in NPL (EBA), also includes shareholders' loans and debt securities in the loan portfolio.

Non-Performing Loans (NPL) EBA

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

The NPL coverage by impairments was 96%, or 157% if also considering the coverage by associated collaterals.

2.0% **NPL ratio**

157% **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 95%;
- **mortgage loans**, NPL ratio of 1.2% (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 154% (impairment coverage of 57%).

M.€	2020	2021	2022
Non-performing exposures (NPE) [1]			
Gross credit risk exposure	36 264	39 859	37 427
Non-performing exposures	611	646	583
NPE ratio	**1.7%**	**1.6%**	**1.6%**
Loan impairments[2]	508	545	547
Coverage by impairments	83%	84%	94%
Coverage by impairments and collaterals	**140%**	**149%**	**155%**
Non-performing loans (NPL) [1]			
Gross credit risk exposure	28 980	31 758	28 986
Non-performing loans	598	634	571
NPL ratio	**2.1%**	**2.0%**	**2.0%**
Loan impairments[2]	508	545	547
Coverage by impairments	85%	86%	96%
Coverage by impairments and collaterals	**141%**	**150%**	**157%**
"Crédito duvidoso" (non-performing)[1]			
Gross loans and guarantees	27 260	29 297	31 239
"Crédito duvidoso"	630	683	589
"Crédito duvidoso" ratio	**2.3%**	**2.3%**	**1.9%**
Loan impairments[2]	508	545	547
Coverage by impairments	81%	80%	93%
Coverage by impairments and collaterals	**134%**	**140%**	**153%**

Restructured loans

The amount of restructured loans (forborne loans, under the EBA criteria) was 362 M.€ in December 2022. Of this, approximately 41% were performing loans (Performing Exposures) and the remaining 59% were included in the balance of NPE. The forborne ratio was 0.9% (1.0% in Dec.21).

Forborne loans by segments:

- **corporate loans**, 179 M.€ of forborne loans and forborne ratio of 2.1%. Of this, 37% are performing loans and the remaining 63% are included in NPE;
- **mortgage loans**, 116 M.€ of forborne loans and forborne ratio of 0.8%. Of this, approximately 44% are performing loans and the remaining 56% are included in NPE.

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

	2021		2022	
	Forborne loans	Forborne ratio	Forborne loans	Forborne ratio
Performing loans	187	0.4%	149	0.4%
Included in NPE	235	0.5%	212	0.5%
Total	**422**	**1.0%**	**362**	**0.9%**

[1] NPL and NPE according to 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 December 2022, the share capital subscribed in these funds was 83.3 M.€. Balance sheet value, after revaluation, was 24 M.€

Corporate recovery and restructuring funds (M.€)

	2022
Subscribed capital	83.3
Revaluation	(59.3)
Net balance sheet value	**24.0**

Foreclosed properties

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

5.6 M.€
gross book value

2.4 M.€
net book value

Their valuation value was 3.3 times higher than their net book value.

Financial assets portfolio

At 31 December 2022, BPI held a portfolio of sovereign debt securities in the amount of 4 719 M.€[2]. This portfolio corresponds to medium- and long-term debt of Portugal (41%), Spain (21%), Italy (14%), the European Union (13%) and the USA (10%).

The average residual maturity of this portfolio is 3.9 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.€)

	2021	2022
Medium and long-term		
Portugal	2 397	1 956
Spain	1 349	992
Italy	713	670
USA	438	466
European Union		635
Total	**4 897**	**4 719**

[1] Paid-in capital was 75.4 M.€ in Dec.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.

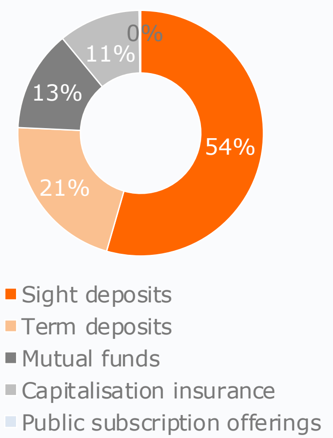
Customer Resources

Customer deposits increased by 5.0% (+1.5 Bn.€).

Mutual funds and capitalisation insurance had a poor performance in 2022, contracting by -15.1% and -6.0%, respectively, due to redemptions and the devaluation of their securities portfolios as a result of the financial markets' evolution. The evolution of public offers for subscription (OTRV - Portuguese treasury floating rate bonds - placed with Customers) reflects the reimbursement of securities on maturity.

Total Customer resources amounted to 40.0 Bn.€ at the end of 2022 (-0.6%). In addition, structured products placed with Customers rose by 0.4 billion.

Total Customer resources (Dec.22)



Customer Resources (M.€)

	2021	2022	Δ%
Customer deposits	**28 872**	**30 326**	**5.0%**
Sight deposits	20 325	21 813	7.3%
Term deposits	8 547	8 513	(0.4%)
Off-balance sheet resources	**11 433**	**9 718**	**(15.0%)**
Mutual funds	6 273	5 325	(15.1%)
Capitalisation insurance	4 588	4 313	(6.0%)
Public subscription offerings	572	81	(85.8%)
Total	**40 305**	**40 045**	**(0.6%)**

Liquidity and Funding

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

At the end of December 2022:

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

141% NSFR ratio
Net stable funding ratio

237% LCR ratio
Liquidity coverage ratio (12-month average[1])

11.0 Bn.€ in eligible assets
for ECB funding

In November BPI reimbursed in advance 4.4 Bn.€ of funding from the ECB (TLTRO). At the end of 2022, the amount of funding from the ECB was 0.4 Bn.€.

442 M.€ ECB funding
obtained through TLTRO III

[1] In accordance with EBA guidelines. Calculation components (12-month average): Liquidity reserves (10 675 M.€); Total net outflows (4 495 M.€).

Equity holdings in BFA and BCI

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

- 48.1% in Banco de Fomento Angola (BFA). BFA has total assets of 5.0 Bn.€ and approximately 2.6 million Customers. Its market share of deposits was 14.5% in November.
- 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.€, 2.2 million Customers and market shares (in Nov.) of 23.5% in total assets, 24.8% in loans and 25.9% in deposits.

The equity holdings in BFA and BCI contributed with 130.4 M.€ to the 2022 consolidated results.

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

	2021	2022
BFA contribution	105.7 (1)	96.2
BCI contribution	22.6	34.2
Total	**128.2**	**130.4**

Banco de Fomento Angola (BFA)

BFA's contribution to the consolidated results amounted to 96.2 M.€:

- 2021 ordinary dividend attributed to BPI, in the amount of 80.4 M.€;
- exchange gain of 8.3 M.€ (Kwanza appreciated 17% against 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 (7.5 M.€).

At the end of 2022, the 48.1% stake in BFA was valued at 411 M.€[2].

Banco Comercial e de Investimentos (BCI)

BCI's contribution to the consolidated results was 34.2 M.€.

The book value of this holding (recognised by the equity method) was 152 M.€ in December.

Consolidated profitability and efficiency indicators

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

	2021	2022
Gross income / ATA	2.2%	2.4%
Net income before income tax and minority interests / ATA	1.0%	1.1%
Net income before income tax and minority interests / avg. shareholders' equity and minority interests	10.7%	11.9%
Staff expenses / Gross income [3]	26%	24%
Operating expenses / Gross income [3]	48%	44%
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 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".

Regulatory capital

At the end of December 2022, the consolidated capital ratios (phasing-in) were CET1 of 14.8%, Tier 1 of 16.4% and total capital of 18.9%. These ratios consider the adoption at the end of the year of the IRB (Internal Rating Based) approach to calculate risk weighted assets in the mortgage loans segment, upon approval of the supervision authority.

The adoption of the IRB approach (mortgage loans) meant a 2.1 Bn.€ reduction of risk-weighted assets and a +1.5 p.p. impact on CET1 (phasing in).

The decrease of CET1 in 2022 (+0.6 p.p.) also reflects:

- organic capital generation (+0.5 p.p.)
- distribution of dividends and AT1 coupon (-0.9 p.p.)
- valuation of sovereign bond portfolio (-0.4 p.p.)
- reduction of IFRS9 phased-in impact (-0.2 p.p.)

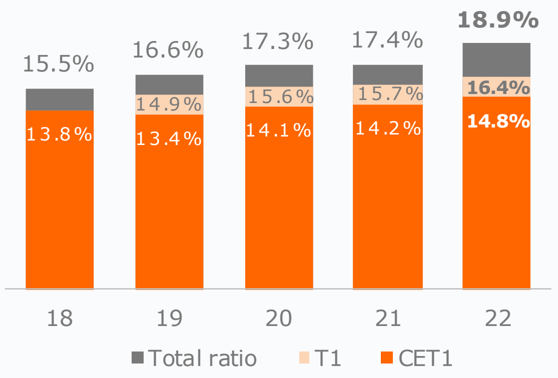
Consolidated capital ratios (M.€)

	2021	**2022**
Common Equity Tier 1	2 600	2 553
Tier I	2 875	2 828
Tier II	300	443
Total own funds	3 175	3 271
Risk weighted assets	18 281	17 280
CET1 ratio	14.2%	14.8%
T1 ratio	15.7%	16.4%
Total ratio	17.4%	18.9%
Buffer MDA	4.5%	5.9%
Leverage ratio [1]	6.8%	7.1%
MREL (as % RWA)	23.7%	25.6%
MREL (as % LRE)	10.3%	11.1%

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 share of Tier 2 in the total capital ratio, optimising the capital structure and at the same time increasing the MREL eligible liabilities.

Consolidated capital ratios [2]



Note: The minimum capital requirements determined by the ECB for BPI in 2022 were: CET1 of 8.63%, T1 of 10.50% and total ratio of 13.00%.
The following minimum requirements were established for 2023: CET1 of 8.57%, T1 of 10.43% and total ratio of 12.90%.

At the end of December 2022, BPI meets the MREL requirements established for 1 January 2022 and also the final requirements for 1 January 2024:

- MREL to RWAs ratio of 25.6%, versus the intermediate requirement of 19.18%[3] for 1 Jan. 2022 and final requirement of 22.4%[3] from 1 Jan. 2024.
- MREL ratio as a percentage of LRE of 11.1% versus final requirement of 5.91%.

[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] Fully loaded capital ratios until 2019 and phasing of impact of IFRS9 implementation from 2020 to 2022.
[3] 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 13.9%, to 334.1 M.€ in 2022. The following contributed to this performance:

- 11.4% increase in gross income (+98.5 M.€), underpinned by 21.4% increase in net interest income (+98.8 M.€) driven by the rise in market interest rates and the growth of the loan portfolio. Net fee and commission income expanded by 3.2% (+9.1 M.€) while dividends from equity holdings amounted to 129.0 M.€[1] in 2022 (-4.9%).
- 4.2% increase in recurring operating expenses (+17.7 M.€). In 2022 non-recurrent expenses with early retirements and voluntary terminations totalled 21.2 M.€ (29.8 M.€ in 2021).
- loan impairments net of recoveries of 60.6 M.€ in 2022, corresponding to 0.20% of the average loan portfolio and guarantees. In 2021 and 2022 they include gains on the sale of non-performing loans, of 23 M.€ and 27 M.€, respectively.

Individual income statement (M.€)

	2021	2022	Δ%
Net interest income	460.6	559.4	21.4%
Dividend income	135.6	129.0	(4.9%)
Net fee and commission income	279.8	288.9	3.2%
Gains / (losses) on financial assets and liabilities and other	26.6	37.6	41.4%
Other operating income and expenses	(35.9)	(49.6)	(38.3%)
Gross income	**866.8**	**965.3**	**11.4%**
Recurring staff expenses	(227.8)	(234.9)	3.2%
Other administrative expenses	(134.3)	(138.4)	3.1%
Depreciation and amortisation	(61.1)	(67.5)	10.4%
Recurring operating expenses	**(423.2)**	**(440.9)**	**4.2%**
Non-recurring expenses	(29.8)	(21.2)	(28.9%)
Operating expenses	**(453.0)**	**(462.1)**	**2.0%**
Net operating income	**413.8**	**503.3**	**21.6%**
Impairment losses on financial assets	(47.2)	(60.6)	28.6%
Other impairments and provisions	(3.7)	(15.6)	319.6%
Gains and losses in other assets	(0.6)	(0.2)	72.0%
Net income before income tax	**362.4**	**426.9**	**17.8%**
Income tax	(69.0)	(92.8)	34.5%
Net income	**293.4**	**334.1**	**13.9%**

[1] In 2022 includes 87 M.€ from BFA (gross 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 38.7 Bn.€ at the end of December 2022.

The portfolio of loans and advances to Customers (gross) expanded by 5.9%, to 29.2 Bn.€. Total deposits increased by 5.0%, to 30.3 Bn.€.

In November the Bank reimbursed in advance 4.4 Bn.€ of funding from the ECB (TLTRO).

Individual accounting shareholders' equity was 3 419 M.€, excluding 275 M.€ in Additional Tier 1 (AT1) capital instruments.

Individual balance sheet indicators (M.€)

	2021	2022	Δ%
Total assets (net)	41 193	38 721	(6.0%)
Loans to Customers (gross)	27 529	29 161	5.9%
Deposits	28 872	30 326	5.0%
Shareholders' equity[1)]	3 218	3 419	6.2%

The description of Banco BPI's consolidated performance also applies to the performance of the various items on an individual basis, since only its 100% held subsidiary in the area of Private Banking - BPI Suisse [2] - 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 31 December 2022, the individual capital ratios (phased-in) were: CET 1 of 14.8%, Tier 1 of 16.4%, total capital of 19.0% and leverage ratio of 7.1%.

BPI's adoption of the Internal Rating Based (IRB) approach to calculate risk weighted assets for mortgage loans had a +1.5 p.p. impact on CET1, individual basis.

Individual capital ratios (M.€)

	2021	2022
Common Equity Tier 1	2 594	2 558
Tier I	2 869	2 833
Tier II	300	443
Total own funds	3 169	3 276
Risk weighted assets	18 251	17 266
CET1 ratio	14.2%	14.8%
T1 ratio	15.7%	16.4%
Total ratio	17.4%	19.0%
Leverage ratio	6.8%	7.1%

1 Excludes AT1 instruments.
2 In 2022, Banco BPI entered an agreement to sell its holding in BPI Suisse to CaixaBank Group. The total assets and liabilities of BPI Suisse are now presented under the headings "Non-current assets held for sale and discontinued operations" and "Non-current liabilities held for sale and discontinued operations".

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.

In 2022, S&P Global Ratings upgraded the rating on BPI and its senior debt by one notch, to BBB+, reflecting the upgrade of the sovereign rating and the improvement of BPI's Stand-Alone Credit Profile (SACP) from bb+ to bbb-.

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.

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.

At 31 December 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)	bbb- (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	BBB-
Junior subordinated debt			Ba2	
Portugal Rating[1]				
Long-term / Outlook	A (low) / Stable	BBB+ / Stable	Baa2 / Stable	BBB+/ Stable [1]
Short-term	R-1 (low)	F1	Prime-2	A-2 [1]

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

INTELLECTUAL CAPITAL

Digital Transformation

The focus on improving the Customer Experience continues to be supported by digital transformation initiatives, to address both the new digital behaviours of Customers and their ever-changing expectations.

To continue to drive the transformation of the Digital Channels, the reformulation of the Customer Service Lines began with the incorporation of a Virtual Assistant, capable of carrying out various actions instructed by the Customer's voice. The aim was to strengthen the self-service means available to Customers and the Bank's omnichannel approach.

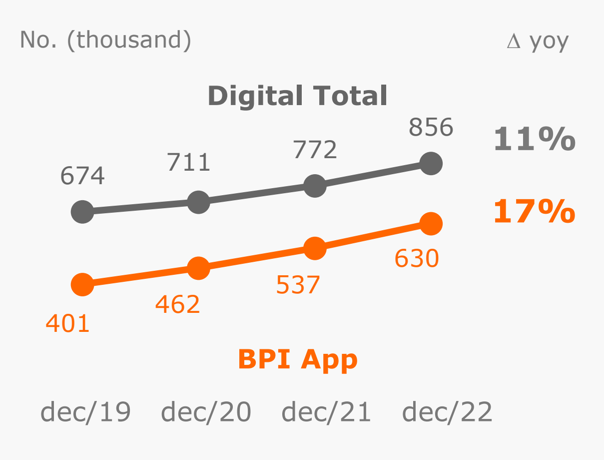
With this technological development, another step is taken towards improving the Customer Experience through efficiency and service quality, combined with 24X7 availability.

The number of Customers who regularly use the Digital Channels continued to grow, reaching approximately 856 thousand at the end of 2022 (+11% YoY).

With regard to the Digital individual clients, **85% of them actively use the BPI App.**

The number of regular users was 630 thousand in 2022, which is 93 thousand more than in 2021 (+17% yoy).

Digital Banking regular users



Satisfaction with and penetration of the Digital Channels

BPI remains within the top positions in terms of digital channels satisfaction and penetration, reaching 2nd place with regard to Individual Customers[1].

#2 Digital Channels Satisfaction and Penetration - Individual clients[1]

More Digitally-supported sales and efficiency

Most products and services have been made available through the Digital Channels. At the same time, several initiatives focused on sales efficiency were implemented:

- Launch of the "Digital Sales Factory" project, involving the creation of multi-experienced teams to focus on boosting sales;
- Permanent generation of commercial leads, based on the behavioural analysis of Customers at all touchpoints;
- Definition of a commercial action plan according to types of Customer journeys.

Underpinned by these measures, in 2022, **more than 32% of total sales of core products[2] were initiated in the digital channels** (+5pp yoy).

Digital Channels Evolution

In 2022 the following new developments were made in the Digital Channels to improve the Customer Experience.

[1] BASEF Banks - December 2022 (main banks).
[2] Number of Core Product sales to individual Customers: Mutual Funds/Retirement Saving Plans, Prestige Products, Personal Loans, Credit Cards and Standalone Insurance.

Digital Channels Evolution

Individual Customers

Simplification of daily routines

- Launch of **BPI Virtual Assistant** in the Cards Line
- **BPI APP and public website** specific for the **youth segment** (AGE)
- New BPI **public website**
- BPI Enjoy credit card, with **fractioning of transactions**
- **Digital Documents** in BPI App
- Simplification of **online account opening for Individual Entrepreneurs/Self-employed** with **Digital Mobile Key**
- **Instant replacement /cancellation** of credit card

My home

- **Mortgage loan renegotiation process** at BPI App (Decree-Law 80-A/2022)
- **Online simulation** and prior decision on BPI mortgage loans for **Second Home** of Resident Clients

Enjoying Life

- Extension of **online loan-taking** to Individual Entrepreneurs/Self-Employed

Sleeping peacefully

- Online simulation and contracting of **Allianz Personal Accidents Insurance** and **Allianz Motorcycle Insurance** in the Digital Channels

Thinking about the future

- Launch of new **BPI Broker App**, to facilitate monitoring the Markets and speed up stock exchange trading.
- Sale of **Capitalisation Insurance** and **Sustainable Investment Funds**

Digital Channels Evolution

Corporate Clients

Loans

- Revamped **Financing** experience, with new organisation of functionalities
- Request for **Current Account** proposal
- Request for **Equipment Leasing**
- Developments in **Import Documentary Credit**, at issuance request and enquiries level
- Viewing of **Reimbursement Schedule**
- Simulation and Request of **Loan with Plan**, including Credit Lines

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)
- **100% digital ordering of Prestige Products**, by Credit Card
- Starting **Credit Card contracting**
- Subscription and increase of **Mutual Funds**
- Launch of **BPI Virtual IBAN** service

Improved Customer Service

- **Digital Documentation**
  - More documents available
  - New research functionalities
- **Technology developments** in platform and infrastructure
- **BPI App for Companies**
  - Instant Transfers
  - Operations pending Authorisation
  - Demo with main functionalities available
  - Segmented communication

Innovation

Entry in the Metaverse

BPI took the first step in the Metaverse and became the **first Bank in Portugal with a Virtual Reality Branch**, which offers an immersive experience of presentation of banking services and contact with the Client in the virtual world.

The 100% virtual immersive Branch, built in 3D, represents the various business areas for the different segments and allows access to content about the Bank's services, organised on two floors of the virtual branch.

Only informative at present, this Branch may evolve in the future into a new Channel for banking operations and distribution of the Bank's products and services.

The application is available at the Oculus Quest Store and virtual reality equipment will also be available at some BPI branches to allow Customers to experience this new channel.

Partnerships with the National Innovation Ecosystem

Fintech House

BPI became the **partner Bank of Fintech House**, with the objective of supporting entrepreneurship, innovation and the development of technological and financial projects. This partnership comprises several joint initiatives that aim to bring the Fintech House, which includes startups, partners and investors, closer to BPI, particularly in the areas of open banking, ESG, DeFi, the Metaverse and web3.0, promoting the creation of new projects and the testing of new solutions.

Fintech House is the largest fintech hub in Portugal, providing a coworking space to startups developing innovative solutions in the areas of fintech, insurtech, regtech and cybersecurity. It currently has over 80 startups and 6 official partners, including INCM, Fidelidade, KPMG, Morais Leitão (MLGTS) and VISA.

Unicorn Factory

BPI has become the partner Bank of Unicorn Factory, a platform of programmes and a hub supporting the development of startups and scaleups to gain global scale and become unicorns.

Scaling Up Programme

The Scaling Up Programme targets companies that already have a relevant investment and are on a fast growth path. It aims to support more than 20 scaleups, by connecting them to the business world. The programme thus facilitates access to potential partners and clients, as well as to products and services with significant growth potential.

National Innovation Award

BPI, Jornal de Negócios and Claranet have come together to reward innovation through the **National Innovation Award** (NIA), which identifies and rewards projects that contribute to the innovation and digital transformation of organisations in Portugal.

The first edition, in which Nova School of Business and Economics is the knowledge partner, will open for applications in February 2023, with the final award ceremony in June.

The awards are subdivided into 10 prizes: 3 for Business Segments; 6 for Technology (e.g., Machine Learning, Cloud, Cybersecurity, and others); and 1 for Personality.

PRÉMIO NACIONAL DE INOVAÇÃO
negocios BPI claranet

Transformation through Artificial Intelligence

In 2022, the Artificial Intelligence Centre of Excellence was created and the foundations were laid for an ambitious **transformation of BPI through Artificial Intelligence** (AI) that will also benefit from CaixaBank's experience in this domain. This transformation will follow two structuring principles:

- **Primacy to AI**, i.e., where a potential impact is expected from the optimisation brought by AI, AI will be prioritised;
- **Integrated implementation of AI up to impact**, i.e., the development of solutions will always involve joint responsibility between the executing areas and the Centre of Excellence.

Main activity in 2022

This first year was one of preparation for a scaled start-up in 2023:

- Activation of the Google Cloud Platform, ensuring the migration of the main databases' historic data and enabling an **integrated 360º view of the Customer**;
- Development of 8 "quick win" use cases, notably the **Personal Loan propensity model** (including the launch of a pilot with the InContact Division), the **Life Insurance propensity model**, the **model to reduce false positives** by 40% in the control of transfers from high-risk jurisdictions, and the automation of around 45% of responses to email requests for information.

Operational and Organisational Efficiency

In 2022 BPI continued to roll out new initiatives to improve operational efficiency, releasing commercial teams to focus on Customer service, marketing and advising on financial products.

The centralisation of non-commercial tasks in the middle-office teams continued to be one of the focal intervention areas.

BPI continued to promote the use of automatic means in the commercial network, reinforcing functionalities and improving their operation and usability.

89% of operations absorbed by Automated Zones
(87% in 2021)

Twenty-two new robotic processes were implemented which made it possible to automate support processes to the areas of Compliance, Risk, and Personal Loan Contracting, amongst others. This robotisation aims not only to increase the efficiency of the Central Services but also to improve service and reduce operational risk.

HUMAN CAPITAL

BPI People

The Employees' skills and continuous development, their well-being and the promotion of diversity and inclusion are an important source of innovation and strategic renewal.

As of 31st of December 2022, BPI had 4 404 Employees, of whom 4 387 living in Portugal.

Banco BPI in Portugal 2022[1]

4 387
Employees[2]
(-1.7% yoy)

57% **women**

43% **men**

19.1
Average **seniority years**

99.4%
With open-end contract

Internal training

Training at BPI is based on a **flexible, omnichannel model**, with both a formal and an informal approach, through the Bank's training platform, **"BPI Campus".**

In 2022, the mobile version of the training platform was launched, under the maxim "Learn where, when and how you want".

News in BPI Campus 2022 offer

+12 thousand **training videos and training sessions at BPI Campus**

+500 **LinkedIn Learning, Coursera and Edx online courses**

+400 **abridged books**

+150 **documents published**

+300 **news articles and features in the blogs**

Internal Training in Portugal 2022

1.5 M.€
investment in training

4 541
participants in training actions (in-class and online)

225 th.
training hours

95%
Online **training hours**

50
training hours per Employee

Regulatory training accounted for a significant share of the training offer in 2022, representing 70% of the total. Main training courses:

- Prevention of Money Laundering and Terrorist Financing (compulsory for all Employees) (4 300 Employees);
- MiFID II (2 600 Employees);
- Mortgage Loans Directive (2 300 Employees);
- New Insurance Directive (2 500 Employees).

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

The **training offer** was essentially targeted at Employees from the commercial areas, who represented 79% of the total number of trainees, against 21% in the support areas.

In 2022, the members of the **Board of Directors** underwent training on Risk, Economics and Finance, Sustainability, Digital, Money Laundering Prevention and Ethics and Conduct.

BPI continued to provide training on key areas for organisational success and Employee development, focusing on the themes of **Leadership and Team Management** (825 participants) and **Data Analysis and Processing** (344 participants).

A **new training offer** was also developed that reflects the evolution of the Bank's commitments to rigour, compliance and responsible conduct, Sustainability and digital transformation.

Finally, and of a more informal nature, the **BPI Talks** continued to be an attractive way of sharing best practices. There were 16 sessions, held fortnightly, with 1 652 participations. The themes covered included, among others, "Customer Experience", "Risk", "Health and Well-being", "Emotional Intelligence", "Curiosity" and "Sustainability".

New Training Offer 2022

In 2022, **BPI continued to diversify its training methodologies**, namely resorting to storytelling and gamified training. BPI continued to invest in the qualification and capacity-building of its trainers, to whom it provided a training offer in learning communities, and including digital skills.

- **Sustainability:** Compulsory training linked to variable remuneration, aimed at raising awareness to the importance of Sustainability for the Bank and promoting an internal culture aligned to Sustainability principles. It covered all the Bank's employees.
- **Compliance Academy:** New area in the "BPI Campus" with content on compliance themes in video format and gamified experiences with the objective of promoting an organisational culture based on these themes.
- **Risk Culture Channel** Online modules and interactive content in the form of microlearning, infographics, questionnaires and interviews, in line with the guidelines of the Bank of Portugal and the European Banking Authority.
- **Digital Assets:** Internal training available to all Employees addressing topics such as blockchain, cryptoassets and metaverse, to ensure they keep up with new trends and emerging technologies.
- **"Branch 2.0" Manager Programme:** Programme aimed at all Branch Managers on the development of skills and tools to assume a leading role in the Bank's digital transformation.
- **BPI UP Programme:** Commercial skills development programme composed of six modules, aimed at the Individuals, Small Businesses and Premier network. It ran for 6 months and involved around 1,700 Employees.

Talent development

The **Talent Fora**, which serve to **reflect on the performance and potential of the Bank's People**, were pursued in 2022, with the involvement of the Bank's management structure. Through this process, BPI identified three segments (Young Talent, Talent, and High Performance) and defined a succession plan for leadership functions. A total of 47 meetings were held, in which 2 300 People were analysed.

The **Selection and Talent Management Policies** were published, which formally set out the models for attracting, developing and managing People.

The appointment of Employees for management positions is analysed independently and based on the principles of Merit, Diversity and Transversality.

Agile culture

The development of a culture that fosters Employee motivation, commitment and involvement has been a priority of the **Internal Communication and Culture** area.

All Employees are encouraged to promote relationships based on respect for dignity, participation, equity and mutual collaboration, contributing to a good work environment.

In 2022, internal communication maintained its focus on the themes of **"People"** and **"Business"**: Risks, Sustainability, Compliance, Working Conditions, Balance between Professional, Personal and Family Life and Teleworking.

The **#SOMOSTODOSEQUIPA** (we are all a team) project was launched to strengthen a team spirit among the central services and the commercial network, challenging central services Employees to identify business opportunities (TPAs) for the commercial network.

BPI was awarded by the Portuguese Corporate Communication Association as having the "**Best Internal Publication"** and by the Internal Communication and Corporate Identity Observatory for its "**Strategy for Change and Transformation Management**", with the "Conect@r" project.

Health and well-being

The Bank ensures a safe and healthy working environment to prevent the occurrence of work accidents and occupational diseases, complying with the legislation in force and assuming as a priority the permanent improvement of working conditions.

In 2022, the "**Viver+**" (live +) programme was reinforced. This programme includes initiatives for Employees in the areas of health and well-being, such as mindfulness classes, massages, gymnastics at work, dance classes and others.

A **2nd Health and Well-being Week** was organised, with daily activities, and the participation of hundreds of Employees.

New working spaces

The **modernisation of workspaces** in the Commercial Network and Central Services has played a role in promoting well-being. The objective is to ensure more comfort, encourage more productive and collaborative ways of working and foster team spirit and a sense of belonging.

In the last three years, around 250 commercial spaces have been remodelled. More recently, the Lisbon and Porto Central Services were included in this workspace optimisation movement.

The **Monumental building, inaugurated in 2022**, has more spaces for socialising and rooms for holding work meetings, both face-to-face and in virtual format.

Balance between personal, family and professional life

In 2022, BPI continued to foster various actions in connection to the "**Family Responsible Company**" certification by Fundación Más Família.

This includes the roll-out of the "**Conect@r**" project, which involves seven measures to reinforce the balance between professional, personal and family life, among which: possibility for Employees to leave earlier on Fridays, optimisation of meetings and a reduction in the number of emails.

In line with current trends and Employee expectations, **MoveON**, a hybrid work model that entitles Employees to 6 teleworking days per month, was recently created. More than 3,500 Employees have already signed up to MoveON.

Diversity and Inclusion

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 by high standards of ethical values, with particular emphasis on the following:

- equal opportunities and non-discrimination;
- respect for people and their dignity;
- reconciling work with personal and family life;
- prevention of occupational hazards.

In its relationship with its Employees and in the relationship among the Employees, **any form of individual discrimination incompatible with human dignity is forbidden**, in particular when based on origin, ethnicity, gender, sexual orientation, political opinion and/or religion. It is a paramount principle of the Bank to provide equal opportunities for access to work and career progression without any discrimination.

Concurrently, BPI promotes a work environment where each one can collaborate in detecting and reporting these undesirable practices, ensuring non-retaliation and providing an internal channel for this purpose.

In recruitment, selection and/or career progression processes, any form of discrimination is also prohibited, and all intervenients, regardless of their position, must act objectively and promote equal opportunities with the sole purpose of identifying the applicants that best suit the profile and needs of the function and are better aligned with the Bank's culture and values.

Subject to this principle, BPI has reinforced the **"Wengage, Diversity and Inclusion”** programme, which promotes three pillars: gender diversity; age diversity; and diverse capabilities.

Main initiatives 2022

- Signature of “**Portuguese Letter for Diversity**”;
- Participation of 25 female employees as members of the **Professional Women’s Network (PWN)**;
- Renewal of “**Commitment to Inclusion**”, promoted by Nova SBE's Inclusive Community Forum;
- Organisation of **4 internships** for people with different capabilities;
- Top-up training in **“Unconscious Bias”**;
- Digital Talk to raise awareness to issues such as **time conciliation and management.**

Key Diversity Indicators in 2022

	Employees		Age Bracket					Gender	
	No.	% of total	<30	30 to 39	40 to 49	50 to 59	>59	Men	Women
Employee breakdown by category, age, and gender (%)									
Management	**301**	7%	0%	3%	29%	60%	7%	66%	34%
Middle management	**619**	14%	0%	5%	53%	39%	2%	57%	43%
Other	**3484**	79%	4%	13%	54%	28%	1%	39%	61%
Total	**4 404**	**100%**	**3%**	**11%**	**52%**	**32%**	**2%**	**43%**	**57%**
Of which: **Breakdown of Employees with disability by category, age, and gender (%)**									
Management	**9**	7%	0%	0%	22%	56%	22%	33%	67%
Middle management	**16**	12%	0%	0%	56%	38%	6%	31%	69%
Other	**111**	82%	0%	10%	41%	48%	2%	25%	75%
Total	**136**	100%	**0%**	**8%**	**41%**	**47%**	**4%**	**26%**	**74%**

Merit and Compensation

BPI has in place a "Management by Objectives" Programme which links variable remuneration to individual performance (individual objectives) and to the Bank's global performance (corporate objectives), making the remuneration strategy more transparent, fair, adaptable, competitive and compatible with regulatory requirements. Currently the "Management by Objectives" Programme covers approximately 300 Employees.

In 2022, the scope of the Employees' benefits programme "*Ser BPI Compensa*" (being BPI pays off) was extended.

New benefits in 2022

- Extension of mortgage loan conditions under the Collective Wage Agreement (ACT) to all eligible Employees, thus ending the waiting lists to obtain this benefit;
- Improvement of the Employee *Valor* Account, now with more benefits and advantages;
- Financial support to Employees who received refugees from Ukraine in their homes (temporary measure);
- Strengthening of the partnership with the Sports Group (more discounts on shows and museums);
- Dance classes and massages in the Lisbon and Oporto central buildings.

Recruitment

Launched in 2022, the **1st Edition of the BPI Trainees Academy** aims to transform the way the Bank attracts the best young talent in the market. After a demanding recruitment process, with more than 1 000 applications, the 30 Trainees selected will have a job rotation experience around different areas of the Bank.

Within the scope of its Employer Branding strategy, BPI reinforced its communication as an employer brand.

This year the Bank returned to face-to-face events at universities across the country, participating in **11 events organised by Magma**, a partner in the approach to young talent. All in all, the Bank was present in 29 recruitment events, of which 17 online and 12 face-to-face, organised by several organisations across the country, again under the motto "**Give More Value to your Future**".

2 159 applications to **10** specific **offers**

2 143 spontaneous **applications**

BPI's Employees continued to participate actively in the two-day 'Pitch Bootcamps' held at various universities and also to attend the 'Fireside Talks'.

In July, BPI was once again considered "**The Banking Sector Brand with the Best Reputation as an Employer**" and the 15th best in the global ranking of the "Employer Brand Reputation" survey to university students, conducted by OnStrategy, a consultancy.

New Employees

In 2022, a new **welcome programme** was implemented for **new Employees**. During five days, new Employees are given the opportunity to visit the Bank's Central Services and Commercial Network to learn about BPI's Values, Culture, Brand and Business. They are also given the opportunity to better understand the Bank during a lunch with the CEO or another member of the Board.

SOCIAL CAPITAL

BPI and "la Caixa" Foundation

It has always been part of **BPI's identity** to contribute to the **progress and well-being** of the community where it operates, by supporting **social and cultural projects** promoted by institutions of recognised merit.

The scope of BPI's activities increased substantially following the extension of "la Caixa" Foundation's activities to Portugal.

The "la Caixa" Foundation is a non-profit organisation that has worked every day since the beginning of the 20th century to achieve a **more egalitarian Society**, fighting inequalities and promoting the well-being of Society in general and, in particular, of the most disadvantaged communities.

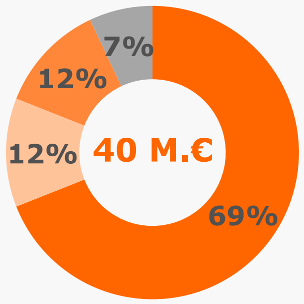
BPI and "la Caixa" Foundation's intervention is carried out under the following four drivers:

- **Extension or adaptation of "la Caixa" Foundation's own programmes** to the Portuguese reality;
- **BPI "la Caixa" Foundation Awards** to support projects by social entities;
- **Outreach support to projects** selected by BPI for financing by the "la Caixa" Foundation (Social Responsibility Committee and Decentralised Social Initiative);
- **Programmes and initiatives** that respond to the **country's specific challenges.**

In 2022 "la Caixa" Foundation's budget allocation was 40 million euros. BPI invested 0.8 million euros.

"la Caixa" Foundation 2022 Budget

4 theme areas:



69%
Social Programmes

12%
Health Research and Innovation

12%
Culture

7%
Education and Scholarships

+10 M.€ versus 2021

Social Programmes

BPI "la Caixa" Foundation Awards

Under the motto **"Helping those who help"**, there are **four** BPI "la Caixa" Foundation Awards that since 2010 **promote equality and the improvement of the quality of life of the most vulnerable,** and thus contributing to the **social sector change and empowerment**. These awards, attributed through a **call for proposals**, support projects of private non-profit institutions and in 37 editions have already benefited more than 195,000 people.

Since 2010 (37 editions)	**In 2022**
27.4 million euros	**4.6** million euros
901 projects supported	**120** projects supported
195 thousand beneficiaries	**19.7 thousand** beneficiaries
9 103 applications	**581** applications

3 407 non-profit entities have competed at least once

76 volunteers from BPI who in 2022 participated in the applications' assessment process

Capacitar Award

Autonomy for people with disabilities

Support for social projects that promote the improvement of the quality of life, employment and the autonomy of disabled people.

Solidary Award

Labour integration and fight against social exclusion

Support for projects that promote the process of full development and social inclusion of the most vulnerable people, fostering equal opportunities.

Seniors Awards

Active and healthy ageing

Support for projects that promote the improvement of the quality of life of Senior Citizens, especially those living alone, and help them be more self-reliant.

Childhood Awards

Children living in poverty

Support for children in poverty and projects that facilitate the development and social inclusion process of Children in vulnerable situations.

Humaniza Programme

Comprehensive Support Programme for People with Advanced Illness and their families, with teams of professionals who complement health care through psychosocial and spiritual intervention.

This pioneering initiative is implemented by **11 psychosocial support teams (PSSTs)** comprising psychologists, social workers and volunteers.

In 2022, Comprehensive Support for People with Advanced Illness was extended to **Residential Structures for the Elderly (RSEs), with PSSTs professionals**.

Also in 2022, the "la Caixa" Foundation, in collaboration with the Ministry of Health, financed **5 new palliative care home teams**.

In 2022

11 Psychosocial Support Teams

19 Hospitals with this programme

Incorpora Programme

Helps vulnerable people gain access to a job, contributing to a more socially responsible society.

The "la Caixa" Foundation, in collaboration with BPI and IEFP, IP, created the **Incorpora Network**, which currently covers 17 districts in mainland Portugal.

In 2022

890 participating / contracting **companies**

1 672 integrations

57 social institutions

Proinfância Programme

Support for children and young people between the ages of 0 and 18 and their families living in poverty or social exclusion, with the aim of breaking the cycle of poverty that is transmitted from parents to children. This support focuses on education and health. In 2022, the "la Caixa" Foundation launched **five calls for proposals** to extend the implementation of the programme in Portugal to Almada, Amadora, Braga, Ponta Delgada and Vila Nova de Gaia, during the 2022/2023 school year.

In 2022

6 social institutions in Lisbon and Porto

16 cooperating entities

5 calls for proposals launched for the creation of new networks

BPI | Fundação "la Caixa"

Promove Programme

Non-refundable support for innovative initiatives in strategic areas for the development of inland and border regions in Portugal.

In its 2022 edition, this "la Caixa" Foundation programme, in collaboration with BPI and in partnership with the Foundation for Science and Technology (FCT), granted non-refundable support of around **3.6 million euros** to a total of **20 projects and 9 ideas,** aimed at boosting the sustainable development of inland regions.

The selected mobilizing R&D projects fit into strategic areas identified by the Portuguese Government for the development of the inland areas.

In 2022

3.6 million euros in support

7 mobilising R&D projects

13 pilot projects

9 ideas supported, focused on the management of natural resources, promotion of new poles of development and attraction of tourists and new residents

Always with Company Programme

Support for the elderly to combat the effects of loneliness. This Programme was launched in 2022 in Lisbon and Oporto to **promote the well-being of lonely senior citizens and uphold their community support network.** It is developed with the municipalities and social entities operating in the parishes. Its aim is to provide company to people and help them learn how to manage their own loneliness; to build solid community networks capable of fostering supportive relationships and to make citizens aware of the importance of such relationships.

In 2022

308 senior citizens supported

2 cities

Decentralised Social Initiative

Provides support to projects of private or public non-profit institutions that are BPI Clients, through the Bank's Commercial Networks - Individuals, Companies and Institutionals.

Its purpose is to foster the **quality of life and equal opportunities for people in situations of social vulnerability**: Children, Adolescents and Young People in situations of social vulnerability, People over 65 years old, People with disabilities, labour insertion, health, permanent illness or disability, and interculturality and social cohesion.

In 2022

48 thousand beneficiaries

224 projects

1.4 million euros invested

BPI | Fundação "la Caixa"

Social Equity Initiative

Partnership project developed since 2019 by the ”la Caixa” Foundation, BPI and Nova SBE, which was extended until 2024. The initiative is supported by the "la Caixa" Foundation with 2.2 M.€ over the 2022-2024 three-year period.

The next three years of the Partnership will reinforce the ‛Portugal, Social Balance’ project and the ‘Social Leapfrog’ and ‘Social Leadership for Managers’ programmes, namely with the inclusion of the Católica Porto Business School.

This initiative aims to drive a long-term vision, drawing a portrait of the social sector and developing research and capacity-building programmes to support social organisations.

2.2 million euros investment in 2022-2024 by ”la Caixa” Foundation

7 social transformation **projects**

2 professorships

6 Knowledge Centres lead projects’ execution

Social Observatory

The Social Observatory of the ”la Caixa” Foundation in Portugal is a space for analysis, debate and reflection on the current times and challenges faced by Society. The Observatory divulges scientific knowledge on social issues through its own studies and under public calls, such as the Social Research Call and the Flash Calls.

Social Research Call

Call for proposals launched by the ”la Caixa” Foundation to support excellence in social research projects that, using an innovative approach, generate robust quantitative evidence and insights on current and emerging social challenges in Portugal and Spain.

Under the matching fund agreement between the ”la Caixa” Foundation and the Foundation for Science and Technology (FCT), the latter will match the ”la Caixa” Foundation's contribution to projects to be carried out in Portugal by selected institutions.

1.2 million euros available

100 thousand euros maximum per project

3 projects supported in Portugal in 2022

Other projects with social impact

Sundry local support

Support to social, research and health, culture, and science and education projects selected by BPI's Social Responsibility Committee. The amount of support provided in 2022 was approximately 2.1 M.€.

"Together, we can give more!"

On World Cancer Day, the Portuguese banks, including BPI, joined a solidarity campaign to raise funds for the Lisbon Oncology Institute (IPO). BPI raised 100 th.€.

Support to vulnerable mothers

For delivery to institutions that support vulnerable mothers, BPI's Volunteers donated, through ENTRAJUDA, baby food, powdered milk and nappies.

BPI Christmas Action

BPI's Commercial Spaces hosted, for the 10th consecutive time, the initiative "Your gesture can change Christmas", through which Customers and Employees offered a Christmas gift to children supported by charitable institutions. BPI maintained the possibility of contributing through the digital channels. 37 th.€ were distributed to 167 institutions and 5 thousand presents were delivered.

World Youth Day 2023

BPI donated furniture to the Patriarchate of Lisbon to furnish the headquarters of the WYD Lisbon 2023 Foundation. BPI volunteers delivered and assembled around 200 tables, desks and chairs, with logistical support from the ENTRAJUDA's Donated Goods Bank. For several years BPI has been donating furniture that ENTRAJUDA channels directs to social institutions.

Support to Ukrainian Refugees

BPI and ”la Caixa” Foundation participated in several actions to support the Ukrainian refugees:

- Exemption of fees on money transfer fees to Ukraine;
- Contribution for monthly expenses of up to 100 euros per refugee (maximum of two), and, for up to six months, for Employees who have taken in refugees;
- 20 th.€ donation to UNICEF Portugal and the Portuguese Red Cross to help refugees arriving in Portugal;
- Support in building and publicising the WeHelpUkraine platform, in coordination with ENTRAJUDA;
- Collection of essential goods in coordination with the Lisbon Civil Protection.

”la Caixa” Foundation developed several initiatives in coordination with UNHCR and UNICEF.

"Window of Hope” Platform

BPI and the ”la Caixa” Foundation, in partnership with SIC Esperança TV channel and the Calouste Gulbenkian Foundation, manage the "Window of Hope” platform, which aims to recognise and share with the Portuguese people the most relevant third-sector institutions, initiatives and beneficiaries.

Promoting the 2030 Agenda

SDG Observatory in the Portuguese Companies

The Católica Lisbon School of Business & Economics, in partnership with ”la Caixa” Foundation and BPI, launched the SDG Observatory in Portuguese Companies. The observatory monitors the implementation of the United Nations' 2030 Agenda in a representative group of Portuguese companies, and publishes an Annual Report. The first report was published in 2022 and is available online.

ODSlocal Platform

With the support of the ”la Caixa” Foundation and BPI, a consortium led by the Lisbon University's Institute of Social Sciences developed the ODSlocal platform (SDGLocal platform), which monitors the progress made by 85 Municipalities towards the Sustainable Development Goals.

Health Research and Innovation

In 2022, the "la Caixa" Foundation continued to support research of excellence in health and biomedicine, as well as talent and the production of scientific knowledge with an impact on Society.

Health Research call by CaixaResearch

The sixth edition of this Call for proposals was launched in 2022 to support biomedicine and health research projects in the areas of neuroscience, oncology, cardiovascular and associated metabolic diseases, infectious diseases, and enabling technologies in these thematic areas.

In 2022

13 projects supported

8.9 million euros in Portugal

Research centres in Portugal

The partnership between the "la Caixa" Foundation and the Foundation for Science and Technology (FCT) has made it possible to increase support for projects from Portuguese Research Centres selected through CaixaResearch's call for proposals in Health Research.

47 projects in progress

- Oncology
- Neuroscience
- Infectious diseases
- Cardiovascular diseases
- Enabling technologies in the above areas

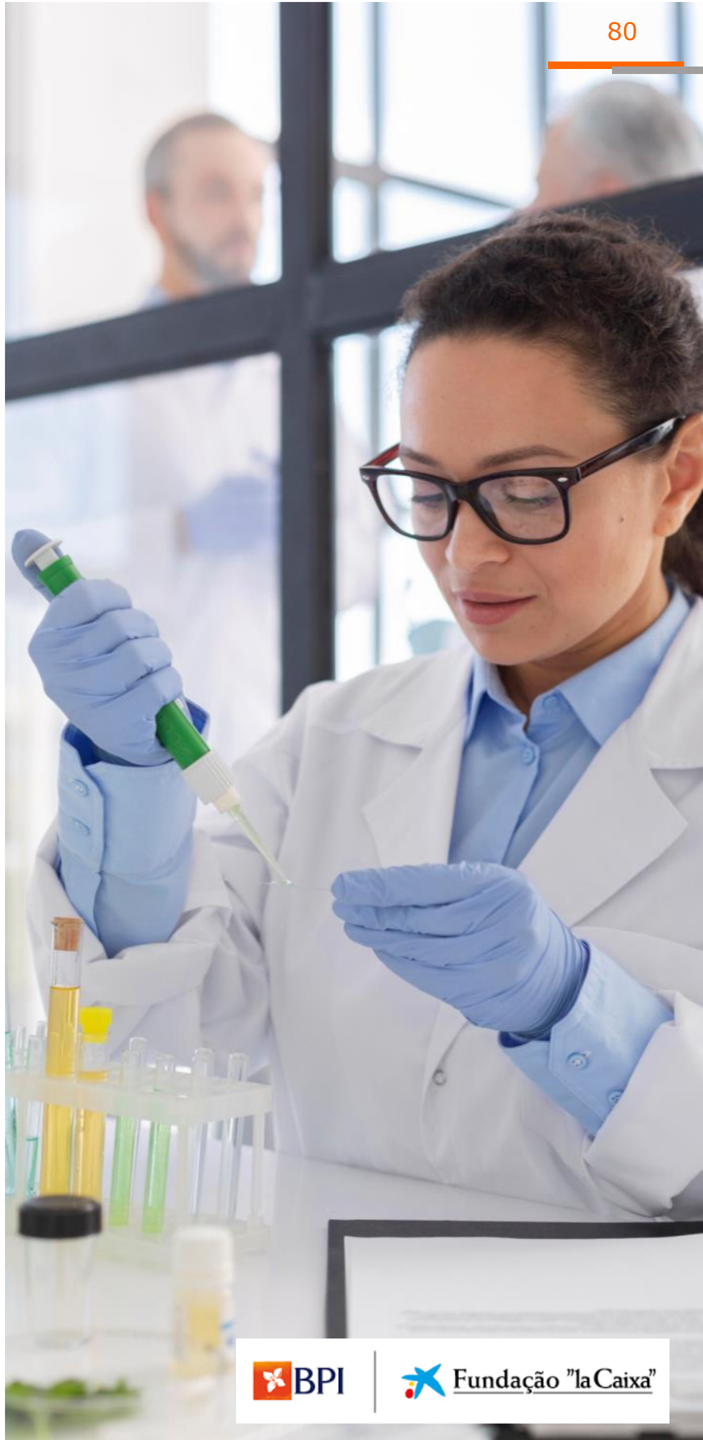
CaixaResearch Validate and Consolidate 2022 Programme

CaixaResearch's Validate and Consolidate calls for tenders target research centres, universities and hospitals and the **transformation of scientific knowledge in the field of life and health sciences into products and companies generating value for Society**.

In 2022

4 projects selected in Portugal, one of which financed by FCT

310 thousand euros in Portugal



BPI | Fundação "la Caixa"

Culture

Under the commitment to bring art, culture, and science closer to Society, the following **support and actions were undertaken by the "la Caixa" Foundation and BPI**:

4 Institutional collaborations
Serralves Foundation, Casa da Música Foundation, Calouste Gulbenkian Foundation and Casa da Arquitetura.

8 Museums and other cultural spaces
National Museum of Ancient Art, Arpad Szenes-Vieira da Silva Museum, Soares dos Reis National Museum, Elvas Contemporary Art Museum, Caramulo Museum, Casa de Cadaval, Casa de São Roque and Lugar do Desenho.

4 Orchestras
Orquestra XXI, Orquestra de Jazz de Matosinhos, Orquestra Sem Fronteiras, and Orquestra Metropolitana de Lisboa.

5 Theatres
Teatro Nacional S. João (Porto), Teatro Nacional D. Maria II (Lisbon), Teatro Micaelense (Azores), Teatro Viriato (Viseu) and Theatro Circo (Braga).

8 Festivals
International Music Festival of Marvão, Capuchos Music Festival, Cistermúsica - Alcobaça Music Festival, Quebra Jazz Arts Festival, Jazz Festival in the Gardens of Monserrate Palace, Bragança Classicfest 2022, Azores Music Festival and Azores International Festival.

Initiatives

"Creactivity" itinerant workshop

Workshop to awaken the ingenuity, dexterity and creativity of Children, in which science is learnt through everyday things and by trial and error.

In 2022: 83 towns and 35,813 visitors

Itinerant exhibitions

Four exhibitions were shown in various locations as part of the "la Caixa" Foundation's Art in the Streets Programme:

- Land of Dreams - Cristina Garcia Rodero
- Other Worlds. Journey through the solar system guided by Michael Benson
- From Pole to Pole A journey to the great natural paradises with National Geographic
- Ladies and Gentlemen: the show is on George Méliès and the cinema of the 1900s

Education and Scholarships

In the area of Education and Scholarships, the following initiatives stand out:

"la Caixa" Foundation Scholarship programme

Scholarships granted in 2022

4 Scholarships **Post-graduation abroad**

6 Scholarships **PhD**

4 Scholarships **Post-PhD**

Young Entrepreneurs Programme

Educational programme created by the "la Caixa" Foundation to promote the development of **entrepreneurial skills among students aged 14 to 18, who must develop a socially responsible project.** For the success of this project, the students have at their disposal throughout the whole process a group of teachers and pupils, a didactic programme with resources and activities and a Technical Office.

The Challenge 2022 Entrepreneur Challenge

Challenge to students and teachers that address real professional contexts, aimed at **enhancing their capacity for initiative and improving entrepreneurial skills**, while fostering personal growth as they contribute to social progress.

In 2022:

70 **Projects**

20 **Educational establishments**

103 **Teachers**

4 455 **Students**

Three Portuguese projects were also submitted to The Challenge 2022 in Spain.

Volunteering Programme

Throughout the year hundreds of initiatives were promoted in the most varied fields, with an impact on the priority SDGs. Some examples:

- Tutoring for young people at risk of social exclusion supported by Entrepreneurs for Social Inclusion;
- Support to beneficiaries of the ”la Caixa” Foundation's INCORPORA Programme, in the form of capacity building for the labour market;
- Financial literacy and entrepreneurship actions in schools and universities across the country (in partnership with Junior Achievement Portugal);
- Participation in food collection actions (together with the Food Bank Against Hunger);
- Cleaning of beaches and the seabed;
- Rehabilitation of homes and institutions;
- Blood Donation at the Bank's central premises in Lisbon and Oporto;
- Participation in the "GivingTuesday" movement, in which our Employees donate products for children (nappies, milk, baby food, etc.);
- Sponsorship of and home visits to senior citizens;

Throughout the year, more than 1,000 of our volunteers participated in such initiatives on a regular basis.

2nd BPI Volunteering Week

The 2nd BPI Volunteering Week took place between the 24th and 30th of October. The aim is to provide a volunteering experience to our Employees and support to society. The Bank once again gave half a day leave to its Employees so that they could participate in this initiative during working hours.

+200 **initiatives**

2 000 **voluntary workers**

8 100 **hours** of voluntary service

+ 12 800 direct **beneficiaries**

APEE Recognition

The Programme was recognised by the Portuguese Association for Business Ethics as a good practice.

Financial Inclusion

Inclusive Finance

BPI provides **Minimum Banking Services,** which give lower-income people access to essential day-to-day banking services. At the end of 2022, there were 18 057 Minimum Banking Services accounts open at the Bank.

In 2022, BPI reinforced its portfolio of **products with a positive social impact** through the creation of the **IPSS Account**, which exempts Private Social Solidarity Institutions (IPSS) from paying maintenance commissions on all deposit accounts, including multi-product accounts. At the end of 2022, there were 906 such accounts active.

In addition to these services, BPI offers **lines of support** that foster the social and financial inclusion of the most vulnerable Customers, focusing on access to housing, own-job creation and support for Social Economy Entities or entities that promote Social Innovation.

Support facilities with social impact

- **Support facility to entrepreneurship and own job creation:** Facility under a protocol with Banco Português de Fomento (BPF), the Institute for Employment and Vocational Training and the Mutual Guarantee Societies (MGS), to support own-job creation by unemployed people as well as micro-entities covered by the National Microcredit Programme.
- **FIS credit – BPI facility:** Credit facility under a protocol with BPF and the MGS, provided through the Social Innovation Fund to support Innovation and Social Entrepreneurship Initiatives.
- **Covid-19 Social Sector Support Facility:** Facility under a protocol with the Social Security's Financial Management Institute, BPF and the MGS, to support the social sector.
- **BPI First Right Facility**: Facility under a protocol with the Institute for Housing and Urban Rehabilitation that gives advantageous conditions for housing projects for vulnerable people.

Financial Literacy

To further the financial inclusion of the Portuguese, BPI promoted regular literacy actions for different audiences.

"Plan, Save and Enjoy" was the name given to **the financial literacy project led by BPI and the Expresso** newspaper, which ran from January to March 2022. Editorial content on investment, savings and retirement was disseminated through the Expresso media and the BPI social networks.

In October, the month of savings, **literacy contents on savings** were spread through BPI's social networks.

BPI also participated in an information session of the **Portuguese Banking Association's digital literacy programme** – "Everything you need to know about online banking", essentially targeting the **Senior population** that is not familiar with the use of digital banking.

The promotion of financial literacy and entrepreneurship in schools is one of the pillars of the BPI Volunteering Programme, developed in association with Junior Achievement Portugal.

The **second BPI Volunteering week** included "Financial Literacy sessions for People on Social Insertion Income as well as Children and Young People."

BPI AGE also promotes **financial literacy for parents and children**, disseminating educational content through the new bpiage.co.uk website, on Instagram @bpi.age and on the Bank's social networks.

Acknowledgements and Reputation

Strength of the brand

Reputation is amongst an organisation's main assets, and a priority for the Bank.

BPI's commitment to straightforward, transparent communication that meets the needs of the various stakeholders has contributed to the Bank's reputation and to position its brand as a reference in the sector.

BPI Brand[1]
(2022)

1st position in the financial sector
in reputation and social responsibility rates (the highest since the survey started)

Excellent awareness

10th most valuable **Portuguese Brand**

509 M.€ (+5.2% yoy) is the **Value of the BPI Brand**

[1] Source: Onstrategy surveys.

Reputational Risk

To monitor reputational risk, BPI uses a set of internal and external indicators, and assesses stakeholder perceptions and expectations.

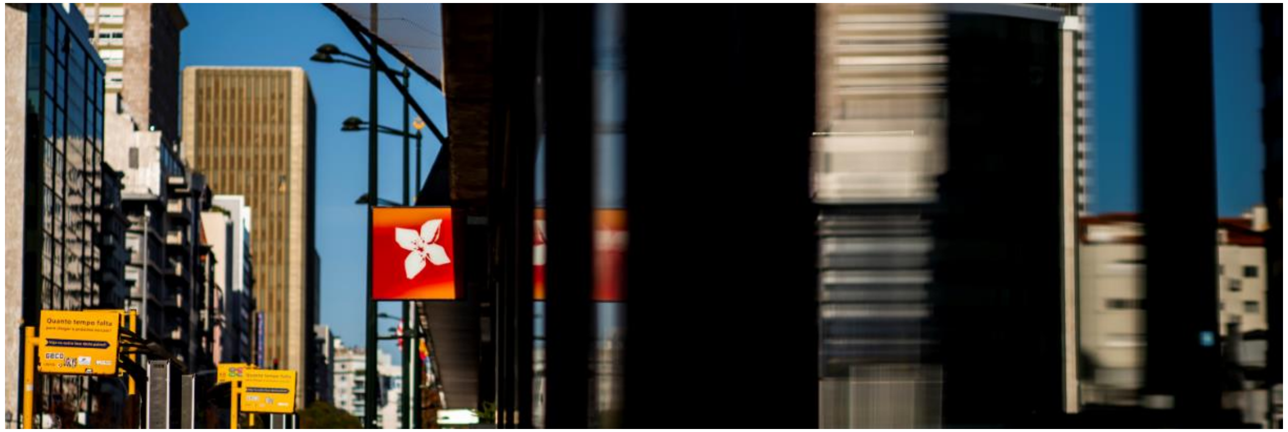
The indicators are weighted according to their strategic importance and grouped by Reputation value, thus forming a Global Reputation Index.

This metric, which has defined tolerance intervals for a more effective management of reputation, is calculated every six months and annually.

Communication

Once again BPI focused on creating permanent communication opportunities, based on key dimensions such as commercial communication targeting Individuals and Companies, Sustainability, the new AGE brand and sponsorships.

BPI is committed to advertising and spreading its products and services in an ethical and responsible manner, and is a member of the Advertising Self-regulation Association.



2022 New Campaigns

"Only the world can reshape the world"

With the approval of its **2022-2024 Sustainability 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**. The campaign 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, as a collective, actively respond to the challenges of Sustainability.

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.**

The campaign focuses on the young segment, from 13 to 25 years old. With disruptive and modern communication, **it invites young people to act on how they manage their finances**, so they can achieve independence.

The aim is to offer a **personalised banking experience**, which includes recommendations of products and services that are relevant to the specific financial situation of each young person. AGE is thus a brand that creates value and closeness to young people, in a simple manner.

Main Sponsorship

Official Bank of the National Teams

BPI and the Portuguese Football Federation have renewed their partnership. BPI is 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 given its name to the main women's football competition, the **BPI League**.

Equal opportunities was the motto of the campaign that promotes support for women's football.

Recognition

Prémio Cinco Estrelas 2023

- DIGITAL BANKING
- MORTGAGE LOANS
- PRESTIGE PRODUCTS BANKING

Prémios Melhores Fundos 2022

- CIV NATIONAL EQUITIES
- CIV AMERICAN EQUITIES
- OTHER EQUITY CIV

Banking Tech Awards – Fintech Futures

BEST MOBILE INITIATIVE - INVESTMENT & TRADING

PWM Wealth Tech Awards 2022 – BEST PRIVATE BANK FOR DIGITAL PORTFOLIO MANAGEMENT, EUROPE

PWM The Banker Global Private Banking Awards 2022 – BEST PRIVATE BANK IN PORTUGAL

BPI is 'Best Private Banking in Portugal 2022' for PWM and The Banker magazines

Euromoney Awards for Excellence 2022 – Portugal Best Bank

BPI is 'Best Bank in Portugal 2022' for Euromoney

The Banker – Bank of the Year 2022 – Portugal

BPI is 'Bank of the Year 2022 in Portugal' for The Banker (Financial Times Group)

Awards to support the economy

Tourism

BPI and the Expresso newspaper launched in 2022 the 4th edition of the **National Tourism Awards** (NTA), organised under the aegis of the Ministry for the Economy and Digital Transition, with the institutional support of the Portuguese Tourism Board, and with Deloitte as Knowledge Partner.

The "**Sustainable Tourism**" category, chosen with the commitment of national companies to sustainability in mind, rewards: environmental efficiency practices, with an impact on cost reduction, operations' efficiency, and the planet; social responsibility initiatives with a positive return for the communities; and practices with specific relevance in the context of the entities' operations that respond to the challenges of the Sustainable Development Goals. The winners were announced in 2022.

Agriculture

BPI and Cofina have presented the 11th edition of the **National Agriculture Awards** (NAA), an initiative that aims to distinguish the best companies, practices and projects in the Agriculture and Agroindustry, Forestry and Livestock sectors, organised under the aegis of the Government, with technical support from PwC.

One of the NAA categories – "Sustainable Agriculture" – aims to reward companies' commitment to Sustainability: production of renewable biological resources and conversion of these resources, their flows and waste, into innovative added value products, bio-based products, and bioenergy; and promotion of innovation in the agrifood sector, in terms of production, transformation and development of products that contribute to reducing the ecological footprint. The winners will be announced in 2023.

Entrepreneurship and Innovation

The 6th edition of the **Entrepreneur XXI Awards** recognizes and supports innovative Portuguese companies with less than 3 years, thus driving their process of growth and global expansion.

The 18th edition of the **COTEC-BPI SMEs Innovation Award** distinguished Addvolt, a pioneer company that developed, patented and markets powerbanks for cold trucks, a plug-in system that feeds the cooling system electronically, reducing emissions and fuel consumption.

The **BPI Woman Entrepreneur Awards**, born out of CaixaBank's collaboration with the International Women's Entrepreneurial Challenge (IWEC), recognises women's professionalism and leadership in business in Portugal. In 2022, the award went to Isabel Azevedo, CEO of Fricon.

Tax Contribution

BPI Group not only pays a set of taxes for which the entities that compose it are taxable, but also fulfils a set of legal duties that entail its cooperation with the State in the collection of taxes and contributions due by third parties to the State and other public entities.

This section reports on what we have chosen to designate as **Total Tax Contribution**, understood as the set of levies which BPI and the BPI Group hand over to the State and other public entities, about which it aims to provide a global, if not exhaustive indication.

The concept of Total Tax Contribution does not permit to capture a set of other collaborations provided by the BPI Group to the State but even so will provide a comprehensive picture of the information on taxes included in its financial statements.

In 2022, the **total tax contribution of BPI Group** (including the companies of the Group) was **418 M.€**, broken down as follows: Taxable Person Taxation (129 M.€) and Levies due by third parties (290 M.€).

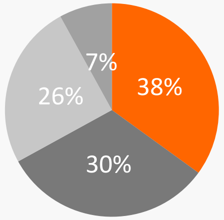
Taxable Person Taxation

Of the total levies borne by BPI and the Companies of its group (129 M.€), the largest share corresponded to levies paid to the Portuguese State / other Portuguese public entities (129 M.€, or around 99%), since the BPI Group mostly develops its activity in Portugal.

BPI Group has unused tax credits, which will have an impact on the current and future payment of income tax.

129 M.€ in Taxes Paid[1]

BPI GROUP in 2022



49 M.€ (38%)[2]
Financial Sector Contributions

38 M.€ (30%)
Contributions to Social Security

33 M.€ (26%)
VAT borne and not deducted

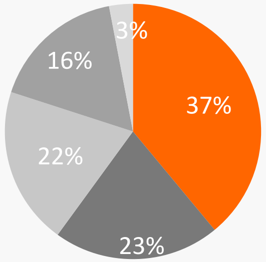
9 M.€ (7%)
Direct taxes paid in 2022

Levies due by third parties

The levies due by third parties that are collected and handed over by BPI to the State / Other Public Entities amounted to 290 M.€ in 2022 and mainly concerned the following:

290 M.€ in Levies Due[1]

BPI GROUP in 2022



106 M.€ (37%)
VAT paid

66 M.€ (23%)
Stamp Duty charged

63 M.€ (22%)
Individual / corporate income tax withheld at source

47 M.€ (16%)
Individual income tax withheld on the payment of employee remunerations

8 M.€ (3%)
Other

[1] Amounts paid in the year (cash-flow perspective).
[2] Banking sector contribution (21.2 M.€), Solidarity surcharge (3.9 M.€) and contributions to the national resolution fund (8.8 M.€), single resolution fund (14.4 M.€) and deposit guarantee fund (0.2 M.€).

Duties of cooperation with the State and other public entities

BPI and the companies of BPI Group are subject to and fulfil numerous duties of cooperation, which entail the collection and delivery of levies due by third parties to the State and other public entities, as well as compliance with a set of reporting duties that allow the latter to calculate and collect such levies.

Hence:

- **BPI reports to the Tax Authority and the Social Security** all information required by law, namely in **compliance with FATCA/IFR legislation**, as well as under the different ancillary obligations associated with the payment of income.
- **BPI cooperates with the State in the seizure and transfer of valuables** in the scope of tax enforcement proceedings where it is requested to do so.
- **BPI Group collects and hands over to the State the individual income tax withheld** on the remunerations of its Employees, as well as their contributions to the Social Security;
  the **individual / corporate income tax withheld** on the payment to its Customers of income from the financial products it distributes within the scope of its activity.
- BPI Group **charges and delivers to the State:** the **Stamp Duty** due on the operations and financial services provided to it Customers and the **VAT on services provided and assets transferred**, through the respective collection mechanism.

Tax Responsibility

BPI was a party in the negotiations held between the Tax and Customs Authority and various taxpayers on the **Code of Good Tax Practices**.

The Code of Good Tax Practices, in force since 2020, was created in the context of the **Large Taxpayers Forum**, of which BPI is a member.

The code incorporates a set of principles and recommendations to be followed by taxpayers that wish to adhere to it and by the Tax and Customs Authority, with a view to improving the tax system and increasing legal security and mutual cooperation, based on good faith, legitimate expectations and the implementation of responsible tax policies.

Tax Risk Management and Control

BPI adopts, by definition, a **conservative tax strategy** governed by strict compliance with both the law and the applicable internal regulations and rules, which it reviews, when necessary, in the light of the most up-to-date consolidated tax jurisprudence.

In this context, the tax strategy as well as all tax matters are monitored by the **Tax unit, which is part of the Legal Division**.

In functional terms, the Legal Division reports to the executive director, who in turn discusses the most relevant issues in the Executive Committee of the Board of Directors and/or in the Audit Committee.

The process of **tax risk control** presupposes:

- The **daily monitoring of the publication of laws and tax jurisprudence**, as well as of the **applicable accounting and regulatory standards**, and their **critical analysis** to determine the need to adopt, implement, or adjust to them. On the other hand, it also involves monitoring the Bank's tax situation through the reception and management of notifications and summonses in tax proceedings, as well as the relationship with the Tax and Customs Authority within the scope of compliance with other tax and declarative obligations.
- **Monitoring by the Compliance Department**, which acts as the second line of defence, being responsible for establishing control procedures and for the independent review of their application, as well as by the **Internal Audit Department,** which acts as the third line of defence, responsible for assessing and improving risk management, control and corporate governance processes. Finally, tax risk management is also reviewed by the external auditors.

In the context of risk management, the Bank has a specific channel for the communication of irregularities, whose scope is to receive communications of facts which, amongst others, violate or seriously compromise compliance with the legal, regulatory, ethical and deontological principles to which the Members of the Corporate Bodies and the Employees of the BPI Group's companies are bound in the performance of their professional duties, where behaviours subject to tax risk are naturally included.

The **communication of irregularities by Shareholders, Employees of the Company or others** must be made to the following dedicated mailbox:

comunicacao.irregularidades@bancobpi.pt

Contribution to GDP

Through its banking activity in Portugal, BPI contributes to the development of the economy and to job creation. In order to quantify the positive impact of BPI's activity, BPI's total contribution to GDP and to indirect job creation was estimated.

In 2022, the wealth generated by BPI's activity in Portugal amounted to 718 M.€, corresponding to 7.3% of the financial sector's gross value added (GVA). BPI's total contribution to GDP, which includes the direct effect (GVA generated by BPI) and the indirect effect on the rest of the economy, is estimated at 1 003 M.€, representing 0.42% of the national GDP.

At the end of December 2022, BPI had 4,404 Employees. Based on the Bank's indirect effect on the wealth generated by the rest of the economy, it is estimated that BPI contributed to the indirect creation of around 6.1 thousand jobs in 2022.

In 2022

1 003 M.€ Contribution to GDP [1]

0.42% as % of GDP

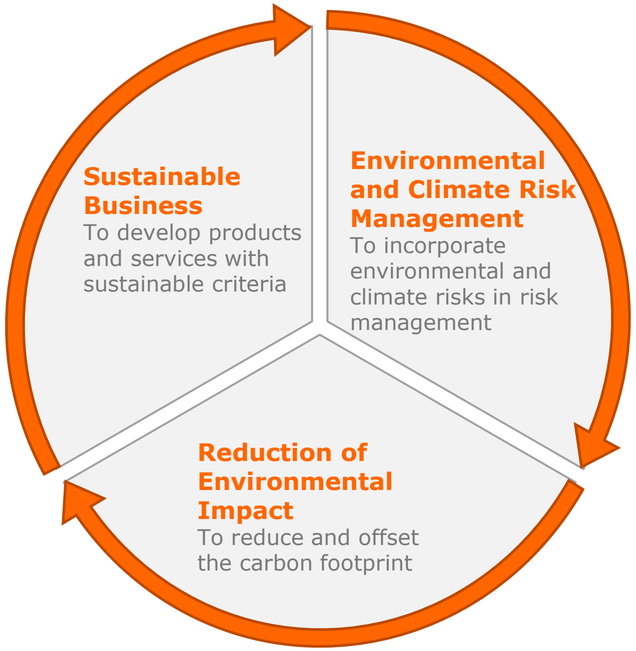
6.1 th. jobs (indirect creation) [1]

[1] Methodological note in "Supplementary Information", page 164.

NATURAL CAPITAL

BPI pursues the objective of contributing to the **transition to a carbon-neutral economy**, reflecting this commitment in its **Environmental Strategy**, integrated in the 2022-2024 Sustainability Plan, as well as in its Declaration on Climate Change, Environmental Management Principles and in the Sustainability/ESG Risk Management Policy.

BPI Environmental Strategy



Main Guidelines

Declaration on Climate Change

Defines the guidelines for BPI's performance in environmental and climate matters:

i. To support viable projects compatible with a carbon-neutral economy;

ii. To manage climate change risks and move towards an emissions neutral portfolio;

iii. To minimise and offset the operational carbon footprint;

iv. To promote dialogue on sustainable transition and collaborate with other organisations;

v. To report progress in a transparent manner.

Environmental Management Principles

In line with the ISO 14001 Standard requirements, BPI is committed to continuously improve its environmental performance and to reach maximum efficiency in the use of resources, respecting its action principles for environmental management.

Sustainability/ESG Risk Policy

Determines the risks within the scope of Sustainability and defines the ESG criteria to establish commercial relations with current or potential Customers.

Environmental Management System

The **Environmental Management System** (EMS) is a fundamental tool for the development of BPI's environmental strategy and to align this strategy with the requirements of the ISO 14001:2015 Standard.

This system establishes the necessary methods, resources, and responsible individuals for controlling and ensuring compliance with the commitments outlined in BPI's Environmental Management Principles and Declaration on Climate Change.

The Environmental Management System applies to the development of products and services, to environmental and climate risk management, to the management of all BPI facilities and to the supply chain.

Sustainable Business

Companies

BPI is committed to **supporting companies** that seek more sustainable business models based on a long-term vision, particularly in sectors more affected by climate and transition risk. In 2022, transition support focused on: **energy efficiency**, **renewable energies**, **decarbonisation** and **circular economy**.

Sustainable finance operations

In 2019, BPI inaugurated the Sustainable Finance market with the structuring of the first issue of Green Bonds admitted to trading in Portugal.

Since then, the Bank has been financing Sustainability projects of several Portuguese Companies. To this end, BPI has a specialised team dedicated to advising Clients on their ESG financing.

In 2022

325 M.€ in sustainable finance operations
(Green or Sustainability-linked)

6 Operations

Main sustainable finance operations 2022

- **SONAE Sierra:** 25 M.€ sustainability-linked bond with conditions tied to the performance of Sonae Sierra in two indicators: reduction of greenhouse gas emissions and increase of waste recycling rate in its shopping centres. The operation was fully organised, arranged and underwritten by BPI.
- **NOS:** 100 M.€ sustainability-linked operation, split into a Bond Loan (75 M.€) and a Commercial Paper Programme (25 M.€), tied to NOS's performance in the reduction of greenhouse gas emissions from its own operation (scope 1 and 2 emissions) by at least 80% from 2019 to 2025. BPI advised NOS on the structuring of this operation.
- **LIDL:** 50 M.€ sustainability-linked loan maturing in 2027, tied to the target of improving LIDL's ESG rating. BPI advised LIDL on the structuring of this operation.
- **SONAE MC Retail:** 25 M.€ sustainability-linked Commercial Paper Programme, with conditions tied to the reduction of own CO2 emissions and women representation in leading positions. BPI organised, arranged and subscribed this issue.
- **Lusiaves Group:** 25 M.€ Green bond with 15-year maturity to finance Lusiaves Group's 'green' projects under its Sustainability strategy. The issue was fully organised, arranged and underwritten by BPI.

Under its offer for Companies, BPI has **Support Lines** under favourable conditions, designed to promote sustainable development. Among these, the following stand out:

BPI ESG Line for Companies

500 M.€ credit facility launched in 2022 to support SMEs' transition to Sustainability.

BPI pioneered the offering of a line with these characteristics, offering Customers a financing solution to help with the ESG (Environmental, Social and Governance) transition, in the form of a fixed-term loan that can benefit from 70% coverage by an EIF/EGF guarantee until the end of 2022.

To promote this line, BPI provided training to the commercial network and organised events for Clients.

In 2022

22 M.€ financing

52 projects financed

BPI/EIB Energy Efficiency Line

EIB 50 M.€ credit line and guarantee with exclusive distribution in Portugal by BPI, to finance Energy Efficiency projects, benefiting from favourable terms and extended maturities (up to 20 years) through EIB's 80% coverage.

In 2022

4 M.€ financing

20 projects financed

Other Support Lines

BPI/IFRRU Line: Credit line, now with exhausted appropriation for new financing (378 M.€), aimed at the urban rehabilitation of abandoned buildings and industrial spaces/units in defined urban areas, to enable improvements in energy performance.

In 2022, BPI exhausted its appropriation under the line and was the Bank with the best execution rate (98%). Since the start of the programme, BPI has financed 116 urban rehabilitation projects that contributed to the creation of 2 100 jobs.

'2021 *Apoio à Qualificação da Oferta*' Line – Portuguese Tourism Board: Support line for the requalification or creation of tourism enterprises and establishments and for entrepreneurship projects within the tourism sector. Companies must invest in the areas of environmental management and accessibility. The line integrates social concerns, namely the condition of preserving jobs.

Decarbonisation and circular economy Line: 100 M.€ credit line under a protocol with Banco Português de Fomento and the Mutual Guarantee Societies, for SMEs' energy efficiency and circular economy projects.

BPI/EIF Agriculture Line: 95 M.€, guaranteed at 70%. This line was used to finance investment in agricultural holdings and in the processing of agricultural products to reduce water consumption and the carbon footprint and enable the reuse of products and by-products generated during the production process.

Sustainability Accelerator

BPI and Expresso have developed the Sustainability Accelerator, a project aimed at **supporting the development by Companies of a new Sustainability culture** and leveraging the use of available funds for sustainable transition.

Accelerator Events

With Sustainability on Companies' agenda, this project travelled around the country to discuss topics such as decarbonisation, renewable energies and the circular economy, also addressing sectors such as tourism, real estate and agriculture.

The accelerator events provided practical examples, strategies, and methodologies aimed at advancing the sustainable transition.

These dynamic workshops brought together Clients from different activity sectors, sizes and degrees of Sustainability maturity, promoting discussion and sharing of experiences.

6 Accelerator **Events**

6 **Cities:** Aveiro, Évora, Funchal, Guimarães, Lisbon, Oporto

350 **Participants**

Online Academy

At the same time, an online academy was created to share various training contents, such as tutorial guides, training videos, videos with success cases and sheets presenting the solutions available to companies (public support and BPI financing).

For six months, the academy sends monthly training contents to Customers participating in the workshops and to new subscribers.

The project covered the following themes:

- **Decarbonisation**
- **Renewable Energy**
- **Circular economy**
- **Sustainable tourism**
- **Sustainable agriculture**
- **Sustainable real estate**

The Sustainability Accelerator has the technical support of EY, Nova SBE and Beta-i, as partners in the sessions with Companies.

Sustainable Business

Individual Clients

BPI seeks to develop a consolidated and segmented offer for Individual Clients that **encourages greener consumption patterns**, particularly in the areas of housing and sustainable mobility.

Renewable Energy Personal Loans

Special conditions in personal loans for the purchase and installation of renewable energy production equipment.

In 2022

1.3 M.€ financing

77 projects financed

Energy Efficiency Mortgage Loans

Special conditions in mortgage loans, with 20 bps reduction of spread/rate on presentation of an energy certificate for the property of A+, A or B.

In 2022

361 M.€ financing

1 771 projects financed

Electric vehicle financing

BPI continued to offer financing under favourable terms for the purchase of electric vehicles, through its partnership with TESLA and ARVAL, which, among others, includes a renting solution for electric vehicles.

In 2022

36.3 M.€ financing

Electric vehicles insurance

Allianz Auto Insurance offers special conditions for hybrid and electric vehicles: competitive prices, protection in case of theft or robbery of electric cables and travel assistance with towing to the nearest charging station.

Sustainable Prestige Products

Broadening of the offer of non-financial products that can be purchased through personal loans or credit card, including solar panels, chargers for electric cars and electric scooters.

In 2022

212.7 th.€ financing

BPI Impacto Clima Funds

BPI Asset Management launched the BPI Impacto Clima Funds, the first national funds that comply with the transparency requirements of article 9 of the EU Sustainable Finance Disclosure Regulation.

The investment strategy focuses on activities that can contribute directly or indirectly to the Sustainable Development Goals (SDGs), in particular those related to climate action, addressing the needs of Clients who want professional management products with ESG objectives.

In 2022, two sessions were held in Lisbon and Oporto, with the presence of BPI Asset Management, to inform BPI Customers and Employees of this pioneering offer in Portugal.

Management of Environmental and Climate Risks

Environmental and climate factors can cause significant financial impacts. BPI is therefore committed to **incorporating these factors** in the analysis and onboarding of Customers, as well as in other risk processes, through the reinforcement and implementation of corporate policies and the alignment with internationally recognised standards.

In 2022, BPI formalised a new Sustainability Risk Management Policy that integrates the Environmental Risk Management Policy and the Policy on Management and the Policy on Relations with the Defence Sector, and identifies ESG-related risks.

Given its relevance, Sustainability risk is detailed in the Risk Management section, in the Governance and Internal Control chapter.

European Taxonomy

The approach to environmental risks is carried out, among others, in the framework of compliance with the **Taxonomy Regulation** [Regulation (UE) 2020/852], which seeks to establish transparency criteria in the definition of environmentally sustainable economic activities.

To date, of the environmental objectives contemplated in the Taxonomy Regulation, only climate change mitigation and adaptation objectives are regulated, through Delegated Regulation 2021/2139.

As other Taxonomy objectives are developed, Banco BPI will comply with the new requirements, following best market practices.

The table to the right presents the key quantitative metrics of the Taxonomy, specifically the exposures of BPI that are eligible and ineligible for classification under this Regulation. For more detail on the qualitative metrics reported, see the section "European Taxonomy" in the "Supplementary Information" chapter.

Note: Calculation process under development. In a context of limited availability of information the values were determined on a best effort basis to follow the criteria and guidelines defined within the framework of the EU Taxonomy.

Key metrics of the European Union Taxonomy

December 2022	% Turnover	% CAPEX
Proportion in total assets of exposures to Taxonomy-eligible economic activities	48.97%	49.54%
Proportion in total assets of exposures to Taxonomy non-eligible economic activities	24.72%	24.15%
Proportion in total assets of exposures to companies that are not required to publish non-financial information	24.91%	24.91%
Proportion in total assets of total interbank loans	0.31%	0.31%
Proportion in total assets of exposures to derivatives	0.12%	0.12%
Proportion in total assets of exposures to central governments, central banks, supranational issuers	22.38%	22.38%
Proportion in total assets of the trading book	0.25%	0.25%

Environmental Management in BPI's Premises

With continuous improvement in mind, BPI has been taking steps and monitoring several environmental indicators to ensure that its environmental impact is as low as possible, and also monitors its operational eco-efficiency, with a focus on:

- Energy Consumption;
- Paper Consumption;
- Water consumption;
- Sustainable Mobility;
- Waste and Circular Economy.

As was the case in 2020 and in 2021, some indicators are conditioned by the effects of the pandemic.

Energy Consumption

In 2022, BPI continued to implement the energy efficiency improvement plan in the Central Buildings - Casal Ribeiro, Boavista, Saudade and Monumental -, and extended it to another 60 units of the Commercial Network.

Energy - 2022 Reduction Measures

- Ongoing improvement of the Centralised Technical Management systems for a more efficient operation of the Central Buildings' air conditioning and lighting equipment;
- Continuation of the replacement in all BPI premises of LED and air conditioning systems to increase the systems' energy efficiency;
- Creation of an online platform covering all BPI's premises for the monthly monitoring of energy consumption by type of equipment, based on ISO 50001 requirements;
- Lighting control by hours and zones, through presence sensors in various spots of BPI's central buildings.

BPI's direct energy consumption considers the fuel consumption of BPI's car fleet and emergency equipment, as well as its consumption of natural gas. Indirect energy consumption considers electricity consumption at all BPI facilities.

In 2022, natural gas and fuel consumption increased, reflecting the Employees' return following the pandemic and the adaptation of technical equipment.

Electricity Consumption is the most significant within energy consumptions, accounting for 58% of the total. In 2022, electricity consumption dropped by 17% in the Commercial Network and 4% in the Central Buildings. It should be noted that the electricity consumed on BPI premises is 100% renewable.

-12%
Energy consumption - electricity

100%
Energy consumption - renewable electricity

+46%
Natural gas consumption

Paper Consumption

The photocopy and letter paper used for communication with Clients continues to be one of the most consumed materials.

Photocopy paper is Ecolabel certified and publications are made in FSC certified paper.

Paper - 2022 Reduction Measures

- Continued developments in digital innovation with dematerialisation of operations;
- Continued reduction of printers.

-36% Prints

-22% Paper Consumption

-15% Toner

Water consumption

While BPI's business doesn't require significant amounts of water, BPI believes it's good practice to monitor water consumption and promote responsible use of this resource.

In 2022, water consumption on BPI premises increased due to the return of Employees after the pandemic period.

Water - 2022 Reduction Measures

- Continuation of the installation of water flow reducers on taps on BPI premises;
- Continuation of the installation of dual flush WCs on BPI premises.

9.6 Water consumption [m^3/Employee]

BPI Grupo CaixaBank

Sustainable Mobility

BPI has been promoting sustainable mobility to minimise emissions from company car travel, business travel, and Employee's commuting to BPI's premises.

Sustainable Mobility - 2022 Measures

- Continuation of vehicle fleet transition to hybrid vehicles;
- Installation of chargers for electric vehicles in the Central Buildings' car parks;
- Adoption of a hybrid working model;
- Reduction of Employees', Customers' and Suppliers' travel by promoting remote meetings.

+14%
Fuel consumption by BPI Car Fleet

Waste and Circular Economy

BPI continues to take steps for better waste management. These include raising Employees' and Suppliers' awareness, setting in place the conditions for the correct separation of waste and defining specific recycling flows

Circular Economy - 2022 Measures

- Distribution of glass bottles to Employees and Customers;
- Installation of water filtering fountains at BPI premises;
- Control of maintenance waste at BPI central Buildings;
- Campaigns to reduce waste production;
- New bank cards in recycled PVC, promoting the circular economy.

-63%
Plastic bottles reduction

+ 2200
IT Equipment donated

Carbon Neutral Strategy

BPI's strategy to achieve emission neutrality is based on three crucial axes:

- **Calculation of carbon footprint** according to the GHG Protocol Corporate Accounting and Reporting Standard;
- Continuous **reduction of emissions** through the adoption of good environmental practices;
- **Offsetting of the remaining emissions** that cannot be avoided.

BPI is carbon neutral since 2021 for the categories calculated in its operational carbon footprint.

Under CaixaBank's membership of Net-Zero Banking Alliance – NZBA, BPI aims to achieve carbon neutrality in its loan portfolio by 2050.

The calculation of scope 3 categories is being enlarged, having been extended to category 3.15 - Investments in 2022. In 2023, BPI plans to start calculating the supply chain emissions (Cat. 3.1 and 3.2), and to prepare a materiality study to determine the most relevant emission categories in its carbon footprint.

GHG emissions

Scope 1 emissions increased by 18% from 2021 to 2022, due to the return of Employees to the Central Buildings after the pandemic and the readjustment of technical equipment with the return to normality.

BPI has been implementing energy efficiency measures that are seen as a priority. On the other hand, in 2022 the electricity consumed by the Bank in all its premises was 100% renewable, further reducing **scope 2** emissions.

In **scope 3**, in 2022, BPI calculated the emissions for the same categories as in 2021, achieving a reduction of 12%. Although there was an increase in Employee travel, due Employees' return to the facilities, there was an effort to reduce the consumption of some goods and services.

In 2022, BPI **offset the remaining carbon footprint emissions** through two international projects certified by Verified Carbon Standard:

- CO_2 Removal Project - Wind Farm (50% of the Carbon Footprint).
- CO_2 Removal Project - Forest Park (50% of the Carbon Footprint).

Evolution of GHG Emissions

	2021	2022	Δ (%)
Direct GHG Emissions (scope1)	**2 548**	**3011**	18%
Emergency Generators (diesel)	0	5	-
BPI Fleet (diesel and petrol)	2 400	2 715	13%
Natural Gas Equipment	48	102	112%
Cooling gas leaks (air conditioning)	100	189	89%
Indirect GHG Emissions (scope 2)[1]	**282**	**0**	**(100%)**
Electricity consumption:			
▪ location based method	4 342	2 752	(37%)
▪ market based method	282	0	(100%)
Indirect GHG Emissions (scope 3)	**4 483**	**3933**	**(12%)**
3.1 Purchase of Goods and Services	1 887	926	(51%)
3.2 Capital Goods	1 156	1 086	(6%)
3.3 Other energy-related emissions	466	377	(19%)
3.5 Waste Treatment	20	67	235%
3.6 Business travel	87	220	153%
3.7 Commuting	869	1 257	45%
Total GHG emissions (Scopes 1+2 market based +3)	**7 313**	**6 943**	**(5%)**

[1] Scope 2 includes two different approaches as required by the GHG Protocol: (i) l*ocation* based method, which takes into account the average intensity of GHG emissions associated with the production of electricity distributed through the national grid; (ii) market based method, which reflects the GHG emissions associated with the energy mix provided by the electricity supplier.

Commitment to Suppliers

The **Procurement Principles and Supplier Code of Conduct** continue to contribute to a balanced structure of collaboration between BPI and its Suppliers, by promoting

- stable and consistent business relationships;
- the development of commitments to conduct requirements in terms of inclusiveness, prevention of conflicts of interest and financial crime, human and labour rights, and environmental preservation with its Suppliers, Sub-Contractors and Partners.

3 165
BPI Suppliers

- 2%
BPI Suppliers (yoy)

Selection of Suppliers

Suppliers are selected according to objective criteria, taking into consideration technical and economic factors and compliance with the required obligations and certifications.

BPI's market consultation processes take into consideration **Supplier certification** under the following International Standards: OHSAS18001/ISO 45 000; ISO 9001 and ISO 14 001.

All entities with new outstanding contracts in 2022 were assessed against the criteria described in BPI's Supplier Code of Conduct.

In 2022, no incidents were recorded that required the termination or non-renewal of contracts with Suppliers due to corruption-related violations.

Social Commitment

BPI contributes to **promoting the national economy** by choosing the majority of its Suppliers amongst national companies, thus fostering the creation of indirect employment.

96%
of Suppliers are National companies

82%
of the expense with national suppliers

Environmental commitment

As a large part of its environmental impacts are indirect, i.e., they result from the performance of its Suppliers, in 2022, BPI defined environmental criteria for the acquisition of products and the contracting of services.

The definition of the environmental criteria involved identifying the products and services with greater environmental impact and which consequently most affect BPI's environmental performance. The list of environmental criteria is integrated in the market consultation process prior to contracting. It's important to emphasise that, when making purchasing decisions, preference is given to products or services that have a low carbon footprint.

10% of outstanding contracts have environmental and social clauses

The Bank also holds meetings with Suppliers and service providers to agree on environmental performance improvements, when there is room to do so.

Finally, a comprehensive Purchasing Plan is being developed to consolidate all the efforts between BPI and the Supplier, aimed at encouraging the Supplier to enhance its environmental performance.

Employee awareness

BPI recognises the importance of **internal environmental communication and awareness-raising** for increasing the awareness of Employees who, as part of the Company, must contribute to the mitigation of climate change.

In 2022, the following internal communication initiatives stand out:

- Launch of BPI's Manual of Good Environmental Practices, which contains straightforward actions that can be implemented both at BPI's facilities and while telecommuting.
- BPI also organised an internal quiz on how to reduce the environmental footprint in day-to-day scenarios.
- Launch of a video on BPI's Environmental Management showing several actions undertaken in 2022 to improve environmental efficiency;
- BPI Talks on Sustainable Consumption, addressing topics such as how to save energy and water and avoid waste.

Monitoring of Lisbon European Green Capital 2020

In 2020 BPI signed the **Lisbon European Green Capital 2020 Commitment – Lisbon 2030 Climate Action**, joining the City of Lisbon in the effort to meet the environmental targets established in the Sustainable Energy and Climate Action Plan, and embracing the vision for "Lisbon, a Carbon Neutral City by 2050, resilient to climate change: adapted in the present, preparing the future, pursuing and surpassing the goals for sustainability".

The Bank thus assumes a commitment to **19 actions** in the following areas:

Environmental certification | **Circular Economy** | **Citizenship and participation**

Energy | **Mobility** | **Water**

In 2022, BPI once more reported to the Lisbon City Council on the evolution of the key performance indicators.

Environmental Certification - 2nd EMS certification	Concluded
Waste reduction	In progress
Elimination of single-use plastic	In progress
Active Prints Reduction Policy	Concluded
Awareness-raising actions	*where applicable*
Communication actions	*where applicable*
Installation of Technical Management System	In progress
Led lighting - Central buildings	In progress
Led lighting - Commercial networks	Concluded
HVAC modernisation	Concluded
Creation of winter garden	Concluded
Use of water savers	Concluded
Use of water filtering fountains	Concluded
Increased number of chargers in car parks	In progress
Bicycle parking near the entrance to the building	Concluded
Parking spaces for bicycles	Concluded
Installation of showers	Concluded
Remote meeting rooms	Concluded
Active policy for travel reduction	Concluded

Concluded In progress

GOVERNANCE AND INTERNAL CONTROL

GOVERNANCE MODEL

Corporate Governance

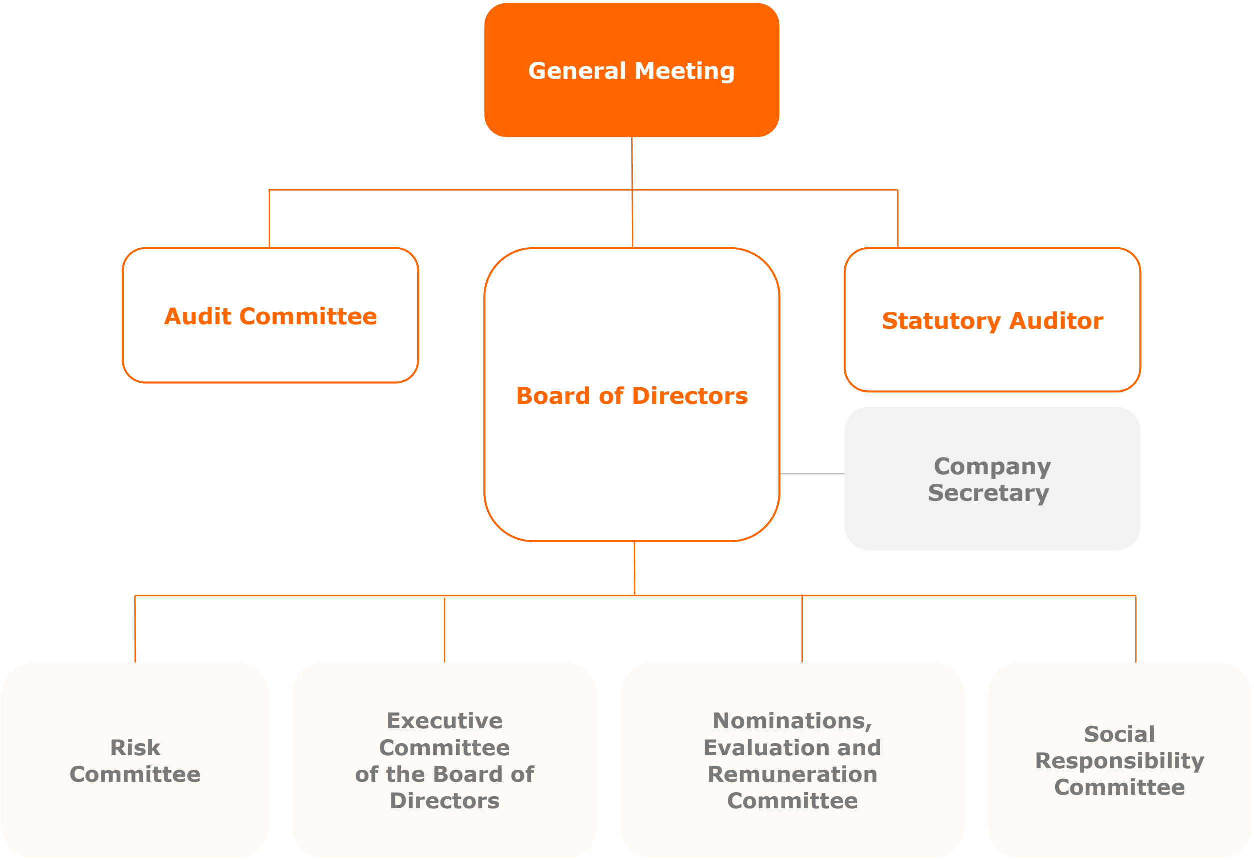
The Company is organised as provided for in article 278-1 (b) of the Commercial Companies Code, generally referred to as the "Anglo-Saxon Model", having as corporate bodies the General Meeting, the Board of Directors and the Audit Committee, and there is also a Statutory Auditor ("*Revisor Oficial de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

The term of office of the corporate bodies is three years, except for the Statutory Auditor, which has a term of office of four years.

General Meeting

The General Meeting, made up of all Shareholders, deliberates on matters specifically attributed to it by law or by the Articles of Association, including the election of the corporate bodies, the approval of the annual report, annual accounts, the distribution of profits, and capital increases.

BPI's share capital is fully held by CaixaBank.



Board of Directors

The Board of Directors is responsible for the management and representation of the Company, and for ensuring the adequate and ongoing monitoring of its activity.

The Board of Directors is currently composed of 15 members, of whom 10 are non-executive, with 4 of them considered independent from the Shareholder or any group with specific interests in the Company, and 5 are executive members.

58 years
average age

33 years
average professional experience

9 years
average experience in the position

Nationality

Portuguese — Spanish

Gender

Men — Women

The Board of Directors meets at least monthly and whenever convened by its Chair or by two Directors (11 meetings held in 2022).

The Resolutions of the Board of Directors are taken by an absolute majority of the votes of the members present or represented, and the Chair has a casting vote in the event of a tie.

Training Area [1]		Level of Education	
41%	Economics	33%	University degree
29%	Management	40%	Masters/MBA
24%	Law	20%	PhD
6%	Engineering		

% of members of Board of Directors

The Board of Directors appoints a Company Secretary and an alternate Secretary.

Executive Committee of the Board of Directors

The Board of Directors comprises an Executive Committee to which it entrusts the day-to-day management of the Bank.

The Executive Committee is currently composed of 5 members and as a rule meets on a weekly basis (46 meetings in 2022).

The resolutions of the Executive Committee are taken by an absolute majority of the votes, the CEO having a casting vote.

[1] Two Directors have two degrees each.

Specialised committees of the Board of Directors

Three specialised committees operate within the scope of the Board of Directors:

Nominations, Evaluation and Remuneration Committee, whose duties include issuing opinions on the filling of vacancies in the corporate bodies, on the selection of Directors for the Executive Committee, on the assessment and setting of the remuneration of the executive directors, and also issuing opinions, amongst others, on the policies relating to the appointment and succession to positions on the corporate bodies and senior management, and on remuneration policies.

Risk Committee, which, without prejudice to the attributions of the Audit Committee in these matters, is responsible for monitoring the management policy covering all the risks attaching to the Company's activities, as well as monitoring the BPI Pension Fund's management policy.

Social Responsibility Committee, which is responsible for assisting and advising the Board of Directors on matters related to the Bank's social responsibility.

Audit Committee

The Audit Committee is responsible for supervising the management of the Company. In addition to other responsibilities attributed to it by law and by the Articles of Association, the Audit Committee is responsible for:

- monitoring the effectiveness of the internal control, internal audit, regulatory compliance and risk management processes;
- supervising the preparation and disclosure of financial information;
- monitoring the statutory audit;
- monitoring the evolution of all the risks to which the Bank is exposed, in articulation with the Risk Committee;
- assessing and overseeing the independence of the statutory auditor;
- receiving reports on wrongdoings.

The Audit Committee met 12 times in 2022.

Statutory Auditor

The Statutory Auditor is responsible for conducting an independent exam of the Company's accounts, resorting to the analyses and verifications required for the review and certification of the accounts.

Committees

In addition, there are a set of interdisciplinary Committees that monitor and control all the Company's activity, including the financial and non-financial risks, compliance, expense and investment management, coordination of commercial activities and product creation.

In 2022, the Transparency Committee was established with the mission of identifying factors with an impact on the conduct risk underlying the marketing of financial intermediation products and services. The purpose of this identification is to guarantee the protection of Customers.

More detailed information is provided in the ***Corporate Governance Report****, which is an integral part of this Annual Report.*

Sustainability Governance Model

BPI has established a **specific governance model for Sustainability**. The **Sustainability Committee**, with a direct reporting line to the **Executive Committee of the Board of Directors** and chaired by an Executive Director of the Bank, has the role of coordinating BPI's Sustainability strategy.

In 2022, the **Sustainability Division** was created to monitor the implementation of the various Sustainability initiatives and ensure dialogue with stakeholders. Moreover, various **specialised areas** within several Divisions are accountable for specific functions, such as managing sustainability risks, incorporating ESG factors into client onboarding, and structuring specialised ESG financing solutions.

Sustainability Governance Main Responsibilities

Board of Directors	Executive Committee	Sustainability Committee	Sustainability Division	Specialised Areas
• Approves, supervises and periodically assesses the definition, development and implementation of the Sustainability strategy.	• Develops the Strategic Plan and the budget for commitments and initiatives in matters of Sustainability; • Adopts the policies and main lines of action on Sustainability issues;	• Approves and monitors BPI's sustainability strategy and practices; • Proposes and submits for the approval of the corresponding governing bodies the relevant policies for Sustainability management; • Supervises BPI's Sustainability Plan and assesses the level of compliance therewith.	• Coordinates the execution of BPI's Sustainability Plan; • Promotes active dialogue with stakeholders on sustainability matters; • Identifies business opportunities and promotes the development of the Bank's ESG Offer.	• Sustainability Area in the Global Risk Department; • Sustainability Risk Management area in the Credit Division; • ESG Financing Area in the Specialised Financing Division.

Regulatory Frameworks

BPI has in place a Governance model that seeks to replicate the **best practices in the sector**, within the applicable legal framework.

This governance model comprises a **wide set of governance and conduct policies and codes of conduct** that reflect BPI's commitment to Customers, Employees, Suppliers and Society in general.

BPI's corruption risk management system and Criminal Compliance system were both recognised for their effectiveness in 2022, with the attainment of ISO 37001 and UNE 19601 certifications.

In order to reinforce its organisational and Compliance culture, BPI developed a **training and communication plan** that focuses on issues such as Ethics and Conduct (e.g. raising awareness to the gifts channel, definition of public servant, banking secrecy and conflicts of interest).

Changes to the Regulatory Framework

Throughout 2022, BPI remained committed to **aligning its regulatory framework** on Ethics and Conduct to CaixaBank Group's standards, as well as to the new legal requirements, such as the National Strategy Against Corruption, which establishes a set of measures to combat corruption. Hence:

- the following regulations were **updated:** Code of Ethics and Business Principles; Anti-corruption Policy; Criminal Compliance Policy; Policy on Competition Law; Whistleblowing Policy; Product Governance Policy; Policy on the Execution of Financial Instrument Orders; Customer Classification Policy (MiFID);
- the Supplier Code of Conduct was **approved**. The purpose of this Code is to promote and disclose the ethical values and principles that should guide the activity of BPI's suppliers of goods and services, thus promoting the selection of suppliers that prioritise best practices in ethical, social, and environmental matters, as well as appropriate corporate governance.

Change of Associated Processes

The change in the regulatory framework triggered an update of the existing Compliance Risk Management processes:

New Compliance Page

The Bank's Intranet now features a dedicated page for Compliance matters, providing a centralised repository of regulatory content, news, FAQs, access to the Compliance Academy on the BPI Campus, and the Bank's Compliance Channels.

Redesign of Model for Acknowledgement of Policies

The Model for Acknowledgement of Policies on matters of Ethics and Conduct was revised and updated. The revision of the model ensures that new and/or amended Policies on Ethics and Conduct are made available and that the Bank's Employees become aware of them.

Enquiries and Whistleblowing channel split

The Enquiries and Whistleblowing channel was split in two, to ensure harmonisation with CaixaBank Group's channels.

Main governance and conduct internal policies and codes

Codes

Code of Business Conduct and Ethics

Establishes the ethical values and principles that should govern the conduct of all Employees and members of the corporate bodies, based on the corporate values of Quality, Trust and Social Commitment.

Conduct principles:

a) Compliance with the Law;
b) Respect;
c) Integrity;
d) Transparency;
e) Excellence and professionalism;
f) Confidentiality; and
g) Social responsibility.

Internal Code of Conduct on Securities Markets

Aims to ensure that the Bank's conduct (as issuer and financial intermediary) is compliant with the provisions of Regulation (EU) 596/2014 on market abuse and respective standards and implementing rules, thus promoting market transparency and the protection of the legitimate interests of investors.

Policies

Human Rights Policy

BPI prohibits any discrimination, harassment, abuse or inappropriate treatment based on gender, race, colour, nationality, creed, religion, political opinion, affiliation, age, sexual orientation, marital status, disability, disadvantage or other situations protected by Law. BPI rejects forced labour and child labour.

These prohibitions apply to any Employee, Investor, Shareholder, Customer, potential Customer, Supplier or any other person.

Through this policy, BPI expresses its commitment to Human Rights in accordance with the highest international standards (UN International Charter of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work).

Social Responsibility Policy

In this Policy, BPI highlights the purpose of developing an efficient and responsible business model, with a strong social commitment.

Anti-corruption Policy

Through this Policy's guiding principles, which are aligned with the highest international standards, BPI takes an active stance of refusal of any type of corruption in the different markets where it operates. This policy complements the Code of Business Conduct and Ethics.

Whistleblowing Policy

Aims to ensure compliance with legal and regulatory requirements regarding the receipt, treatment and filing of whistleblowing reports, ensuring that the identity of the whistleblower remains confidential.

Compliance Policy

Promotes the principles of business ethics, a corporate culture of respect for the law, and the monitoring of the effectiveness of controls over the risk of non-compliance with obligations.

Criminal Compliance Corporate Policy

Provides for a Bank-wide prevention programme that reduces the risk of crimes being committed.

Policy on Competition Law

Establishes the principles and rules that regulate the management of the risk resulting from practices liable of restricting free competition.

Related-party Transactions Policy

Aims to ensure that BPI transactions with related parties are carried out under similar conditions to those which would occur on the market. Transactions with related parties must be approved by a minimum of 2/3 of the members of the Board of Directors, and require the prior opinion of the risk management and compliance functions and of the Audit Committee.

General Policy on Conflicts of Interest

Defines the general framework and treatment of potential situations of conflict of interests and the manner in which they should be prevented and managed.

Conflicts of Interest Policy Regarding the Securities Market

Aimed at compliance with the Financial Instruments Directive (MiFID II), which reinforced the requirements with regard to investor protection and transparency vis-à-vis all market agents.

Policy on the Prevention of Money Laundering and Terrorist Financing and Policy for Managing Sanctions and Restrictive Measures

These two policies reflect BPI’s commitment to implementing internal control mechanisms that mitigate financial crime as a universal phenomenon.

Product Governance Policy

The adequate design of banking and financial products and services (including products not produced by BPI) and their correct marketing is a priority for BPI, which seeks to make its offer suitable for the Customers' interests, objectives and characteristics.

To this end, and to meet target market needs, the Product Governance Policy establishes the principles for the creation, development and marketing of Products and Services (also to respond to the targeted market needs), as well as for the follow-up and monitoring of their life cycle and the definition of procedures for changing existing products and services.

Policy on Execution of Orders on Financial Instruments

This Policy is based on the principle that BPI must develop the best efforts and define the most appropriate circuits for the orders received from Customers to be executed under the best conditions, taking into account the characteristics of each order, in alignment with the EU Directive on markets in financial instruments ("MiFID II").

Customer Classification Policy (MiFID)

Establishes the criteria and factors that guide the Bank's attribution of a MiFID classification (Retail Investor, Professional Investor or Eligible Counterparty) to customers of financial intermediation services.

Policy on the Handling of Complaints and Grievances

Regulates the process for resolving complaints and grievances received and defines the terms under which they must be submitted, the channels of entry and the procedures and deadlines for response.

Processes in 2022

	Dissatisfaction	Complaint Grievance	Total
Entries	2 994	6 268	**9 262**
Treated	2 988	6 238	**9 226**
% Handled, agreeing with Client	14%	15%	**15%**

Policy on the Treatment of Policyholders, Insured Persons, Beneficiaries and Injured Third Parties

It aims to ensure that BPI guarantees a transparent, diligent and equitable treatment of Policyholders, Insured Persons, Beneficiaries and injured Third Parties.

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** encompass the annual self-assessment of the risk profile, through which the Bank appraises its risk profile and the associated management, control and governance structures, and analyses new risks (emerging or potential) included in the Risk Catalogue, for alignment with the risk profile defined by the Board of Directors.

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

- **solid management 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, provided for 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):
- Manages, monitors and controls **liquidity and funding risks**, **market risk**, **interest rate risk on the banking book** (IRRBB) and **foreign exchange risk**;
- Optimises the balance sheet's **financial structure profitability**;
- Determines the **transfer rates** for the various businesses, and monitors 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:
- Decides on **credit proposals** (including Credit Recovery) as per internal regulations and in accordance with the Executive Committee delegation of powers;
- Issues opinions on proposals to be decided by the Executive Committee and Board of Directors;
- Ensures that the **limits set for Large Exposures** are met, both internally and at group level.

Money Laundering Prevention Committee:
- AML/TF internal control, with deliberation and decision functions;
- Establishes and proposes AML/TF policy and procedures.

Information Governance Committee:
- Defines **data management strategy;**
- Decides on **proposals** related to Information Governance, Data Quality and Regulatory Reporting;
- Monitors limitations in data aggregation and reporting.

Sustainability Committee:
- Approves and monitors **sustainability strategy and practices**;
- Proposes for approval by the corresponding governing bodies the **relevant policies** for **sustainability management;**
- Supervises BPI's **Sustainability Plan** and assesses the level of execution.

Risk Committee

- Supervises the **activity of the 1LoD** and **2LoD** (including Committees and Departments under its supervision);
- Monitors **risk management** policies;
- Monitors the **financial-actuarial risk management** policy (applicable to the Company's Pension Fund);
- Submits to the Board of Directors **changes to risk policies** and reports on main exposures and risk indicators;
- Informs and advises the Board of Directors on **decision-making** with an impact on the Bank's **strategy and risk profile**.

Global Risk Committee
- Ensures and assesses 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;
- Ensures that **risk policies** are properly updated and implemented.
- **Monitors the activity of the Delegated Committees,** in particular: i. Global Loan Recovery and NPL Committee; ii. Models Committee; iii. Impairment Committee; iv. Operational Risk Committee; v. Risk Policies Committee.

AUDIT COMMITTEE

- Supervises the **management of the Company**;
- Supervises the **3LoD activities**;
- Reviews the works developed by the **External Auditor** and the **2LoD**;
- Monitors **the position and evolution of all the risks** to which the Bank is subject, for which it has the support of the Risk 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;
- **Credit Recovery Division:** manages defaulting loans' credit recovery processes.

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 control.

At BPI the second line of defence functions are divided into the following departments:

- **Risk Management Division** (RMF – Risk Management Function), responsible for the identification, monitoring, control, management and reporting of the Bank's risks.
- **Compliance Division:** identifies, monitors and controls the Conduct and Compliance, Legal, 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 at least 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 to which the Bank is or could become exposed

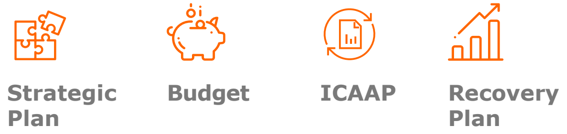
Based on these processes the Bank ensures the **permanent assessment of its risk profile** (current, future and potential under stress scenarios), as well as its recurrent revision.

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



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 at all times 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 the climate 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** so as 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.

Board of Directors

- Analyses BPI's global risk performance and decides on critical situations.

Audit Committee

- Supervises compliance with the Risk Appetite Framework.

Risk Culture

The **risk culture** at Banco BPI is the sum of **conducts and attitudes towards risk and the manner in which risk is managed by the Employees**, which in turn reflect the Bank's **values, objectives and practices**. This culture is integrated into management through the Bank's **policies, communication and staff training**.

This culture influences **management and employee decisions in their day-to-day work** to prevent any behaviour that could unintentionally increase risks or lead to unacceptable risk-taking. It is based on a high level of awareness to risk and how it should be managed, a robust governance structure, open and critical dialogue across the organisation, and no incentives to unwarranted risk-taking.

Thus **actions and decisions** entailing **risk-taking**:

- Are aligned with corporate values and basic principles of action;
- Are aligned with the risk appetite and risk strategy;
- Draw on a comprehensive understanding of the risks involved and how to manage them, including environmental, social and governance factors.

The risk culture includes, among others, the following elements:

Responsibility

Banco BPI's Board of Directors is responsible for establishing and overseeing the **implementation** of a **solid and vigilant risk culture** within the organisation that fosters **consistent risk identification and mitigation practices.** All Employees must be fully aware of their responsibility towards risk management, which is not limited to risk experts or internal control functions, insofar as the business units primarily bear responsibility for the day-to-day management of risks.

Communication

Spreading a corporate risk culture is essential in order to align all Employees around this theme. The **internal communication channels**, and in particular the Intranet and email, are an **essential vehicle for spreading this culture**, with disclosures and training contents being especially relevant.

This work of communication viewing the development of a **corporate risk culture** was maintained **in 2022**, involving the following main initiatives:

- **Reinforcement of communication of Compliance issues**, under a new motto, "We are all Compliance", and launch of a specific page on the Intranet for communication of these themes;
- Development of specific communication on the "Risk Culture" project, whose launch was led by the Director responsible for the area;
- Internal communication on various risk-related topics, namely: conflicts of interest; enquiries and whistleblowing channel; identification of beneficial owners; risk management;
- Publication of news about specific training courses in this area.

Training

In 2022, the **Training initiatives on Risk** covered Employees from all areas of the Bank.

Conduct and Compliance Risk, Legal and Regulatory Risk and Other Operational Risks were the main risks addressed in these training sessions.

To promote a culture of risk management within the Bank, the 'Risk Culture Channel' was launched. This channel features online modules and interactive content in the form of microlearning, infographics, questionnaires and interviews, in line with the guidelines of the Bank of Portugal and the European Banking Authority.

Out of the roughly **90 risk-related training sessions** conducted in 2022, the topics covered in the risk culture channel ("Our risk management model", "The behaviours that define us", "First we need to know", "Where do we want to go?" and "Our journey") stand out. Additionally, training courses focused on the Code of Ethics and Conduct (specifically, the inquiry and whistleblowing channel), Prevention of Money Laundering and Fight against Terrorist Financing, Operational Risk, and Data Protection were deemed particularly significant.

Performance assessment and remuneration

As stated in the Risk Appetite Framework, Banco BPI seeks to ensure that its **Employees' motivation** is consistent with the risk culture, and that risk-taking is aligned with the level of risk that the Board of Directors is willing to assume.

To this end, the Bank has in place **remuneration schemes** directly linked to the **annual evolution of the RAF metrics**, which are described in detail in the Corporate Governance Report and in the approved remuneration policies.

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.

TRANSVERSAL RISKS

Business Profitability

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

Capital and Solvency

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

Reputational

Potential economic loss or lower revenue for the Bank as a result of events that negatively affect stakeholders' perception of the Bank.

FINANCIAL RISKS

Credit

Risk of financial loss due to the loss of value of the Bank's assets as a result of the deterioration of Clients' capacity to honour their commitments to the Bank. Includes the risk generated by financial market operations (counterparty risk).

Actuarial

Risk of loss or decline in the value of commitments made under insurance or pension agreements with Clients or employees due to differences between the assumptions used to estimate the actuarial variables used to calculate liabilities and the actual figures.

Structural Rates

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

Liquidity and Funding

Risk of insufficient liquid assets or limited access to market funding that may prevent the Bank from meeting contractual obligations of its liabilities at maturity, complying with regulatory requirements, or providing for its investment needs

FINANCIAL RISKS (cont.)

Market

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

OPERATIONAL RISKS

Conduct and Compliance

Application of conduct criteria that go against the interests of the Bank's Clients or other stakeholders, or actions or omissions by the Bank that are incompatible with the legal and regulatory framework, internal policies, standards and procedures, or codes of conduct, ethical standards, and best 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.

OPERATIONAL RISKS (cont.)

Technology

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

Model[1]

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

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.

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

Emerging Risks

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

Sustainability Risk

Sustainability Risk, seen in the context of an ecosystem where the Bank's various stakeholders play a preponderant role, represents the potential loss arising from the negative impact of certain environmental, social and governance (ESG) conditions.

In this context, negative impacts assume a double materiality:

- BPI impacts on the ecosystem (inside-out impacts): impacts from BPI's activity on the planet, people and society, and
- Ecosystem impacts on BPI (outside-in impacts): impacts on BPI caused by environmental, social or governance factors.

In terms of outside-in ESG impacts, the following risks are noted:

- **Loan portfolio**: risk arising from the deterioration of Customers' debt servicing capacity due to environmental factors (physical and transition risk);
- **Market**: risk arising from the potential devaluation of financial instruments held by BPI due to ESG factors.

In November 2022, Banco BPI's Board of Directors approved the new **Sustainability Risk Management Policy** (effective from the beginning of 2023) which identifies the ESG risks. The new Policy defines the criteria underlying the commercial relationship with Customers or potential Customers (new operations, renewals and renegotiations of loans and guarantees), as well as security portfolio investments or subsidiaries' investments.

BPI's new policy explicitly states that the Bank will not undertake credit risk in companies or projects located in **countries with a high risk** of social or governance issues, that **violate Human Rights**, utilise **child labour**, lack adequate **health and safety policies** to protect their employees, or cause **water stress or harm to natural heritage, biodiversity, and cultural heritage**.

In addition to these exclusions of a general nature, the **Policy** also establishes a set of **sector-specific restrictions for activities** that have the potential to impact environmental risk, defining a set of requirements that BPI must meet in order to assume credit risk.

This new Policy integrates the Environmental Risk Management Policy and the Defence Sector Relations Policy.

Sectors with restrictions

- **Energy**
- **Mining Industry**
- **Infrastructures**
- **Agriculture, fisheries, livestock and forestry**
- **Defence**

The **governance** of sustainability risk management follows the general principles of BPI's Risk Management, in accordance with the **three lines of defence model**.

With regard to new loans, BPI's **Credit Division**, through its **Sustainability Area**, is responsible for implementing the **internal environmental management plan** within the scope of credit risk taking and monitoring. The objective is to mitigate the potential negative impact on the environment resulting from loans granted by the Bank to companies.

In line with CaixaBank's endorsement of the **Equator Principles**, in 2007, BPI applies additional validation procedures in the assessment of ESG (environmental, social and governance) risks for operations falling within the Agreement's scope of application.

+1 683
Companies analysed

+6
Operations related to specific investments

RISK MANAGEMENT FUNCTION

Sustainability Risk Management

Under the **three Lines of Defence** management model, following the EBA guidelines and expectations on ESG risks, adopting **best market practices**, and in total alignment with **CaixaBank's risk management practices**, the **Sustainability Risk Management** area, with second line of defence functions, was created in mid-2022 within the Risk Management Function.

This area is responsible for implementing the **sustainability risk control model**.

Its duties include the **identification, measurement and monitoring of ESG risks**, monitoring the effectiveness of first line indicators and monitoring control weaknesses. It is also responsible for designing and monitoring the new **Sustainability Risk Management Policy**, with regard to loan and investment portfolios and other types of financial risk.

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. Such events may impact 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.
- Currently, stakeholders such as supervisors, regulators, and government bodies have heightened expectations when it comes to ESG issues.
- **Mitigants**: control and monitoring of regulations by BPI's different areas, control over the effective implementation of regulations. With the increase in legislative activity, Banco BPI has intensified its relations with authorities to proactively anticipate potential new initiatives and to effectively represent and communicate its interests to them.

NATIONAL AND INTERNATIONAL GEOPOLITICAL ENVIRONMENT

- Marked and persistent deterioration of the macroeconomic outlook and **increased aversion to risk 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:** Banco 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

- A moderate increase in competition from new players or **other players with disruptive proposals or technologies** is expected. This could lead to the 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 evolves 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 could 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 to 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 so as to maintain the Bank at the forefront of information protection, **in line with CaixaBank Group's strategic objectives** 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:

- Loan granting under **sustainable conditions** to Customers that demonstrate the **ability to repay**;
- **Alignment with the credit risk strategy** and **risk appetite** defined by the **Governing Bodies**;
- Clearly defined responsibilities and functions, including the definition of **criteria, limits, decision 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 case of default.

Monitoring of credit risk in the current context

The changes introduced in economic activity, essentially driven by the current inflationary scenario and rising interest rate indices, as well as the armed conflict in Eastern Europe, **led BPI to strengthen its credit risk monitoring mechanisms**.

The following procedures stand out:

- definition of specific **risk policies** for mortgage loan Clients with increased financial difficulties;
- **maintaining the retail portfolios' monitoring procedures** for loans with moratoria ended in 2021;
- holding **sector-specific meetings** to assess the evolution of companies' credit risk, prioritising the sectors most penalised in the current context;
- monitoring the **activity of each sector**;
- conducting **sensitivity analyses on the evolution of risk parameters**, particularly in scenarios of **rising energy prices and interest rates**;

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 involve regular reporting 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 meet liquidity and funding needs without incurring exceptional losses;
- maintaining tradable assets in portfolio that provide a sufficient and adequate **liquidity buffer**;
- compliance with the various **regulatory requirements.**

The assets portfolio is monitored to assess for the possibility of transactions with the instruments that compose it, according to several indicators (the assets' liquidity, 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 the required levels of liquidity coverage that comply with **prudential and internal requirements**.

Operational Risks

The definition of **operational risk (OR)**[1] adopted by BPI is that provided in Regulation (EU) 575/2013:

> *"the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes 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
- Other Operational Risks

ISO22301 Certification
Operational Continuity Management System (OCMS)

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:

- Strengthening the 1LoD's operational risk monitoring;
- Supporting 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);
- Developing the Assurance function to strengthen the operational risk environment;
- Working with the 1LoD on the definition of process controls.

Second Line of Defence
integrated in the Risk Management Division;

Responsibilities:

- Monitoring the control structure and risk appetite, and ensure the reporting of operational risk and its subcategories (technological, outsourcing, external fraud and business continuity);
- Implementing the non-financial risk assessment model for Operational Risk subcategories;
- Proposing risk appetite levels;
- Ensuring prudential reporting;
- Promoting the risk culture in the Bank.

[1] This definition excludes strategy and reputational risks.

Other relevant Risk Management topics

Data Protection

BPI aims to ensure that the processing of its Customers' and Employees' personal data respects their rights and freedoms and complies with the principles outlined in the **General Data Protection Regulation**. To achieve this goal, BPI has implemented technical and organisational measures to prevent, detect, and mitigate potential risks.

BPI has a **Data Protection Policy** that regulates the general framework for the management of data protection at the Bank, setting out the principles underlying the treatment of Customers and Employees' personal data as well as the corresponding management model.

The Bank also has a **Privacy Policy** which is designed to inform Customers of the terms and conditions under which the Bank processes their personal data, the rights to which they are entitled and how they can exercise them, while also providing the obligatory information under the terms of the General Data Protection Regulation and the national law that executes this regulation.

A specific governance structure has been set up, consisting of:

- **Privacy Committee** which is responsible, by delegation of the Executive Committee of the Bank's Board of Directors, for deciding on all matters related to the protection of data of a personal nature;
- **Data Protection Officer** (DPO), who is
-

responsible, under the terms of the law, for providing advice on and monitoring compliance with the General Data Protection Regulation and other applicable national legislation.

BPI has in place procedures to ensure the exercise by Customers and Employees of their data protection rights, as well as, where appropriate, to process data breaching incidents and report them to the National Data Protection Commission and the data subjects.

The Bank provides its Customers and other Stakeholders with the **contact details of the Data Protection Officer**, for clarifications or complaints.

Cybersecurity

Cybersecurity is an essential component in the protection of Customers' data and assets and as such is one of BPI's main priorities. Cybersecurity risk is managed by the Information Security team, included in the **Information Systems Division**.

In 2022

1.2 M.€ Investment made

19 Employees allocated

4 System attacks **simulations**

12 Phishing simulations

6.9% Success rate of phishing simulations

810 BPI BITSIGHT Rating (maximum rating 900)

The cybersecurity ecosystem is constantly monitored to facilitate automated detection and response to security breaches, or through a central incident response team available 24x7. Moreover, this ecosystem benefits from the critical support service of the National Cybersecurity Centre.

ISO 27001: 2013 certification is annually renewed for CaixaBank Group's cybersecurity activities. The certification is based on the establishment, review and management of controls designed to detect, prevent and neutralise any type of cyber-attack.

The Bank also promotes **accountability programmes**, which involve training and awareness actions, sharing of news and simulation of occurrences.

Main information security policies and standards

BPI has a **General Information Security Policy** which defines the technical and organisational measures necessary to mitigate and manage information security related risks.

CMMI Certification

The Quality team, which is part of the **Information Systems Division,** is responsible for ensuring that the management processes related to application development undergo **continuous improvement** and comply with the **CMMI** (Capability Maturity Model Integration) reference model.

CMMI maturity level 3 certification was obtained in 2020 for the highly technically complex projects in the development of IT applications.

This model made it possible to establish a software development methodology based on team productivity, delivery quality improvement and risk mitigation, anticipating and respecting the recommendations of Auditors and Regulators and complying with the Bank's Strategic Plan.

A CMMI certification provides assurance that an institution's processes adhere to established best practices, guaranteeing the quality, management, and predictability of the technological application development processes.

Banco BPI is currently **the only financial institution in Portugal with level 3 CMMI V2.0 software development certification**.

+100 Teams (approximately 600 individuals) work in agile methodologies (SCRUM)

Adoption of Cloud technology

To accelerate BPI's process digitalisation and digital transformation programmes it is essential to increase processing capacity and capacity allocation agility, which can only be provided by the public cloud model at unit costs that are compatible with business requirements.

A strategic programme for adoption of the public cloud (CloudNow) was therefore outlined, and to this end a partnership for the supply of the base cloud platform for the Group's transactional systems, including those of BPI, was established.

The programme began in 2021 and started with the implementation of the governance and security mechanisms required for the correct adoption and operation of this type of technology.

In 2022, BPI embarked on its journey to public cloud, in alignment with CloudNow strategy.

BPI Journey to the Cloud

Systems migration to allow for short-term developments

FAST Architecture for medium-term gains and advantages

Risk Data Aggregation Project (RDA)

For BPI the BCBS 239 principles are a key element of its strategy. The project permits to gradually improve risk data aggregation and communication capabilities.

BPI has implemented data governance and quality policies and procedures, including the General Information Governance Policy, which ensure that responsibilities are assigned to the relevant departments, data quality is maintained, and information production processes and data flows are aligned with the RDA project objectives.

PROPOSED APPLICATION OF RESULTS

PROPOSED APPLICATION OF RESULTS

Proposed application of 2022 results

Whereas:

a) In financial year 2022, Banco BPI, S.A. (hereinafter Banco BPI) reported a net profit of 365 046 335.13 euros in its consolidated accounts, and a net profit of 334 084 254.07 euros in its individual accounts;

b) In accordance with the provisions of Article 25 of Banco BPI's Memorandum and Articles of Association, the net profit for each year shall be allocated, namely, in the percentage prescribed by law, to the Legal Reserve, to the payment of priority dividends on any preference shares that the company may have issued, and the remainder, under the terms that the General Meeting, acting freely and under no distribution obligation, may determine, including the allocation of the profits in question to reserves, their distribution as dividends, their allocation to other specific uses in the interest of the Company or in any combination of the former;

c) The Long-Term Dividend Policy of Banco BPI (the "Policy") approved by the single shareholder, CaixaBank, S.A., establishes, as a general principle, that *"The Board of Directors will propose to the General Meeting the annual dividend to be distributed, which will correspond to 65% of the net income reported in the individual accounts for the relevant financial year, plus 100% of the dividends received from BPI's equity holdings in Angola and Mozambique. The exact amount proposed will be determined based on a prudent judgement that balances the Bank's current situation and the need to maintain adequate levels of liquidity and solvency."*;

d) In November 2022, BPI received the supervisor's authorisation to use internal models to calculate capital requirements for the mortgage loan portfolio, which had a +152 bps impact on the CET1 ratio;

e) BPI's capital position at 31 December 2022, already considering the distribution of results proposed below, was as follows:
   i) CET1 ratio of 14.8%, Tier1 of 16.4% and Total ratio of 18.9% (phasing-in);
   ii) Maximum Distributable Amount buffer (MDA buffer) of 5.9%;

f) In the current economic context, and considering the pay-out referred to in paragraph c), the financial projections for 2023 to 2025 point to an increase in surplus capital levels, with a comfortable margin over the Supervisor's requirement, and ensuring compliance with the ECB recommendation of prudence in dividend distribution;

g) The proposed distribution of dividends detailed below does not jeopardise compliance with the target capital ratios of Banco BPI and respects the conclusions and guidelines of the ICAAP and RAF of Banco BPI;

h) Specifically, it is proposed to distribute 65% of the individual net profit determined exclusively in the activity in Portugal and to distribute the entire dividends received from BFA and BCI, corresponding to an overall payout of 85% of the net profit determined in the individual accounts for the year;

Accordingly, the Board of Directors proposes the following application of the net profit determined in the individual accounts, in the amount of 334 084 254.07 euros:

Net Profit for the 2022 financial year	**334 084 254.07 euros**
Legal Reserve*	33 408 425,41 euros
Dividends	284 000 000.00 euros
Other Reserves	16 675 828.66 euros

23 February 2023

The Board of Directors

* As provided for in art. 97 (1) of the Legal Framework of Credit Institutions and Financial Companies (“RGICSF”).

FINAL ACKNOWLEDGEMENTS

BPI Grupo CaixaBank

FINAL ACKNOWLEDGEMENTS

On 1 February 2023 the Board of Directors made the following communication:

"BPI's Board of Directors informs that the number of members of the Executive Committee for the 2023-25 mandate will be increased from five to six. The Board of Directors further informs that Ms. Susana Trigo Cabral and Mr. Diogo Sousa Louro have been appointed to the Executive Committee, this appointment only taking effect at the General Meeting to elect the new Board of Directors, after obtaining the necessary approval from the supervisory authorities. The two newly appointed directors occupy senior management positions in Banco BPI: Ms. Susana Trigo Cabral, with the Bank since 1993, is currently the Executive Manager responsible for the Accounting and Budget Management Division; Mr. Diogo Sousa Louro joined BPI in 1994 and is today one of the two Executive Managers for Individuals and Small Businesses.

The Board of Directors informs it has acknowledged the resignation request submitted by Mr. Ignacio Alvarez-Rendueles, and as a result, he will be stepping down from his role as executive director once the new Board of Directors is elected.

The Board of Directors publicly expresses their gratitude and recognition for Mr. Ignacio Alvarez-Rendueles significant contribution to the Bank's development over the past 15 years. Mr. Ignacio Alvarez-Rendueles initially served as a non-executive director from 2009 to 2016 and has since 2017 held the position of executive director with responsibilities as the Chief Financial Officer (CFO)."

The Board of Directors appointed Mr. Miguel Morais Leitão, with BPI since 1989, as the new Company Secretary, starting on 29 November 2022. Mr. Miguel Morais Leitão has been appointed to lead a newly established functional unit, the Corporate Secretariat, which will provide centralised support to the governing bodies, including the Board of Directors, the Audit Committee, the Nominations, Evaluation, and Remuneration Committee, and the Executive Committee of the Board of Directors. On the same date, Mr. Miguel Morais Leitão has also assumed the role of Secretary of the Executive Committee of the Board of Directors. The Board of Directors would like to thank the former Secretary, Mr. João Avides Moreira, for the professionalism and dedication shown during his 14 years in office.

The Board of Directors would like to express its deep sorrow on the passing of Mr. João Vieira de Castro, on 18 November last. Over 30 years, Mr. João Vieira de Castro played an important role in BPI's history, since its origins in 1981 as Sociedade Portuguesa de Investimento. He was then Chairman of the Bank's General Board from 1985 to 1993. In 2005 he was elected Chairman of the General Meeting, a position he held for two mandates. The Board of Directors acknowledges the exceptional competence and rigorous approach consistently displayed by Mr. João Vieira de Castro in the execution of his high-level responsibilities.

The Board of Directors expresses its gratitude for the dedicated support of the shareholder and the professional competence and commitment of the employees, which were instrumental for the goals and results achieved in 2022, once again despite the challenging circumstances. The confidence of our Customers played a fundamental role in enabling the Bank to expand its market share and win significant national and international awards.

Lastly, the Board of Directors would like to express its sincere appreciation for the cooperation received from the Authorities within the scope of their attributions.

23 February 2023

The Board of Directors

Fernando Ulrich (Chairman)

António Lobo Xavier (Deputy-Chairman)

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

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 Annual Report, 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 2022 Annual Report.

Recommendation Summary	Reference to 2022 Annual Report
I. Business Model	
1. Description of the business model	***MR*** *– Business Model, page 19;* ***NFS*** *– 1.Financial Group, page 199; 6. Segments, page 270.*
2. Description of strategies and objectives	***MR*** *– Statement of the Chairman of the Board of Directors, page 6; Statement of the Chief Executive Officer, page 8; 2022-2024 Strategic Plan, page 30; Sustainability Plan, page 32; Financial Results, page 46; Risk management, page 113;* ***NFS*** *– 3. Risk management, page 224.*
3. Description of the importance of the operations carried out and the respective contribution to business	***MR*** *– Individuals, Businesses, Premier and inContact Banking, page 38; Private Banking, page 41; Corporate and Institutional Banking, page 42; Financial Results, page 46;* ***NFS*** *– 6. Segments, page 270.*
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*** *– Individuals, Businesses, Premier and inContact Banking, page 38; Private Banking, page 41; Corporate and Institutional Banking, page 42; Economic Backdrop in 2022, page 34; Financial Results, page 46; Risk management, page 113;* ***NFS*** *– 3. Risk management, page 224; 6. Segments, page 270.*
II. Risks and Risk Management	
6. Description of the nature and extent of risks	***MR*** *– Financial results, page 46; Risk management, page 113;* ***NFS*** *– 2.7. Impairment of financial assets, page 211; 3. Risk management, page 224; Financial assets, notes 9 to 13, page 279; 38. Information on fair value, page 331.*
7. Description of major risk-management practices in operations	***MR*** *– Risk Management, page 113;* ***NFS*** *– 2.7. Impairment of financial assets, page 211; 2.8. Refinancing and restructuring operations, page 214; 3. Risk management, page 224 and Financial assets, notes 9 to 13, page 279;* ***CGR*** *– Corporate Governance Report, page 392.*
III. Impact of the Period of Turmoil on the Results	
8. Qualitative and quantitative description of the results	***MR*** *– Financial results, page 46;* ***NFS*** *– 6. Segments, page 270; Detail of income statement captions, notes 26 to 37, page 323.*
9. Breakdown of the write-downs / losses by types of products and instruments affected by the period of turmoil	***MR*** *– Financial Results, page 46;* ***NFS*** *– 3. Risk management, page 224; Financial assets, notes 9 to 12, page 279; 29. Gains or losses in financial assets and liabilities, page 326; 33. Impairment of financial assets not measured at fair value through profit or loss, page 329.*
10. Description of reasons and factors responsible for impact suffered	***MR*** *– Financial Results, page 46; Economic Backdrop in 2022, page 34;* ***NFS*** *– 3. Risk management, page 224.*
11. Comparison of the i) impacts between (relevant) periods and ii) the financial statements before and after the period of turmoil	***MR*** *– Financial Results, page 46;* ***NFS*** *– 6. Segments, page 270; Detail of income statement captions, notes 26 to 37, page 323.*

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

Recommendation Summary	Reference to 2022 Annual Report
12. Breakdown of write-downs between realised and non-realised	**MR** – *Financial Results, page 46;* **NFS** *–Financial assets, notes 9 to 12, page 279; 23. Shareholders' equity, page. 313; 29. Gains or losses in financial assets and liabilities, page 326.*
13. Description of the influence of the financial turmoil on the behaviour of BPI shares	*BPI has no shares admitted to trading on a regulated market. CaixaBank holds the entire share capital of BPI since the end of 2018.*
14. Disclosure of the maximum loss risk	**MR** – *Financial Results, page 46;* **NFS** – *3. Risk management, page 224.*
15. Disclosure of the impact that the trend in spreads associated with the institution's own liabilities had on earnings	**MR** – *Financial Results, page 46;* ***NFS*** – *26. Net interest income, page 323. 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 279; 3. Risk management, page 224; 38. Information on fair value, page 331.*
17. Information about credit risk mitigators and respective effects on existing exposures	**MR** – *Financial Results, page 46;* **NFS –** *3.4.1. Credit risk, page 229; 13. Derivatives - hedge accounting, page 288.*
18. Detailed disclosure of exposures	**MR** – *Financial Results, page 46; Risk management, page 113;* **NFS** – 3. Risk management, page 224; Financial assets, notes 9 to 13, page 279; 38. Information on fair value, page 331.
19. Movements in exposures occurred between the relevant reporting periods and the reasons for these movements (sales, write-downs, purchases, etc.)	**MR** – Financial Results, page 46; **NFS** – 3. Risk management, page 224; Financial assets, notes 9 to 13, page 279.
20. Explanations about exposures which have not been consolidated (or which have been recognised during the crisis) and the associated reasons	*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 in BPI'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 31 December 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 203; Financial assets, notes 9 to 13, page 279; 19. Financial liabilities at amortised cost, page 297; 38. Information on fair value, page 331.
23. Consolidation of Special Purpose Entities (SPE) and other vehicles and their reconciliation with the structured products affected by the period of turmoil	At 31 December 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 279; 38. Information on fair value, page 331.
25. Description of the modelling techniques used for valuing financial instruments	**NFS** – 2. Accounting policies, page 203; 3. Risk management, page 224; Financial Assets at fair value, notes 9 to 11, page 279; 38. Information on fair value, page 331.
VI. Other Relevant Aspects of Disclosure	
26. Description of the disclosure policies and principles used in financial reporting	**CGR –** Corporate Governance Report, page 392.

MR – Management Report; **NFS** – Notes to the Consolidated Financial Statements; **CGR** – 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	Dec.22	Dec.22	In the Financial Statements and respective notes
Net interest income	548.5	548.5	Net interest income
Dividend income	4.1	4.1	Dividend income
Equity accounted income	24.5	24.5	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	295.7	323.3	Fee and commission income
		(27.6)	Fee and commission expenses
Gains / (losses) on financial assets and liabilities and other	25.4	0.7	Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net
		14.8	Gains or (-) losses on financial assets and liabilities held for trading, net
		(3.1)	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net
		(3.0)	Gains or (-) losses from hedge accounting, net
		15.9	Exchange differences [gain or (-) loss], net
Other operating income and expenses	(40.7)	28.1	Other operating income
		(68.8)	Other operating expenses
Gross income	**857.6**	**857.6**	**Gross income**
Staff expenses	(259.6)	(259.6)	Staff expenses
Other administrative expenses	(139.7)	(139.7)	Other administrative expenses
Depreciation and amortisation	(67.5)	(67.5)	Depreciation and amortisation
Operating expenses	**(466.8)**	**(466.8)**	**Administrative expenses, depreciation and amortisation**
Net operating income	**390.8**	**390.8**	
Impairment losses and other provisions	(67.4)	(1.0)	Provisions or (-) reversal of provisions
		(66.3)	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	(0.1)	0.0	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates
		0.9	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
		(0.8)	Gains or (-) losses on derecognition of non-financial assets, net
		(0.3)	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	**323.3**	**323.3**	**PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS**
Income tax	(88.7)	(88.7)	Tax expenses or (-) income related to profit or loss from continuing operations
Net income	**234.6**	**234.6**	**PROFIT OR (-) LOSS FOR THE YEAR 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

Off-balance sheet Customer resources[2] = Mutual funds + Capitalisation insurance + Pension plans + Subscriptions in public offerings

- 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 + Off-balance sheet Customer resources

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) = Non performing loans (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.

STANDARDS AND COMMITMENTS

Integrated reporting

This report was prepared based on the International Integrated Reporting <IR> Framework. This framework is made up of seven guiding principles and eight content elements, which are presented below.

Guiding Principles	Our Approach	Location
A) Strategic focus and future orientation	This report has been structured based on the Bank's strategy and ability to create value in the short, medium and long term, taking into consideration the impact of the six Integrated Reporting capitals.	Value Creation Model, page 25 2022-2024 Strategic Plan, pages 30 and 31
B) Connectivity of information	This report presents in a clear manner the relationship between the Bank's strategic lines and its business, covering areas such as strategy, risks, Sustainability and the operating environment.	Value Creation Model, page 25 Social capital – BPI and "la Caixa" Foundation, pages 74 to 82 Backdrop in 2022, pages 34 to 37
C: Relationship with the stakeholders	This report identifies BPI's main Stakeholders, the manner in which the Bank responds to their needs and interests (through the identification of the most relevant topics for each group of Stakeholders), as well as the nature of the Bank's relationship with its Stakeholders (through the various communication channels adapted to the needs of each group).	Identity: Commitment to the stakeholders, page 16; Double Materiality, pages 27 and 28
D) Materiality	This report identifies the areas which have the greatest impact on BPI and its stakeholders. To this end, a materiality matrix is developed each year, broken down by thematic areas.	Double Materiality, pages 27 and 28
E) Conciseness	This report provides stakeholders with concise and comprehensive non-financial statements, enabling them to form informed opinions and make decisions based on sufficient information.	About this Report, page 4
F) Reliability and completeness	The preparation and disclosure of BPI's Annual Report is governed by specific internal regulations, which form an integral part of the Policy on the Management of Information Reliability Risk, to which the Report is also subject. The Management Report is subject to internal analyses and reviews and there are internal controls in place to obtain reasonable assurance as to the suitability, quality and reliability of the information. The external auditor verifies the consistency of the financial information with the financial statements. The Annual Report is subject to review by the Bank's management and supervisory bodies prior to its approval by the Shareholder.	About this Report, page 4
G) Consistency and comparability	BPI intends to continue to follow this framework in the coming years' Annual Reports. Consistency and comparability with previously reported information will be ensured and whenever there are changes in criteria / methodologies and others that materially affect comparability, a note will be provided. Whenever possible, the previous year's information is presented on a comparable basis.	About this Report, page 4

Content Elements	Location
H) Organisational overview and external environment	Key indicators, page 11 and 12; Identity - Mission, Vision and Values, page 15; 2022-2024 Strategic Plan, pages 30 and 31; Sustainability Plan, page 32; Backdrop in 2022, pages 34 to 37; Social Capital – Acknowledgement and reputation, pages 86 to 89
I) Governance	Business Model, pages 22 to 24; Governance Model, pages 106 a 112; Corporate Governance Report, page 392
J) Business model	Business Model, page 19 to 21
K) Risks and opportunities	Risk Management, pages 113 to 129; Governance Model, pages 110 to 112; Social Capital, pages 74 to 92; Natural Capital, pages 93 to 104
L) Strategy and resource allocation	2022-2024 Strategic Plan, pages 30 and 31; Sustainability Plan, page 32; Financial Results, pages 46 to 60; Intellectual Capital, pages 61 to 66; Human Capital, pages 67 to 73; Social Capital – Acknowledgement and reputation, pages 86 to 89; Risk Management – Other Relevant Topics, pages 127 to 129
M) Performance	Key indicators, pages 11 and 12; Sustainability Plan, page 32; Financial Capital, pages 38 to 60; Consolidated and Individual Financial Statements, page 190
N) Outlook	Backdrop in 2022, pages 34 to 37
O) Basis of preparation and presentation	Double Materiality, pages 27 and 28

European Taxonomy

Indicator	Description / Assumptions
Proportion in total assets of exposures to Taxonomy-eligible economic activities	Proportion in total assets covered by the Green Asset Ratio (GAR) of exposures to Financial companies, companies subject to the NFRD, households and municipalities, to support activities covered by the EU Taxonomy Climate Delegated Act.
Proportion in total assets of exposures to Taxonomy non-eligible economic activities	Proportion in total assets covered by the GAR of exposures to Financial companies, companies subject to the NFRD, households and government, to support activities not covered by the EU Taxonomy Climate Delegated Act
Proportion in total assets of exposures to central governments, central banks, supranational issuers	Exposures to central governments, central banks and supranational issuers. These exposures are not included in total assets considered for the GAR.
Proportion in total assets of exposures to derivatives	Proportion in total covered assets of non-trading portfolio derivatives (hedging derivatives)
Proportion in total assets of exposures to companies that are not required to publish non-financial information	Proportion in total assets covered by the GAR of exposures to Companies that are not required to publish non-financial information in accordance with Article 19 (29) of Directive 2013/34/EU (NFRD)
Proportion in total assets of the trading book	Trading portfolio exposures These exposures are not included in total assets considered for the GAR.
Proportion of total interbank loans in total assets	Proportion of interbank market (credit institutions) exposure in total assets covered by the GAR

European Taxonomy (cont.)

In accordance with Art. 8 of the Taxonomy Regulation (EU) 2020/852 and the Delegated Regulation (EU) 2021/2178 on disclosure, Banco BPI discloses the proportion of taxonomy eligible and ineligible activities related to the **environmental objectives of climate change mitigation and adaptation**. The Delegated Regulation on disclosure came into force on 1 January 2022.

As the Taxonomy is still in development and counterparties provide limited eligibility and alignment information, BPI has not fully integrated alignment with the Taxonomy into its business strategy, objective setting, product design and processes, or engagements with clients and counterparties.

The information is prepared based on the Delegated Regulations establishing the technical selection criteria (Delegated Regulation (EU) 2021/2800) and the technical disclosure standards (Delegated Regulation (EU) 2021/2178, as well as the FAQs released by the European Commission.

Definitions

1. **Total assets subject to the Taxonomy Regulation:** the balance sheet total is considered, excluding the following items:
   - Intangible assets
   - Tax assets
   - Tangible assets
   - Other assets
   - Fair value changes of the hedged items in portfolio hedge of interest rate risk
   - Non-current assets and other assets held for trading
2. **Total assets covered by the GAR (Green Asset Ratio):** the following balance sheet items are considered, excluding exposures to central governments and central banks:
   - Cash and sight deposits in other credit institutions
   - Financial assets not designated for trading compulsorily measured at fair value through profit or loss
   - Financial assets at fair value through other comprehensive income
   - Financial assets at amortised cost
   - Derivatives (hedge accounting)

Eligibility

Data on Taxonomy-eligible activities include information on financial companies, non-financial companies subject to the NFRD, individuals (only mortgage loans, loans for property renovation works and loans for acquisition of vehicles) and local governments.

As major limitations persist in obtaining data to determine counterparties' eligibility, we have relied on companies' reported eligibility ICD (KPI), distinguishing between the KPI related to turnover and the KPI related to the underlying assets' Capex. This information was obtained from reports published by the companies themselves or from information provider websites.

Best effort

BPI prepared the December 2022 data on a best effort basis to comply with applicable regulations. This data will be updated as more information becomes available from counterparties and new regulatory developments arise.

Global Reporting Initiative (GRI) Indicators

GRI indicators and correspondence with the requirements of Article 508-G of the Commercial Companies Code and CMVM's non-financial information disclosure template

Content		Location / Omission
GENERAL DISCLOSURES		
Organisational profile		
GRI 2: General Disclosures 2021		
2-1-a	Name of Organisation	Banco BPI S.A.
2-1-b	Corporate structure and legal form	Public limited company
2-1-c	Location of headquarters	Avenida da Boavista, 1117 4100-129 Porto
2-1-d	Countries of operation	Portugal, Angola and Mozambique
2-6-b-i	Description of the value chain: activities, products and services, and markets	Business Model, pages 19 to 21; Value Creation Model, page 25; Natural Capital – Environmental Management and Decarbonisation, page 103
2-6-b-ii	Description of the value chain, including the organisation's supply chain	
2-6-b-iii	Description of the value chain, including the organisation's downstream entities and their activity	
2-6-c	Report on relevant business relations	Intellectual Capital - Innovation, pages 64 and 65
2-6-d	Description of significant changes in items 2-6-b and 2-6-c compared to the previous reporting period	Main Events, page 13
2-7-a	Total number of employees, broken down by gender and region	Human Capital: BPI People, page 67; Standards and Commitments – GRI, page 163
2-7-b	Total number of employees: i. Permanent, broken down by gender and region. ii. Temporary, broken down by gender and region iii. Non-guaranteed hours, broken down by gender and region iv. Full time, broken down by gender and region v. Part-time, broken down by gender and region	
2-7-c	Description of data compilation methodologies, including how the data is reported	
2-7-d	Report of contextual information necessary to understand the data reported under 2-7-a and 2-7-b;	
2-7-e	Description of significant fluctuations in the number of employees during the reporting period and between reporting periods.	
2-8-b	Description of the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported	

Content		Location / Omission
2-8-a	Total number of workers who are not employees and whose work is controlled by the organization.	Excludes temporary work of Persons with no employment relationship with BPI
2-8-c	Description of significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.	
2-28	Membership of associations	Social Capital - BPI and "la Caixa" Foundation, pages 74 to 82; Social Capital, Tax and GDP contribution, page. 90
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(a) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, B. Corporate Model		
Strategy		
GRI 2: General Disclosures 2021		
2-22	Statement on sustainable development strategy	Statement of the CEO, pages 8 to 10
Ethics and Integrity		
GRI 2: General Disclosures 2021		
2-23	Policy commitments	Identity: Mission, Vision and Values, page 15; Governance Model, pages 110 to 112
2-26-a-i	Mechanisms for seeking advice on implementing the organisation's policies and practices for responsible business conduct;	Governance Model, page 110
2-26-a-ii	Mechanisms for raising concerns about the organisation's business conduct.	
Governance		
GRI 2: General Disclosures 2021		
2-9-a	Description of the governance structure, including committees of the highest governance body;	Governance Model, pages 106 to 110; Corporate Governance Report – Information on shareholding structure, organisation and governance of the company, page 394
2-9-b	List of committees of the highest governance body that are responsible for decision making on and overseeing the management of the organisation's impacts on the economy, environment, and people;	
2-9-c	Description of the composition of the highest governance body and its committees	
Approach to stakeholder engagement		
GRI 2: General Disclosures 2021		
2-29-a-i	Description of the approach to engaging with stakeholders, including the categories of stakeholders and how they are identified;	Identity: Commitment to the stakeholders, page 16; Double Materiality, page 27
2-29-a-ii	The purpose of the stakeholder engagement	
2-29-a-iii	How the organisation seeks to ensure meaningful engagement with stakeholders	

INTRODUCTION
WHO WE ARE
OUR STRATEGY
OUR PERFORMANCE
GOVERNANCE AND INTERNAL CONTROL
PROPOSED APPLICATION OF RESULTS
FINAL ACKNOWLEDGEMENTS
SUPPLEMENTARY INFORMATION
Adoption of FSB and CEBS Recommendations
Alternative Performance Measures
Standards and Commitments
Integrated reporting
European Taxonomy
GRI
SASB
UN Global Compact 10 Principles
Surveys

Content		Location / Omission
2-30-a	Collective bargaining agreements	All the Employees are covered by collective bargaining agreements
2-30-b	Bargaining agreements for employees not covered by collective bargaining agreements	
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(a) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, C. Main Risk Factors		
Reporting practices		
GRI 2: General Disclosures 2021		
2-2-a	List of all entities included in Sustainability reporting	Notes to the financial statements, note 1 – Financial Group, basis of presentation and other information, page 199
2-2-b	Specification of differences between the list of entities included in financial reporting and the list included in sustainability reporting;	
2-2-c	If the organization consists of multiple entities, detail of the approach used for consolidating the information on the various entities	
2-3-a	Specification of the reporting period for, and the frequency of, Sustainability reporting	The information on sustainability included in this Report refers to 2022. The information is reported annually.
2-3-b	Specification of the reporting period for financial reporting and, if it does not align with the period for Sustainability reporting, explanation of the reason for this	
2-3-c	Publication date of the report or reported information	
2-3-d	Contact points for questions regarding the report	Banco BPI S.A. Direção de Comunicação, Marca e Responsabilidade Social, Avenida Casal Ribeiro, 59, 1040-053 Lisboa, BancoBPI@mail.BancoBPI.pt
2-4	Restatements of information	Standards and Commitments – GRI page 166
2-5-a	Description of the policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved	Not subject to independent external verification
2-5-b	If the organisation's Sustainability reporting has been externally assured: i) A link or reference to the external assurance report ii) Description of what has been assured and on what basis iii) Description of the relationship between the organisation and the assurance provider	
GRI 3: Material Topics 2021		
3-1-a	Process to determine material topics	About this Report, page 4; Double Materiality, pages 27 to 29
3-1-a-i	How the organisation has identified actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on its human rights, across its activities and business relationships	
3-1-a-ii	How the organisation has prioritised the impacts for reporting based on their significance	

Content		Location / Omission
GRI 3: Material Topics 2021		
3-1-b	Specification of stakeholders and experts whose views have informed the process of determining the organisation’s material topics	
3-2-a	List of material topics	
3-2-b	Report of changes to the list of material topics compared to the previous reporting period	
GRI 1: Foundation 2021		
8-a	Inclusion of the following statement in the organisation's GRI content index: [Name of organisation] has reported in accordance with the GRI Standards for the period [reporting period start and end dates].	Banco BPI, S.A. reported in accordance with the GRI Standards for the period of January to December 2022.
7-a	GRI content index that includes: i. The title: GRI content index; ii. the statement of use; iii. the title of GRI 1 used; iv. the title(s) of the GRI Sector Standard(s) that apply to the organisation’s sector(s); v. a list of the organisation’s material topics; vi. a list of the topics in the applicable GRI Sector Standard(s) determined as not material and an explanation for why they are not material; vii. a list of the reported disclosures, including the disclosure titles; viii. the titles of the GRI Standards and other sources that the reported disclosures come from; ix. when the organisation does not report GRI Topic Standard disclosures for a material topic from the applicable GRI Sector Standard(s), a list of the disclosures and the required reason for omission; x. the GRI Sector Standard reference numbers for the disclosures from the applicable Sector Standard(s); xi. the location where the information reported for each disclosure can be found; xii. any reasons for omission used;	This table
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM’s non-financial information disclosure template -** Part I – Information on adopted policies, A. Introduction | Part II – Information on standards/guidelines followed		
SPECIFIC STANDARD CONTENTS		
Non-compliance with Laws and Regulations - Material topic: Governance and Compliance Best Practices		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Governance Model, page 110 to 112
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	

Content		Location / Omission
GRI 3: Material Topics 2021		
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	Governance Model, pages 110 to 112
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Governance Model, pages 110 to 112
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, i. Environmental Policies		
GRI 2: General Disclosures 2021		
2-27-a	Report on the total number of significant instances of non-compliance with laws and regulations during the reporting period	In 2022, BPI was not convicted for any instance of non-compliance with laws and regulations.
2-27-b	Report on the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period	
2-27-c	Description of significant instances of non-compliance	
2-27-d	Description of how significant instances of non-compliance were determined	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, i. Environmental Policies		
Economic Performance – Material topic: Financial strength and profitability		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	2022-2024 Strategic Plan, pages 30 and 31; Sustainability Plan, page 32
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	

Content		Location / Omission
GRI 3: Material Topics 2021		
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	2022-2024 Strategic Plan, pages 30 and 31; Sustainability Plan, page 32
3-3-e-i	Processes used to track the effectiveness of the actions	Financial Capital - Commercial Banking Business, pages 38 to 45
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	2022-2024 Strategic Plan, pages 30 and 31; Sustainability Plan, page 32
GRI 201: Economic Performance 2016		
201-1	Direct economic value generated and distributed	Standards and Commitments – GRI, page 164
201-3	Defined benefit plan obligations and other retirement plans	Notes to the financial statements, note 22 – Liabilities for pensions and other benefits, page 306
Indirect economic impacts		
GRI 203: Indirect economic impacts 2016		
203-1	Infrastructure investments and services supported	Social Capital - BPI and "la Caixa" Foundation, pages 74
203-2	Significant indirect economic impacts	Social Capital, Tax and GDP contribution, page. 92; Standards and Commitments – GRI, page 164
Correspondence with the requirements of DL no. 89 / 2017 – Non-applicable **CMVM's non-financial information disclosure template -** Non-applicable		
Procurement practices		
GRI 204: Procurement practices 2016		
204-1	Proportion of spending on local Suppliers	Natural Capital - Environmental Management and Decarbonisation, page 103; Standards and Commitments – GRI, page 165
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies		

Content		Location / Omission
Anti-corruption – Material topic: Governance and Compliance Best Practices		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Human Capital: Internal training, page 67 and 68; Governance Model, pages 110 to 112
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation’s operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Human Capital: Internal training, page 67 and 68; Governance Model, pages 110 to 112
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM’s non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, V. Fight against corruption and bribery attempts		
GRI 205: Anti-corruption 2016		
205-2	Communication and training about anti-corruption policies and procedures	Human Capital: Internal training, page 67 and 68; Governance Model, pages 110 to 112; Standards and Commitments – GRI, page 165
205-3	Confirmed incidents of corruption and actions taken	Standards and Commitments – GRI, page 165
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM’s non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, V. Fight against corruption and bribery attempts		

Content		Location / Omission
Anti-competitive behaviour – Material topic: Best Governance and Compliance practices / Straightforward and transparent communication		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Governance Model, pages 110 to 112
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Governance Model, pages 110 to 112
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, V. Fight against corruption and bribery attempts		
GRI 206: Anti-competitive behaviour 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Standards and Commitments – GRI, page 165
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, V. Fight against corruption and bribery attempts		

Content		Location / Omission
Taxation - Material topic: Active risk management / Best Governance and Compliance Best Practices		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Social Capital - Tax and GPD contribution, pages 90 to 92
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Social Capital - Tax and GPD contribution, pages 90 to 92

Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d)
CMVM's non-financial information disclosure template - Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies

GRI 2: General Disclosures 2021		
207-1	Approach to tax	Social Capital - Tax and GPD contribution, pages 90 to 92
207-2	Tax governance, control and risk management	
207-3	Stakeholder engagement and management of their concerns	

Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e)
CMVM's non-financial information disclosure template - Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies

Content		Location / Omission
Energy		
GRI 302: Energy 2016		
302-1	Energy consumption within the organisation	Natural Capital - Environmental Management and Decarbonisation, page 99; Standards and Commitments – GRI, pages 166 to 168
302-4	Reduction of energy consumption	
Water		
GRI 303: Water and effluents 2018		
303-5	Water consumption	Natural Capital - Environmental Management and Decarbonisation, page 100; Standards and Commitments – GRI, page 168

Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e)
CMVM's non-financial information disclosure template - Part I – Information on adopted policies, D. Implemented Policies, i. Environmental Policies

Emissions - Material topic: Active risk management		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Natural Capital - Sustainable Business, page 93
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Natural Capital - Sustainable Business, page 93

Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d)
CMVM's non-financial information disclosure template - Part I – Information on adopted policies, D. Implemented Policies, i. Environmental Policies

Content		Location / Omission
GRI 305: Emissions 2016		
305-1	Direct greenhouse gas (GHG) emissions - Scope 1	Natural Capital - Environmental Management and Decarbonisation, page 102; Standards and Commitments- GRI, pages 169 to 171
305-2	Indirect greenhouse gas (GHG) emissions - Scope 2	
305-3	Indirect greenhouse gas (GHG) emissions - Scope 3	
Waste		
GRI 306: Waste 2000		
306-3	Waste generation	Natural Capital - Environmental Management and Decarbonisation, page 101; Standards and Commitments – GRI, page 172
Supplier Environmental Assessment		
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	Natural Capital - Environmental Management and Decarbonisation, page 103; Standards and Commitments – GRI, page 172
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, i. Environmental Policies		
Employment - Material topic: Skills and talent management		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Identity, page 16; Human Capital, pages 67 to 73
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	

Content		Location / Omission
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Human Capital, pages 67 to 73
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
GRI 401: Employment 2016		
401-1	New employee hires and Employee turnover	Standards and Commitments – GRI, pages 172 to 174
Occupational health and safety		
GRI 403: Occupational health and safety 2018		
403-9	Work-related injuries	Human Capital, pages 70; Standards and Commitments – GRI, pages 175 to 176
403-10	Work-related ill health	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template-** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
Training - Material Topic: Skills and talent management		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Identity, page 16; Human Capital, pages 67 and 68
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	Identity, page 16; Human Capital, pages 67 and 68
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	

Content		Location / Omission
GRI 2: General Disclosures 2021		
2-25	Processes to remediate Negative impacts	Human Capital, pages 67 and 68
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
GRI 404: Training 2016		
404-1	Average hours of training per year per Employee	Human Capital, pages 67 and 68; Standards and Commitments – GRI, page 178
404-3	Percentage of Employees receiving regular performance and career development reviews	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template-** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
Diversity and equal opportunities – Moderately important topic under DL 89/2017 requirements		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Human Capital: Diversity and Inclusion, pages 71 and 72
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	Human Capital: Diversity and Inclusion, pages 71 and 72
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	

Content		Location / Omission
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Human Capital: Diversity and Inclusion, pages 71 and 72
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
GRI 405: Diversity and equal opportunities 2016		
405-1	Diversity of governance bodies and Employees	Human Capital: Diversity and Inclusion, pages 71 and 72; Standards and Commitments – GRI, pages 179 to 181
405-2	Ratio of basic salary and remuneration of women to men by significant locations of operation	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template-** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
Non-discrimination – Material topic: Governance and Compliance Best Practices		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Human Capital: Diversity and Inclusion, page 71; Governance Model, pages 110 to 112
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e)	

Content		Location / Omission
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Human Capital: Diversity and Inclusion, page 71; Governance Model, pages 110 to 112
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
GRI 406: Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template-** Part I – Information on adopted policies, D. Implemented Policies, iii. Employees, gender equality, and non-discrimination		
Human Rights Assessment		
GRI 412: Human Rights Assessment 2016		
412-1	Operations that have been subject to human rights reviews or impact assessments	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, iv. Human Rights		
Marketing and labelling		
GRI 417: Marketing and labelling 2016		
417-3	Incidents of non-compliance concerning marketing communications	
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies		
Customer privacy – Material topic: Cybersecurity and data protection / Innovation and ethical data management		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	

Content		Location / Omission
GRI 3: Material Topics 2021		
3-3-c	Description of policies or commitments regarding the material topic	Risk Management - Other Relevant Topics, pages 127 to 129
3-3-d	Description of actions taken to manage the topic and related impacts	
3-3-e-i	Processes used to track the effectiveness of the actions	Risk Management - Other Relevant Topics, pages 127 to 129
3-3-e-ii	Goals, targets, and indicators used to evaluate progress	
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Risk Management - Other Relevant Topics, pages 127 to 129
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies		
GRI 418: Customer privacy 2016		
418-1	Substantiated complaints concerning breaches of Customer privacy and losses of Customer data	Standards and Commitments – GRI, page 182
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies		
Portfolio of Products - Material topic: Responsible marketing tailored to Customers' needs		
GRI 3: Material Topics 2021		
3-3-a	Description of actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on the organisation's human rights	About this Report, page 4; Double Materiality, pages 27 to 29
3-3-b	Report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships	
3-3-c	Description of policies or commitments regarding the material topic	Natural Capital – Sustainable Business, pages 93 to 97
3-3-d	Description of actions taken to manage the topic and related impacts	

Content		Location / Omission
GRI 3: Material Topics 2021		
3-3-e-iii	The effectiveness of the actions, including progress toward the goals and targets	Natural Capital – Sustainable Business, pages 93 to 97
3-3-e-iv	Lessons learned and how these have been incorporated into the organisation's operational policies and procedures;	
3-3-f	Description of how engagement with stakeholders has informed the actions taken (3-3-d) and how the organisation has informed whether the actions have been effective (3-3-e).	
GRI 2: General Disclosures 2021		
2-25	Processes to remediate negative impacts	Natural Capital – Sustainable Business, pages 93 to 97
Correspondence with the requirements of DL no. 89 / 2017 - Article 508-G(2)(b)(c)(d) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies		
GRI FS: Portfolio of products		
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose	Standards and Commitments – GRI, page 183
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose	Natural Capital – Sustainable Business, pages 93 to 97; Standards and Commitments – GRI, pages 183 to 185
Correspondence with the requirements of DL 89 / 2017 - Article 508-G(2)(e) **CMVM's non-financial information disclosure template -** Part I – Information on adopted policies, D. Implemented Policies, ii. Social and Tax Policies		

GRI

GRI 2 General Disclosures

GRI 2-7 Employees| Portugal and Switzerland

	Activity Portugal						Activity Switzerland					
	2021			2022			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
No. of Employees	**1 916**	**2 546**	**4 462**	**1 892**	**2 495**	**4 387**	**10**	**6**	**16**	**12**	**5**	**17**
% of total	42.9%	57.1%	100%	43.1%	56.9%	100%	62.5%	37.5%	100%	70.6%	29.4%	100%
Breakdown by Labour Contract												
Permanent	1 912	2 539	**4 451**	1 880	2 480	**4 360**	10	4	**14**	12	4	**16**
Temporary	4	7	**11**	12	15	**27**	0	2	**2**	0	1	**1**
Breakdown by Type of Employment												
Full Time	1 916	2 538	**4 454**	1 890	2 487	**4 377**	10	6	**16**	12	5	**17**
Part Time	0	8	**8**	2	8	**10**	0	0	**0**	0	0	**0**

GRI 2-7 Employees | Consolidated

Portugal + BPI Switzerland activity	2021			2022		
	Men	Women	Total	Men	Women	Total
No. of Employees	**1 926**	**2 552**	**4 478**	**1 904**	**2 500**	**4 404**
% of total	43.0%	57.0%	100%	43.2%	56.8%	100%
Breakdown by Labour Contract						
Permanent	1 922	2 543	**4 465**	1 892	2 484	**4 376**
Temporary	4	9	**13**	12	16	**28**
Breakdown by Type of Employment						
Full Time	1 926	2 544	**4 470**	1 902	2 492	**4 394**
Part Time	0	8	**8**	2	8	**10**

GRI 2-27 Compliance with laws and regulations

In 2022, BPI was not convicted for any instance of non-compliance with laws and regulations.

GRI 200 Economic performance

GRI 201-1 Direct economic value generated and distributed

	Individual Accounts		Consolidated	
	2021	**2022**	**2021**	**2022**
Economic value generated				
Gross income	866.8	965.3	887.5	1 003.9
AT1 (Additional Tier I) interest costs	17.9	17.9	17.9	17.9
Economic value generated	**848.9**	**947.4**	**869.6**	**986.0**
Economic value distributed				
Employees[1]	257.6	256.1	260.9	259.6
Suppliers (other administrative expenses)[2]	130.2	134.5	131.5	135.7
Donations to Society and sponsorships	4.1	3.9	4.1	3.9
Income taxes	69.0	92.8	71.6	95.7
Shareholders (dividends)	194.0	284.0	194.0	284.0
Economic value distributed	**654.9**	**771.4**	**662.0**	**779.0**
Economic value retained	**194.0**	**176.0**	**207.6**	**207.0**
Depreciation and amortisation	*(61.1)*	*(67.5)*	*(61.2)*	*(67.5)*
Impairments for loans and other	*(51.4)*	*(76.4)*	*(51.4)*	*(76.3)*
Economic value retained, net of depreciation, amortisation and impairments for loans and other	*81.4*	*32.2*	*94.9*	*63.1*

BPI's activity in the area of Social Responsibility is carried out in close collaboration with the "la Caixa" Foundation, the reference Shareholder of the CaixaBank Group, of which BPI is part, and this is how the Bank channels part of the profits generated to support Society.

The "la Caixa" Foundation's budget allocation for the activity in Portugal was 40 M.€ in 2022 (10 M.€ more than in 2021).

[1] Employee wages and benefits, pension, social security and early retirement costs, and other staff expenses.
[2] Excludes donations and sponsorships.
[3] Adjusted for national accounts update published by INE.

GRI 203-2 Significant indirect economic impacts

	2021[3]	**2022**
Gross Added Value (GAV) generated by BPI (M.€)	628	718
As % of financial sector GAV	6.8%	7.3%
Contribution to GDP (M.€)	878	1 003
As % of GDP	0.41%	0.42%
Indirect job creation (thousand)	5.8	6.1

Methodological notes: Total contribution to GDP and indirect job creation

The wealth generated by a company during a given period is represented by Gross Value Added (GVA), which corresponds to the value of goods and services produced in the period minus intermediate consumption. In the calculation for BPI, GVA was defined as Gross Income plus the contribution on the banking sector and "Solidarity Surcharge on the Banking Sector" minus Gains / (losses) on financial assets and liabilities and Other administrative expenses. This amount represents BPI's direct contribution to GDP.

BPI's total contribution to GDP also takes into account the additional positive effect on the rest of the economy (indirect effect). This total contribution is estimated by applying the multiplier disclosed by INE for the financial services industry to the GVA generated by BPI.

Indirect job creation induced by BPI's activity is estimated based on the Bank's indirect contribution to GDP, mentioned above, and the average labour productivity in the economy, given by the ratio of nominal GDP to total employment in the economy.

GRI 204-1 Proportion of spending on local Suppliers

	2021	2022
Total no. of Suppliers	3 241	3 165
Total no. of national Suppliers (Portuguese taxpayer number)	3 082	3 038
Total annual spending on total Suppliers (M.€)	227.8	256.3
Total annual spending on total national Suppliers (M.€)	181.9	209.5
Percentage of the procurement budget used for significant locations of operation that is spent on Suppliers local to that operation (%)[1]	80%	82%
Percentage of national Suppliers (%)	95%	96%

GRI 205-2 Communication and training about Anti-corruption Policies and Procedures.

	2022
Employees who are aware of the Bank's policies in 2022 (%)	52%[2]
Members of the Management and Supervisory bodies who are aware of the Bank's Policies (%)	100%
Employees who received training in Ethics and Conduct (%)	0.03%[3]
Members of the Management and Supervisory bodies who received training in Ethics and Conduct (%)	0.00%[4]

BPI provides annual training on matters of Ethics and Conduct. In 2022, this mandatory training focused on the Inquiries and Whistleblowing channel.

At the same time, there is an IT platform that ensures that all Employees and members of the corporate bodies are aware of the Ethics and Conduct Policies. For this reporting purpose the following Policies were considered: i. Code of Business Conduct and Ethics; ii) Anti-corruption Policy; iii. General Policy on Conflicts of Interest: iv) Criminal Compliance Corporate Policy.

GRI 205-3 Confirmed incidents of corruption and actions taken

In 2022 there were no incidents of corruption.

GRI 206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices

In 2022, there is a pending lawsuit falling within the scope of GRI 206-1 disclosure.

[1] Significant locations of operation are considered as all the operations in Portugal.
[2] The Model for Acknowledgement of Policies was redesigned in October 2022. All Employees are now required to acknowledge the regulations in force on an annual basis. The percentage indicated corresponds to the percentage of Employees who acknowledged the regulations from October to December 2022
[3] In 2021, 98% of the Employees received training in Ethics and Conduct. In 2022 this training was given to the new Employees.
[4] Since the Members of the Management and Supervisory bodies had already received training in Ethics and Conduct in 2021, no such training was provided to them in 2022.

GRI 300 Environmental Performance

Methodological Notes:

- The environmental indicators include BPI data.
- Consumptions were obtained based on supplier invoicing.
- The energy consumption figures for the 3rd quarter of 2021 were updated based on monthly billing.

GRI 302-1 Energy consumption within the organisation

Energy consumption	2021	2022
Diesel – generators (l)	0	1 782
Diesel – car fleet (l)	479 078	406 978
Petrol – car fleet (l)	466 665	671 516
Natural gas – Central Buildings boilers[1] (kWh)	344 491	501 715
Electricity[2] (kWh)	16 904 292	14 958 133

The following conversion factors were used to convert each energy consumption into GJ:

Energy conversion	Factor	Unit	Amount	Source
Diesel	PCI	GJ/t	42.7	National Inventory Report - Portugal July 2022
Diesel	Density	kg/l	0.84	National Inventory Report - Portugal July 2022
Petrol	PCI	GJ/t	43.8	National Inventory Report - Portugal July 2022
Petrol	Density	kg/l	0.75	National Inventory Report - Portugal July 2022
Natural gas	kwh	GJ/kWh	0.0036	DGEG, 2020 Energy Conversions
Propane Gas	PCI	GJ/t	46.6	National Inventory Report - Portugal July 2022
Electricity	kWh	GJ/kWh	0.0036	DGEG, 2020 Energy Conversions

[1] Natural gas consumption for 2022 is based on monthly billing.
[2] Electricity consumption in 2022 is based on monthly billing. Consumption for the last quarter of 2022 is estimated based on the average consumption in the remaining months of the year.

GRI 302-1 Energy consumption within the organisation (cont.)

Resulting in the consumptions (GJ) presented in the Non-Financial Statement:

Energy consumption	2021	2022	Δ(%)
Diesel – generators [GJ]	0	65	-
Diesel – car fleet [GJ]	17 184	14 537	(15%)
Petrol – car fleet [GJ]	14 990	21 995	47%
Natural gas [1] – Central Buildings boilers [GJ]	1 240	1 806	46%
Electricity [2] [GJ]	60 855	53 849	(12%)
Total	**94 269**	**92 253**	**(2%)**

BPI calculates the fuel consumption of its own fleet (Galp cards) and other vehicles used by the Company whose expenses are reimbursed upon presentation of an invoice. In this second case, the number of litres consumed is calculated based on the average price per litre of the fuel used in 2022:

Fuel	€/litre (average annual amount)
Diesel	1.80
Petrol	1.89

The data source is Galp – Frota, the supplier.

GRI 302-4 Reduction of energy consumption

Description of measure implemented	Types of energy included in the reductions	Extent of energy consumption reduction, if possible (th.€)	Unit	Implementation / acquisition (date)
Ongoing improvement of the Centralised Technical Management systems for a more efficient operation of the Central Buildings' air conditioning and lighting equipment	Electricity consumption	Non available	kWh	In progress
Continuation of LED and air conditioning systems' replacement by more energy-efficient systems in all BPI premises	Electricity consumption	Non available	kWh	In progress
Creation of an online platform covering all BPI's premises for the monthly monitoring of energy consumption by type of equipment, based on ISO 50001	Electricity consumption	Non available	Non available	In progress
Lighting control by hours and zones, through presence sensors in various spaces of BPI's Central Buildings	Electricity consumption	Non available	Non available	In progress

GRI 303-5 Total water consumption

Water consumption	2021	2022	Δ (%)
Central Buildings [m^3]	6 576	11 916	81%
Commercial Network [m^3]	19 845	44 674	125%
Total [m^3]	**26 421**	**56 591**	**114%**

In 2022, consumption was calculated based on the average monthly invoiced consumption, thereby enhancing the reliability of the results obtained. The consumptions for November and December 2022 were estimated based on the remaining months of the year.
Regarding the commercial network, only branches located in the municipalities of Lisbon and Porto were taken into account. These figures were extrapolated for the remaining branches

GRI 305-1 Direct greenhouse gas (GHG) emissions - Scope 1

The calculation of direct emissions - Scope 1 considered the energy consumption reported in indicator 302-1 and the following Emission Factors (EF):

Emission Factors	Unit	Amount	Source
Diesel – stationary combustion	kg CO2eq/l	2.88	BPI own calculation based on the IPCC emission factor
Diesel – mobile combustion	kg CO2eq/l	2.72	APA 2021, National Inventory Report and IPCC EF
Petrol – mobile combustion	kg CO2eq/l	2.40	APA 2021, National Inventory Report and IPCC EF
Natural gas	kg CO2e/kWh	0.20	APA 2021, National Inventory Report and IPCC EF
R-407C	kgCO2e/kg	1 624	Global Warming Potential indicated in the IPCC Fourth Assessment Report
R-410A	kgCO2e/kg	1 924	Global Warming Potential indicated in the IPCC Fourth Assessment Report

GRI 305-2 Indirect greenhouse gas (GHG) emissions - Scope 2

The emissions associated with electricity production - Scope 2 took into account the electricity consumption reported in indicator 302-1 and the emission factors of each Supplier:

Emission Factors	Unit	Amount	Source
Galp Power 2021 – Market Based	kgCO2/kWh	0	Galp Power, 2021
Galp Power 2021 – Location Based	kgCO2/kWh	0.18	Report on Electricity Emission Factor 2022 Portugal 03/01/2022 version. Last factor available (2020)

GRI 305-3 Indirect greenhouse gas (GHG) emissions - Scope 3

Emissions are calculated based on Ecoinvent 3.8 conversion factors.

The emissions factor used for emissions linked to water consumption from the network is that referred to in the practical guide for calculating greenhouse gas emissions (GHG). OCCC June 2022 version.

For category 3.2, 3.3, 3.6 and 3.7 emissions, the emission factors used were Defra 2022.

Category 3.5 only considers the amount of waste produced that is reported in the Portuguese Environment Agency's Integrated Waste Registration Map (‘MIRR’).

Category 3.6 considers journeys in Employee cars, rented cars and others made by taxi, uber and bus. Emissions calculated for air and train travel take into account the distances travelled and the number of passengers. Emissions associated with travel by taxi, uber and bus are calculated based on distance travelled estimated from reimbursed expenses. Commuting expenses are calculated based on distance and transport mode patterns obtained through the 2022 Carbon Footprint survey and Central Buildings’ occupancy rates.

GRI 305-1/305-2/305-3 Direct greenhouse gas (GHG) emissions (cont.)

The application of these assumptions resulted in the emissions inventory presented in the Non-Financial Statement:

GHG emissions (t CO2e)

	2021	2022	Δ (%)
Direct GHG Emissions (Scope 1)	**2 548**	**3 011**	**18%**
Emergency Generators (diesel)	0	5	-
BPI Fleet (diesel and petrol)	2 400	2 715	+13%
Natural Gas Equipment	48	102	+113%
Cooling gas leaks (air conditioning)	100	189	+89%
Indirect GHG Emissions (Scope 2)[1]	**282**	**-**	**-100%**
Electricity (location-based method)	4 342	2 752	-37%
Electricity (market-based method)	282	0	-100%
Indirect GHG Emissions (Scope 3)	**4 483**	**3 933**	**-12%**
3.1 Purchase of Goods and Services	1 887	926	-51%
3.2 Capital Goods	1 156	1 086	-6%
3.3 Other energy-related emissions	466	377	-19%
3.5 Waste Treatment	20	67	+235%
3.6 Business travel	87	220	+153%
3.7 Commuting	869	1 257	+45%
Total GHG emissions (Scopes 1+2 market based +3)	**7 313**	**6 943**	**-5%**

[1] Includes two different approaches as required by the GHG Protocol: (i) location based approach, which considers the average intensity of GHG emissions from the production of electricity distributed through the national grid; (ii) market based approach, which considers the GHG emissions associated with the energy mix provided by the electricity supplier.

GRI 306-3 Waste generated

	2021	2022	Δ (%)
Paper and Cardboard waste [t]	94	130	+39%
Paper and Cardboard packaging [t]	10	19	+91%
Plastic [t]	3	4	+53%
Other [t]	13	258	-
Total [t]	**120**	**412**	**243%**

GRI 308-1 New Suppliers that were screened using environmental criteria

	2021	2022
Total number of Suppliers contracted in the reporting year	747	566
Total number of new Suppliers that were screened using environmental criteria	-	70
% of new Suppliers that were screened using environmental criteria	-	12%

GRI 400 Social disclosures

GRI 401-1 New employee hires and employee turnover | Number of new hires and departures by age group and gender

Portugal + BPI Switzerland activity	2021								2022							
	Age Bracket					Gender		Total	Age Bracket					Gender		Total
	<30	30 to 39	40 to 49	50 to 59	>59	Men	Women		<30	30 to 39	40 to 49	50 to 59	>59	Men	Women	
New hires																
Manager	-	1	4	-	-	4	1	**5**	-	1	2	-	-	2	1	**3**
Middle management	-	-	-	-	-	-	-	**-**	1	2	2	-	-	2	3	**5**
Other Employees	22	27	7	-	-	17	39	**56**	65	28	12	-	-	54	51	**105**
Total	**22**	**28**	**11**	**-**	**-**	**21**	**40**	**61**	**66**	**31**	**16**	**0**	**0**	**58**	**55**	**113**
Departures																
Manager	-	-	4	16	7	17	10	**27**	-	1	6	9	9	20	5	**25**
Middle management	1	2	9	9	2	12	11	**23**	0	2	9	9	4	17	7	**24**
Other	20	32	33	63	30	84	94	**178**	25	36	41	71	16	77	112	**189**
Total	**21**	**34**	**46**	**88**	**39**	**113**	**115**	**228**	**25**	**39**	**56**	**89**	**29**	**114**	**124**	**238**

GRI 401-1 New employee hires and employee turnover | Number of new hires and departures by country and gender

Portugal + BPI Switzerland activity	2021				2022			
	Men	**Women**	**Total**	**%**	**Men**	**Women**	**Total**	**%**
New hires (no.)								
Portugal	21	40	**61**	1.4%	58	55	113	2.6%
BPI Switzerland	-	-	**-**	-	-	-	-	-
Total	21	40	**61**		58	55	113	
Departures (no.)								
Portugal	111	114	**225**	5.0%	114	123	237	5.4%
BPI Switzerland	2	1	**3**	18.8%	1	0	1	5.9%
Total	**113**	**115**	**228**		115	123	238	

Methodological Notes:

The number of new hires and departures was calculated based on the following formula:

- Total percentage of new hires = (Total no. new hires / Total no. Employees) x 100
- Total percentage of departures = (Total no. departures / Total no. Employees) x 100

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GRI 401-1 New employee hires and employee turnover | Rate of new employee hires and turnover

Portugal + BPI Switzerland activity	2021								2022							
	Age Bracket					Gender		Total	Age Bracket					Gender		Total
	<30	30 to 39	40 to 49	50 to 59	>59	Men	Women		<30	30 to 39	40 to 49	50 to 59	>59	Men	Women	
Rate of new hires																
Manager	0%	11%	4%	0%	0%	2%	1%	**2%**	-	11%	2%	0%	0%	1%	1%	**1%**
Middle management	0%	0%	0%	0%	0%	0%	0%	**0%**	33%	7%	1%	0%	0%	1%	1%	**1%**
Other	19%	5%	0%	0%	0%	1%	2%	**2%**	47%	6%	1%	0%	0%	4%	2%	**3%**
Total	**18%**	**4%**	**0%**	**0%**	**0%**	**1%**	**2%**	**1%**	**47%**	**6%**	**1%**	**0%**	**0%**	**3%**	**2%**	**3%**
Turnover rate																
Manager	0%	0%	4%	9%	32%	8%	10%	**8%**	-	11%	7%	5%	41%	10%	5%	**8%**
Middle management	33%	6%	2%	4%	15%	3%	4%	**4%**	0%	7%	3%	4%	31%	5%	3%	**4%**
Other	17%	5%	2%	7%	77%	6%	4%	**5%**	18%	8%	2%	7%	41%	6%	5%	**5%**
Total	**17%**	**5%**	**2%**	**7%**	**53%**	**6%**	**5%**	**5%**	**18%**	**8%**	**2%**	**6%**	**39%**	**6%**	**5%**	**5%**

Methodological Notes:

The rate of new employee hires and turnover was calculated based on the following formulas:

- Rate of new hires = (No. of new hires / total no. of employees) x 100
- Turnover rate = (No. of departures during the reporting period / Total no. of employees at the end of the reporting period) x 100

GRI 403-9/10 Work-related injuries and work-related ill health

Portugal + BPI Switzerland activity	2021			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
No. of injuries with sick leave	4	6	**10**	4	18	**22**
No. of injuries with sick leave of more than 6 months (absence of more than 180 days)	0	0	**0**	0	1	**1**
No. of injuries with and without sick leave	13	26	**39**	13	29	**42**
No. of cases of work-related ill health	0	2	**2**	0	1	**1**
No. of deaths resulting from work-related injuries	0	0	**0**	0	0	**0**
No. of deaths resulting from work-related ill health	0	0	**0**	0	0	**0**
Hours worked[1] (in million)	3.2	4.0	**7.3**	3.1	3.9	**7.0**
Mortality rate as a result of work-related injuries	0.00	0.00	**0.00**	0.00	0.00	0.00
Rate of high-consequence work-related injuries (excluding fatalities)	0.00	0.00	**0.00**	0.00	0.26	**0.14**
Rate of recordable work-related injuries	4.01	6.43	**5.35**	4.14	7.45	**5.97**
The main types of work-related injury	▪ Commuting ▪ Work place ▪ Lunch break			▪ Commuting ▪ Work place ▪ Lunch break		
Main types of work-related ill-health	▪ Paralysis and Tenosynovitis ▪ Chronic laryngitis			-		

[1]Includes hours worked and logged by Employees in the "Work Times" application on the last day of the closing month of the quarter: Dec/21, Q1, Q2 and Q3 2022.

GRI 403-9/10 Work-related injuries and work-related ill health (cont.)

Portugal + BPI Switzerland activity	2021		2022	
	No.	**%**	**No.**	**%**
Work-related injuries				
Deaths resulting from work-related injuries	0	0	0	0
High-consequence work-related injuries	0	0	1	0.14
Work-related injuries	39	5.35	42	5.97
Hours worked (in million)	7.3	-	7.0	-

Portugal + BPI Switzerland activity	2021	2022
	No.	**No.**
Wok-related ill-health		
Deaths resulting from work-related ill health	0	0
Work-related ill health	2	1

Methodological notes:

High-consequence work-related injuries were considered as injuries that led to an average sick leave of more than 6 months.

GRI 404-1 Average hours of training per year per Employee, gender and employee category | Annual training per employee, gender and employee category

Employees and no. of training hours per employee category

Portugal + BPI Switzerland activity	2021		2022	
	No. of Employees [1]	No. of training hours	No. of Employees [1]	No. of training hours
Manager	317	14 th.	298	11 th.
Middle management	647	31 th.	626	36 th.
Other	3 466	136 th.	3 444	175 th.
Total	**4 430**	**180 th.**	**4 368**	**222 th.**

Employees and no. of training hours per gender

Portugal + BPI Switzerland activity	2021		2022	
	No. of Employees [1]	No. of training hours	No. of Employees [1]	No. of training hours
Men	1 915	77 th.	1 894	94 th.
Women	2 515	103 th.	2 474	128 th.
Total	**4 430**	**180 th.**	**4 368**	**222 th.**

[1] Employees who completed at least one training course in 2022.

GRI 404-1 Average hours of training per year per Employee, gender and employee category | Average annual hours of training per employee, gender and employee category

Portugal + BPI Switzerland activity	2021	2022
Per gender		
Men	40	49
Women	41	52
Per Employee category		
Manager	43	38
Middle management	48	58
Other	39	51
Per Employee	41	51

Methodological notes:

The average number of hours of training was calculated based on the following formulas:

- Average annual training hours: Total annual training hours/ Total number of company Employees.
- Average training hours per employee category/gender: Total training hours per employee category and/or gender/ Total number of Employees per employee category and/or gender.

GRI 404-3 Percentage of Employees receiving regular performance and career development reviews

Portugal + BPI Switzerland activity	2021			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Total Employees who receive performance review						
Manager	171	91	**262**	159	91	**250**
Middle management	362	277	**639**	344	259	**603**
Other	1 293	1 989	**3 282**	1 237	1 959	**3 196**
Total	**1 826**	**2 357**	**4 183**	1 740	2 309	**4 049**
Percentage of Employees who regularly receive performance review						
Manager	80%	88%	**82%**	80%	88%	**83%**
Middle management	99%	98%	**99%**	98%	96%	**97%**
Other	96%	92%	**93%**	91%	92%	**92%**
Total	**95%**	**92%**	**93%**	**91%**	**92%**	**92%**

Methodological notes:

The following formula was used to calculate the percentage of Employees who received a performance review:

- Percentage of Employees who received performance review: total Employees who received performance review per gender and/or employee category / total Employees per gender and/or employee category.

GRI 405-1 Diversity of governance bodies and employees by Employee category, gender, age bracket, minority and other indicators of diversity

Portugal + BPI Switzerland activity	2021									2022								
	Employees		Per age bracket					Per gender		Employees		Per age bracket					Per gender	
	No.	% of total	<30	30 to 39	40 to 49	50 to 59	>59	Men	Women	No.	% of total	<30	30 to 39	40 to 49	50 to 59	>59	Men	Women
Workforce																		
Manager	**318**	**7%**	0%	3%	32%	58%	7%	67%	33%	**301**	**7%**	0%	3%	29%	60%	7%	66%	34%
Middle management	**648**	**14%**	0%	5%	57%	35%	2%	56%	44%	**619**	**14%**	0%	5%	53%	39%	2%	57%	43%
Other	**3 512**	**78%**	3%	17%	55%	24%	1%	38%	62%	**3 484**	**79%**	4%	13%	54%	28%	1%	39%	61%
Total	**4 478**	**100%**	**3%**	**14%**	**54%**	**28%**	**2%**	**43%**	**57%**	**4 404**	**100%**	3%	11%	52%	32%	2%	43%	57%
Of which: Employees with disability																		
Manager	**7**	**6%**	0%	0%	29%	43%	29%	43%	57%	**9**	**7%**	0%	0%	22%	56%	22%	33%	67%
Middle management	**16**	**13%**	**0%**	0%	50%	44%	6%	31%	69%	**16**	**12%**	0%	0%	56%	38%	6%	31%	69%
Other	**97**	**81%**	**1%**	12%	38%	46%	2%	23%	77%	**111**	**82%**	0%	10%	41%	48%	2%	25%	75%
Total	**120**	**100%**	**1%**	**10%**	**39%**	**46%**	**4%**	**25%**	**75%**	**136**	**100%**	0%	8%	41%	47%	4%	26%	74%

GRI 405-2 Ratio of basic salary and remuneration of women to men by significant locations of operation (cont.)

Activity Portugal	2021			2022		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Number of Employees per employee category and gender (no.)[1]						
Manager	209	104	**313**	193	103	296
Middle management	365	278	**643**	347	266	613
Other	1 342	2 164	**3 506**	1 352	2 126	3 478
Total	**1 916**	**2 546**	**4 462**	**1 892**	**2 495**	**4 387**
Total monthly base salary per employee category and gender (M.€)[1]						
Manager	17.8	7.0	**24.8**	16.9	7.3	**24.1**
Middle management	15.9	11.3	**27.1**	15.4	11.0	**26.4**
Other	38.9	55.9	**94.9**	41.4	58.3	**99.7**
Total	**72.6**	**74.2**	**146.8**	**73.7**	**76.6**	**150.3**
Total monthly remuneration per employee category and gender (M. €)[1]						
Manager	20.5	8.3	**28.7**	20.9	8.9	**29.9**
Middle management	16.8	11.9	**28.6**	16.0	11.4	**27.4**
Other	40.1	57.4	**97.5**	42.7	59.7	**102.4**
Total	**77.3**	**77.6**	**154.9**	**79.7**	**80.0**	**159.6**

GRI 405-2 Ratio of basic salary and remuneration of women to men by significant locations of operation (cont.)

Portugal + BPI Switzerland activity	2021				2022			
	Men	**Women**	**Total**	**M/W ratio**	**Men**	**Women**	**Total**	**M/W ratio**
Average base salary per employee category and gender (th.€)								
Manager	85 th.	67 th.	79 th.	**79%**	87 th.	71 th.	82 th.	**81%**
Middle management	44 th.	40 th.	42 th.	**93%**	44 th.	41 th.	43 th.	**93%**
Other	29 th.	26 th.	27 th.	**89%**	31 th.	27 th.	29 th.	**89%**
Total	**38 th.**	**29 th.**	**33 th.**	**77%**	**39 th.**	**31 th.**	**34 th.**	**79%**
Average remuneration per employee category and gender (th.€)								
Manager	98 th.	80 th.	92 th.	**81%**	109 th.	87 th.	101 th.	**80%**
Middle management	46 th.	43 th.	45 th.	**93%**	46 th.	43 th.	45 th.	**93%**
Other	30 th.	27 th.	28 th.	**89%**	32 th.	28 th.	29 th.	**89%**
Total	**40 th.**	**30 th.**	**35 th.**	**76%**	**42 th.**	**32 th.**	**36 th.**	**76%**

GRI 406-1 Incidents of discrimination and corrective actions taken

In 2022 there was a complaint of discrimination. The case was analysed, following due diligence, and closed with no need to open an incident.

Portugal + BPI Switzerland activity	2021	2022
Total incidents/instances of discrimination	0	0
Status of incidents and actions taken	0	0
Instances analysed by BPI	0	1
Remediation plan under implementation	0	0
Instances where remediation plan was implemented and results analysed	0	0
Case solved/concluded (no. of cases)	0	1

GRI 417-3 Incidents of non-compliance concerning marketing communications

	2021	2022
Total number of cases of non-compliance with laws that resulted in a fine or penalty	0	0
Total number of cases of non-compliance with laws that resulted in a warning	6	2
Total number of cases of non-compliance with voluntary codes	0	0

GRI 418-1 Total number of substantiated complaints concerning breaches of Customer privacy and losses of Customer data

	2021	2022
Total number of cases of breach of Customer privacy	32	33

Detail - type of complaint:	2021	2022
Failed e-mail communication	21	9
Failure to communicate by letter (loss or errors)	4	7
Lost correspondence in internal mail	1	6
Faulty service at branch	2	7
Other	4	4
Total	**32**	**33**

GRI FS

GRI FS7 Monetary value of products and services designed to deliver a specific social benefit for each business line, broken down by purpose

Type of Product	Product/ Service	Brief Description of Product/ Service and their objective	Amount (M.€)	
			2021	2022
Personal loans	Personal Loans for Education	Personal loans to finance training expenses	7.0	8.3
Support facilities	FIS Credit – BPI credit line	Credit line to support entities that promote Social Innovation and Entrepreneurship Initiatives	0.008	-
	Credit line to support Entrepreneurship and Own Job creation (IEFP) – INVEST+ and MICROINVEST	Support credit line for individuals who are unemployed and looking to start their own businesses or become self-employed, and for micro-entities and cooperatives covered by the National Microcredit Programme	3.1	1.9
	COVID-19 Social Sector Support credit line	Support credit line to facilitate social economy entities' access to credit with advantageous conditions	1.8	0.8
	BPI First Right credit line	Credit line with subsidised interest rate for housing projects for people in vulnerable conditions	-	-

GRI FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose

Type of Product	Product/ Service	Brief Description of Product/ Service and their objective	Amount (M.€)		No. of Projects Financed
			2021	2022	2022
Credit	Energy Efficiency Mortgage Loan	Mortgage loan with special conditions for acquisition of properties with A+, A or B energy classification	-	361	1 771
	Renewable Energy Personal Loans	Personal loans to finance renewable energy equipment	1.0	1.3	77

GRI FS

GRI FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose

Type of Product	Product/ Service	Brief Description of Product/ Service and their objective	Amount (M.€)		No. of Projects Financed
			2021	2022	2022
Credit	Car Loans	Car loans to finance the purchase of 100% electric vehicles (includes loans under partnership with Tesla)	32.9	35.4	945
	Car loans - Tesla partnership	Partnership with Tesla to finance the purchase of electric vehicles	17.8	18.2	431
	Renting	Partnership with ARVAL, providing, among other alternatives, a renting solution for electric vehicles (e.g., NISSAN Leaf)	0.4	0.9	20
Prestige Products	Prestige Products - Mobility category	Offering of non-financial products with sustainable criteria - Sustainable mobility solutions (bicycles, scooters, solar panels, etc.)	0.2	0.2	343
Customer resources	Third-party funds - Art. 8	Offer of investment funds from other Fund Managers with a sustainability-oriented investment policy - portfolio amounts and percentages [1]	2 756.6 54%	2 152.8 44%	NA
	Third-party funds - Art. 9		119.7 11%	88.4 11%	NA
Insurance	Life - Art. 8	Distribution as agents of BPI Vida e Pensões' life insurance offer	2 975.5	2 774.5	NA

[1] Includes third-party funds (other than BPI and BPI Gestão de Ativos), Flexible funds and Retirement Saving Plans in the form of BPI Gestão de Ativos funds.

GRI FS8 Monetary value of products and services designed to deliver a specific environmental benefit for each business line, broken down by purpose (cont.)

Type of Product	Product/ Service	Brief Description of Product/ Service and their objective	Amount (M.€)		No. of Projects Financed	Amount (M.€)	No. of Projects Financed	Year Line Started
			2021	2022	2022	No. Projects Financed		
Credit line for companies	BPI/EIB Energy Efficiency Line	Credit line to finance investments that reduce companies' energy consumption	2.8	4	20	25.8	77	2016
	ESG Line for Companies	Credit line to help companies' ESG transition, in the form of a fixed-term loan.	-	22	52	22	52	2022
MLT Financing	BPI/IFRRU 2020	Credit line to finance urban rehabilitation projects carried out in national territory by private of public companies.	51	76	22	369.5	116	2017
	JESSICA	Credit line allowing countries to use part of the EU aid under Structural Funds to make repayable investments in projects included in an integrated plan for sustainable urban development	2.1	0	0	276.9	97	2012
Bonds / commercial paper	Green / ESG bonds	Financing to support companies' Sustainability strategies and projects	135.4	200	5	481.8	13	-
	Commercial Paper		90	125	3	215	5	-
Project Finance	Renewable Energies: wind, solar, photovoltaic, hydro or biomass	-	50.5	0	0	216.7	44	-

Sustainability Accounting Standards Board (SASB) Index

Topic	Metric	Metric Code	Location / Omission
Information Security	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	FN-CB-230a.1	Standards and Commitments – GRI, page 182
	Description of approach to identifying and addressing data security risks	FN-CF-230a.2	Risk Management – Other Relevant Topics, pages 127 to 129
Financial inclusion and capacity-building	(1) Number and (2) amount of loans outstanding qualified to programmes designed to promote small business and community development	FN-CB-240a.1	Metrics related to this topic have been omitted due to lack of applicability. For a qualitative description of BPI's efforts on this topic, please refer to the following chapters: Financial Capital - Commercial Banking Business, page 39; Financial Results, pages 52 to 54
	(1) Number and (2) amount of past due and nonaccrual loans qualified to programmes designed to promote small business and community development	FN-CB-240a.2	
	Number of minimum banking services accounts (no-cost retail accounts) provided to previously unbanked or underbanked Customers	FN-CB-240 a3	Social Capital - Financial Inclusion, page 84
	Number of participants in financial literacy initiatives for unbanked or underbanked Customers	FN-CB-240a4	Metrics related to this topic have been omitted due to lack of applicability. For a qualitative description of BPI's efforts on this topic, please refer to the following pages: Social Capital - Financial Inclusion, page 84 and 85
Incorporation of ESG factors in credit analysis	Commercial and industrial credit exposure, by sector	FN-CB-410.a1	The detail of loans and advances to non-financial companies broken down by sector is provided in the chapter "Notes to the financial statements, note 3 - Risk management", page 246
	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	FN-CB-4101a.2	Natural Capital - Sustainable Business /Environmental and Climate Risks, page 93 to 98; Risk Management – Risks Catalogue, page 121

Topic	Metric	Metric Code	Location / Omission
Ethics	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anticompetitive behaviour, market manipulation, malpractice, or other related financial industry laws or regulations	FN-CB-510a.1	Standards and Commitments – GRI, page 164
	Description of whistleblower policies and procedures	FN-CB-510a.2	Governance Model: Whistleblowing Policy, page 111; Social Capital - Tax and GDP contribution, pages 91 and 92
Management of systemic risk	Global Systemically Important Bank (G-SIB) score, by category	FN-CB-550 a.1	Non applicable
	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	FN-CB-550a.2	Non applicable

UN Global Compact index

Domain	Principle	Location / Omission
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights	Identity: Commitment to the stakeholders, page 16; Human Capital, pages 69 to 72; Governance Model: Code of Ethics and Business Conduct / Human Rights Policy, page 111
	2. Companies should make sure that they are not complicit in human rights abuses	Identity: Commitment to the stakeholders, page 16; Human Capital, pages 69 to 72; Governance Model: Code of Ethics and Business Conduct / Human Rights Policy, page 111
Labour Practices	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Capital: Diversity and Inclusion, pages 71 to 72
	4. Elimination of all forms of forced and compulsory labour	Natural Capital – Environmental Management and Decarbonisation: Commitment to Suppliers, page 103; Governance Model: Human Rights Policy, page 111
	5. Effective abolition of child labour	Natural Capital – Environmental Management and Decarbonisation: Commitment to Suppliers, page 103; Governance Model: Human Rights Policy, page 111; Risk Management – Risks Catalogue, pages 121 and 122
	6. Elimination of discrimination in respect of employment and occupation	Human Capital, pages 69 to 72; Governance Model: Code of Ethics and Business Conduct / Human Rights Policy, page 111
Environmental Protection	7. Businesses should support a precautionary approach to environmental challenges	Natural Capital – Sustainable Business: Main Guidelines / Environmental Management System, page 93
	8. Businesses should undertake initiatives to promote greater environmental responsibility	Natural Capital, pages 93 to 104
	9. Businesses should encourage the development and diffusion of environmentally friendly technologies	Intellectual Capital - Operational and Organisational Efficiency, page 66; Natural Capital – Sustainable Business: Companies, pages 94 and 95; Natural Capital – Environmental Management and Decarbonisation: Energy Consumption, page 99 / Paper consumption, page 100 / Water consumption, page 100, Sustainable Mobility, page 101 / Waste and Circular Economy, page 101 / Carbon Neutral Strategy, page 102
Fight against corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery	Governance Model: Anti-corruption Policy, page 111

CUSTOMER SURVEYS AND MARKET RESEARCH

BPI conducts a number of surveys aimed at monitoring the experience of its Customers in the various business segments, including:

Survey	Factor	2021	2022
Branch IEX (Customer Experience Index)	Evaluation of the Overall Customer Experience (individuals segment) of the service provided by their Branch or contact person; scale 0 - 1000 points Quarterly	914	906
Premier centres IEX	Evaluation of the Overall Customer Experience (Premier Centres segment) of the service provided by their Centre or contact person; scale 0 - 1000 points Quarterly	886	871
Entrepreneurs and Small businesses IEX	Evaluation of the Overall Customer Experience (Entrepreneurs & Small businesses segment) of the service provided by their Branch; scale 0 - 1000 points Annual	807	806 (1st wave 2022)
Companies IEX	Evaluation of the Overall Customer Experience (Companies segment) of the service provided by their Corporate Centre; scale 0– 1000 points Annual	856	848
Institutional IEX	Evaluation of the Overall Customer Experience (Institutional segment) of the service provided by their Institutional Centre; scale 0– 1000 points Annual	861	880
Corporate IEX	Evaluation of the Overall Customer Experience (Corporate segment) of the service provided by their Corporate Centre; scale 0– 1000 points Annual	865	864
CENI (Real Estate Business Centres) IEX	Evaluation of the Overall Customer Experience (Real Estate segment) of the service provided by their CENI; scale 0– 1000 points Annual	NA	755
DIE-DI (Companies InTouch Division – Business Development) EXN	Evaluation of the Overall Customer Experience of the service provided by their Business Development Centre's online account manager; scale 0– 1000 points Annual	NA	758
Global satisfaction Touchpoint – New Clients	Global Satisfaction with the account opening process scale 0 - 10 points Quarterly	8.54	7.95 (1Q 2022)

CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

BANCO BPI, S.A.

BALANCE SHEETS AS OF 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
ASSETS					
Cash, cash balances at central banks and other demand deposits	8	2 465 722	6 245 822	2 465 722	6 239 469
Financial assets held for trading	9	96 071	103 838	96 071	103 838
Non-trading financial assets mandatorily at fair value through profit or loss	10	73 509	113 509	73 509	113 509
Equity instruments		67 806	108 155	67 806	108 155
Debt securities		5 703	5 354	5 703	5 354
Financial assets at fair value through other comprehensive income	11	1 443 572	1 666 764	1 443 572	1 666 764
Equity instruments		490 133	431 389	490 133	431 389
Debt securities		953 439	1 235 375	953 439	1 235 375
Financial assets at amortised cost	12	33 752 722	32 137 819	33 752 722	32 137 819
Debt securities		7 466 754	6 845 126	7 466 754	6 845 126
Loans and advances - Central Banks and other Credit Institutions		819 149	1 002 843	819 149	1 002 843
Loans and advances - Customers		25 466 819	24 289 850	25 466 819	24 289 850
Derivatives - Hedge accounting	13	35 726	25 174	35 726	25 174
Fair value changes of the hedged items in portfolio hedge of interest rate risk	13	(111 400)	32 544	(111 400)	32 544
Investments in subsidiaries, joint ventures and associates	14	268 579	273 921	94 232	96 974
Tangible assets	15	198 215	209 224	198 215	209 140
Intangible assets	16	108 393	98 438	108 393	98 438
Tax assets	24	183 731	200 883	183 731	200 873
Other assets	17	363 328	265 277	363 328	262 890
Non-current assets and disposal groups classified as held for sale	18	26 385	5 098	16 896	5 098
Total assets		38 904 553	41 378 311	38 720 717	41 192 530
LIABILITIES					
Financial liabilities held for trading	9	87 113	103 937	87 113	103 937
Financial liabilities at amortised cost	19	34 435 882	37 200 614	34 435 882	37 201 145
Deposits - Central Banks		436 633	4 823 269	436 633	4 823 269
Deposits - Credit Institutions		1 057 050	1 002 995	1 057 050	1 002 995
Deposits - Customers		30 326 287	28 872 140	30 326 287	28 872 140
Debt securities issued		2 339 450	2 206 299	2 339 450	2 206 299
Memorandum items: subordinated liabilities		431 285	304 304	431 285	304 304
Other financial liabilities		276 462	295 911	276 462	296 442
Derivatives - Hedge accounting	13	21 909	15 859	21 909	15 859
Fair value changes of the hedged items in portfolio hedge of interest rate risk	13	(151 089)	(1 664)	(151 089)	(1 664)
Provisions	20	49 079	52 507	49 079	52 507
Pending legal issues and tax litigation		24 162	34 116	24 162	34 116
Commitments and guarantees given		12 399	18 093	12 399	18 093
Other provisions		12 518	298	12 518	298
Tax liabilities	24	125 068	20 073	113 194	8 838
Other liabilities	21	470 361	319 471	470 361	318 440
Liabilities included in disposal groups classified as held for sale	18	1 655			
Total Liabilities		35 039 978	37 710 797	35 026 449	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	(330 362)	(370 076)	(272 810)	(346 440)
Items that will not be reclassified to profit and loss		(205 827)	(357 569)	(205 978)	(357 322)
Tangible assets		703	703	703	703
Actuarial gains or (-) losses on defined benefit pension plans		(187 494)	(277 562)	(187 494)	(277 562)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		157	(242)		
Fair value changes of equity instruments measured at fair value through other comprehensive income		(19 193)	(80 468)	(19 187)	(80 463)
Items that may be reclassified to profit and loss		(124 535)	(12 507)	(66 832)	10 882
Foreign currency translation		(29 895)	(36 937)		
Fair value changes of debt instruments measured at fair value through other comprehensive income		(66 832)	10 882	(66 832)	10 882
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		(27 808)	13 548		
Retained earnings	23	2 161 163	2 053 377	2 122 011	2 017 631
Other reserves	23	100 665	109 327	(57 080)	(39 154)
Profit or loss attributable to owners of the parent		365 046	306 823	334 084	293 368
Total Equity		3 864 575	3 667 514	3 694 268	3 493 468
Total Equity and Total Liabilities		38 904 553	41 378 311	38 720 717	41 192 530

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

The Registered Accountant **The Board of Directors**

BANCO BPI, S.A.

STATEMENTS OF PROFIT OR LOSS FOR THE YEARS ENDED ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
Interest income	26	656 697	507 988	656 696	508 164
Interest expense	26	(97 303)	(47 523)	(97 280)	(47 545)
NET INTEREST INCOME		**559 394**	**460 465**	**559 416**	**460 619**
Dividend income	27	91 489	99 837	129 031	135 632
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	14	67 347	47 762		
Fee and commission income	28	323 304	308 185	316 457	299 847
Fee and commission expenses	28	(27 560)	(20 011)	(27 552)	(20 004)
Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	29	740	223	740	223
Gains or (-) losses on financial assets and liabilities held for trading, net	29	14 843	5 420	14 843	5 420
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	29	(3 051)	(5 169)	(3 051)	(5 169)
Gains or (-) losses from hedge accounting, net	29	(3 021)	(2 125)	(3 021)	(2 125)
Exchange differences [gain or (-) loss], net	29	28 147	28 192	28 114	28 257
Other operating income	30	28 132	29 304	28 132	29 299
Other operating expenses	30	(75 834)	(64 575)	(77 763)	(65 183)
GROSS INCOME		**1 003 930**	**887 508**	**965 346**	**866 816**
Administrative expenses		**(399 261)**	**(396 475)**	**(394 579)**	**(391 858)**
Staff expenses	31	(259 577)	(260 893)	(256 148)	(257 590)
Other administrative expenses	32	(139 684)	(135 582)	(138 431)	(134 268)
Depreciation		(67 544)	(61 220)	(67 484)	(61 131)
Provisions or (-) reversal of provisions	20	**(9 893)**	**(5 295)**	**(9 893)**	**(5 295)**
Commitments and guarantees given		5 694	(1 580)	5 694	(1 580)
Other provisions		(15 587)	(3 715)	(15 587)	(3 715)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	33	**(66 334)**	**(45 581)**	**(66 334)**	**(45 581)**
Financial assets at amortised cost		(66 334)	(45 581)	(66 334)	(45 581)
Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	14		(201)		(196)
Impairment or (-) reversal of impairment on non-financial assets	34	904	(904)	904	(904)
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		(773)	1	(773)	1
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		(283)	542	(283)	542
Profit or (-) loss before tax from continuing operations		**460 785**	**378 375**	**426 900**	**362 394**
Tax expenses or (-) income related to profit or loss from continuing operations	24	(95 739)	(71 552)	(92 816)	(69 026)
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**365 046**	**306 823**	**334 084**	**293 368**
PROFIT OR (-) LOSS FOR THE YEAR		**365 046**	**306 823**	**334 084**	**293 368**
PROFIT OR (-) LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	37	**365 046**	**306 823**	**334 084**	**293 368**

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

The Registered Accountant **The Board of Directors**

BANCO BPI, S.A.

STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEARS ENDED ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
PROFIT OR (-) LOSS FOR THE YEARS		**365 046**	**306 823**	**334 084**	**293 368**
Other comprehensive income		**45 749**	**138 386**	**78 642**	**120 568**
Items that will not be reclassified to profit or loss		**157 777**	**134 357**	**156 356**	**131 780**
Actuarial gains or (-) losses on defined benefit pension plans	**21 / 22**	147 105	106 052	147 105	106 052
Non-current assets and disposal groups classified as held for sale			26		26
Share of other recognised income and expense of investments in joint ventures and associates	**14**	1 421	2 577		
Fair value changes of equity instruments measured at fair value through other comprehensive income		67 933	25 680	67 933	25 680
Income tax relating to items that will not be reclassified		(58 682)	22	(58 682)	22
Items that may be reclassified to profit or loss		**(112 028)**	**4 029**	**(77 714)**	**(11 212)**
Foreign currency translation		7 042	23 124		
Translation gains or (-) losses taken to equity		7 042	23 124		
Debt instruments at fair value through other comprehensive income		(111 847)	(15 444)	(111 847)	(15 444)
Valuation gains or (-) losses taken to equity		(111 847)	(15 444)	(111 847)	(15 444)
Share of other recognised income and expense of investments in joint ventures and associates	**14**	(41 356)	(7 883)		
Income tax relating to items that may be reclassified to profit or loss		34 133	4 232	34 133	4 232
Total comprehensive income for the year		**410 795**	**445 209**	**412 726**	**413 936**
Attributable to owners of the parent		410 795	445 209	412 726	413 936

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

The Registered Accountant

The Board of Directors

BANCO BPI, S.A.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED ON 31 DECEMBER 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					25 931	(25 931)		
Additional Tier 1 interest						(17 925)		(17 925)
Realised gains on equity instruments at fair value through other comprehensive income				(2 086)	869	1 217		
Comprehensive income in the year of 2021				138 386			306 823	445 209
Other changes in equity						(2 883)		(2 883)
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**					(17 926)		(17 926)
Realised gains on equity instruments at fair value through other comprehensive income				(6 035)	5 012	1 023		
Comprehensive income in the year of 2022				45 749			365 046	410 795
Other changes in equity						(1 808)		(1 808)
Balances at 31 December 2022		**1 293 063**	**275 000**	**(330 362)**	**2 161 163**	**100 665**	**365 046**	**3 864 575**

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

The Registered Accountant

The Board of Directors

BANCO BPI, S.A.

INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED ON 31 DECEMBER 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**	**(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						(17 925)		(17 925)
Realised gains on equity instruments at fair value through other comprehensive income				(981)	981			
Comprehensive income in the year of 2021				120 568			293 368	413 936
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**					(17 926)		(17 926)
Realised gains on equity instruments at fair value through other comprehensive income				(5 012)	5 012			
Comprehensive income in the year of 2022				78 642			334 084	412 726
Balances at 31 December 2022		**1 293 063**	**275 000**	**(272 810)**	**2 122 011**	**(57 080)**	**334 084**	**3 694 268**

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

The Registered Accountant

The Board of Directors

BANCO BPI, S.A.
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED ON 31 DECEMBER 2022 AND 2021

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		31-12-2022	31-12-2021	31-12-2022	31-12-2021
Cash flows from/(used in) operating activities					
Interest, commissions and other income received		1 071 602	879 270	1 071 602	870 601
Interest, commissions and other expenses paid		(225 307)	(152 387)	(225 307)	(152 510)
Dividends received		4 039	1 893	4 039	1 893
Dividends received from Banco de Fomento Angola	**11**	119 996	81 298	119 996	81 298
Recovery of overdue loans and interest and gains/(losses) on the sale of real estate received in settlement of defaulting loans		13 386	32 604	13 386	32 604
Payments to staff and suppliers		(332 338)	(372 206)	(332 338)	(367 330)
Net cash flow from income and expenses		651 378	470 472	651 378	466 556
Decreases (increases) in:					
Financial assets held for trading, at fair value through profit or loss, at fair value through other comprehensive income		165 887	68 156	165 887	68 156
Financial assets at amortised cost - Central Banks and other Credit Institutions (includes debt instruments)		(56 487)	248 890	(56 487)	242 410
Financial assets at amortised cost - Customers (includes debt instruments)		(1 758 950)	(2 425 236)	(1 758 950)	(2 425 236)
Other assets		159 489	(67 638)	159 489	(67 830)
Net cash flow from operating assets		(1 490 061)	(2 175 828)	(1 490 061)	(2 182 500)
Increases (decreases) in:					
Financial liabilities measured at amortised cost - Central Banks and other Credit Institutions		(4 402 579)	370 201	(4 402 579)	370 201
Financial liabilities measured at amortised cost - Customers and other		1 468 307	2 864 725	1 468 307	2 864 725
Financial liabilities held for trading		53 724	249 750	53 724	249 750
Other liabilities		(31 329)	(123 904)	(31 329)	(124 417)
Net cash flow from operating liabilities		(2 911 877)	3 360 772	(2 911 877)	3 360 259
Contributions to Pension Funds	**22**	(549)	(90 645)	(549)	(90 646)
Income tax paid		509	(502)	509	(55)
		(3 750 600)	**1 564 269**	**(3 750 600)**	**1 553 614**
Cash flows from/(used in) investing activities					
Purchase of other tangible assets and intangible assets	**15/16**	(66 744)	(53 086)	(66 744)	(53 074)
Sale of other tangible assets		18	1	18	1
Dividends received from investments in joint ventures and associates		41 100	23 482	41 100	32 736
		(25 626)	**(29 603)**	**(25 626)**	**(20 337)**
Cash flows from /(used in) financing activities					
Issuance of debt securities and subordinated debt	**19.3**	425 000	700 000	425 000	700 000
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		(23 168)	(20 972)	(23 168)	(20 972)
Additional Tier 1 interest		(17 875)	(17 875)	(17 875)	(17 875)
Dividends distribution	**5**	(194 000)	(129 722)	(194 000)	(129 722)
Rents paid for leasing operations		(24 295)	(22 945)	(24 295)	(22 945)
		(134 338)	**208 324**	**(134 338)**	**208 324**
Net increase / (decrease) in cash and cash equivalents		**(3 914 373)**	**1 730 615**	**(3 914 373)**	**1 729 223**
Exchange rate variation in the year		3 809	12 375	3 809	12 375
Cash and cash equivalents at beginning of the year		6 463 780	4 720 790	6 457 426	4 715 828
Reclassification of BPI Suisse to the portfolio of non-current assets held for sale		(6 354)			
Cash and cash equivalents at the end of the year		**2 546 862**	**6 463 780**	**2 546 862**	**6 457 426**
Cash and deposits at Central Banks	**8**	2 371 843	6 145 611	2 371 843	6 145 607
Deposits at other credit institutions	**8**	93 409	100 975	93 409	94 625
Cheques for collection and other cash items	**12.2**	39 420	34 025	39 420	34 025
Very short term applications	**12.2**	42 190	183 169	42 190	183 169
Cash and cash equivalents		**2 546 862**	**6 463 780**	**2 546 862**	**6 457 426**
Cash and cash equivalents by currency					
EUR		2 425 742	6 198 982	2 425 742	6 198 736
USD		55 738	224 507	55 738	224 112
Other currencies		65 382	40 291	65 382	34 578
Cash and cash equivalents		**2 546 862**	**6 463 780**	**2 546 862**	**6 457 426**

The accompanying notes are an integral part of these financial statements

The Registered Accountant

Alberto Pitôrra

The Board of Directors

Chairman — 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

Banco BPI, S.A.

Notes to the financial statements at 31 December 2022

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

(These notes are a translation of notes originally issued in Portuguese – Note 41)

Notes to the financial statements of Banco BPI 31 December 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 1.9 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 conglomerate 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 million euros (of which 7.55 million euros issued after 31/12/2010, with unit nominal value of 100 000 euros or more).

As of 31 December 2022, 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	3 694 269	38 720 719	334 084		
Banco Comercial e de Investimentos, S.A.[2]	Mozambique	411 693	2 971 012	118 482	35.67 %	Equity method
Asset Management						
BPI (Suisse), S.A.[2]	Switzerland	9 855	11 509	1 858	100.00 %	IFRS 5
Insurance						
Cosec – Companhia de Seguros de Crédito, S.A.	Portugal	49 579	142 102	8 130	50.00 %	Equity method
Companhia de Seguros Allianz Portugal, S.A.	Portugal	103 182	1 348 590	36 364	35.00 %	Equity method
Other						
Unicre - Instituição Financeira de Crédito, S.A.	Portugal	131 761	486 196	22 625	21.01 %	Equity method

Note: Unless otherwise indicated, all amounts are as of 31 December 2022 (accounting balances before consolidation adjustments).
[1] Includes net profit (loss) for the period.
[2] Amounts converted to euros at the exchange rate of 31 December 2022.

In 2022:

- 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, in July 2022 Banco BPI approved the sale of all shares representing 100% of BPI Suisse’s share capital to CWML, for 17 million euros. Accordingly, in the second half of 2022, the assets and liabilities held by BPI Suisse, as well as the stake held by Banco BPI, were reclassified to the captions Non-current Assets and Liabilities and disposal groups classified as held for sale (IFRS 5 - Note 18). The completion of this transaction is scheduled for the first half of 2023, with the capital gain (approximately 10 million euros[1]) to be recognised only at that time.
- BPI Inc was liquidated.
- The holding in Inter-Risco - Sociedade de Capital de Risco, S.A. was sold.

[1] Estimate based on shareholders' equity as of 31 December 2022 and including 2.4 million euros of currency translation reserves. The actual capital gain will be determined according to the actual figures at the date of sale.

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	41 192 530	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 detailed in the tables above corresponds to the last available data (amounts not yet approved) at the time of approval of these financial statements. Banco BPI believes that these are properly presented in the consolidated accounts of the Bank.

1.2. Basis of presentation

The 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 2022, 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.

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

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 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 presented 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.

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

Standards and Interpretations	Name
Amendments to IFRS 16	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.

- **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.

- **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.

- **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.

- **Annual Improvements 2018 - 2020.** The 2018-2020 annual improvements impact: IFRS 1, IFRS 9, IFRS 16 and IAS 41.

There has been no material impact on the Bank's financial statements as a result of the adoption of this standards.

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	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Disclosure of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2023
Amendments to IFRS 16	Lease liability in a sale and leaseback	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.

- **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).

- **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). 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. This 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 not in the scope of the initial recognition exemption for deferred taxes. This amendment is applied retrospectively.

- **IAS 1 (amendment), 'Non-current liabilities with covenants'** (effective for annual periods beginning on or after 1 January 2024). This amendment is still subject to endorsement by the European Union. This amendment clarifies that liabilities are classified as either current or non-current balances depending on the rights that an entity must defer its settlement for at least 12 months after the reporting date. It clarifies also that the covenants that an entity is required to comply with, on or before the reporting date, affect the classification of a liability as current or non-current, even if the covenants are only assessed after the entity's reporting date. When an entity classifies liabilities arising from loan arrangements as non-current and those liabilities are subject to covenants, it is required to disclose information that enables investors to assess the risk that the liabilities could become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance date; and c) the facts and circumstances that indicate the entity may have difficulty complying with covenants when it is required to do so. This amendment is applied retrospectively.

- **IFRS 16 (amendment), 'Lease liability in a sale and leaseback'** (effective for annual periods beginning on or after 1 January 2024). This amendment is still subject to endorsement by the European Union. The amendment introduces guidance for the subsequent measurement of lease liabilities, in the scope of sale and leaseback transactions that qualify as "sales" under IFRS 15, with higher impact when some or all the lease payments are variable lease payments that do not depend on an index or rate. Whilst subsequently measuring lease liabilities, seller-lessees determine "lease payments" and "revised lease payments" in a way that does not result in the seller-lessees recognizing any gains/(losses) relating with the right of use that they retain. This amendment is applied retrospectively.

It is not expected that the future adoption of this standards will result in a material impact in the Bank's financial statements.

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

BPI's financial statements as of 31 December 2022 were approved by the Board of Directors on 23 February 2023 and are still pending approval by the sole Shareholder. However, it is expected that they will be approved with no changes. The financial statements for the previous year were approved by the single Shareholder by unanimous resolution taken on 10 march 2022.

BPI's individual and consolidated financial statements were prepared based on the principle of going concern, given the Bank's solvency (Note 4) and liquidity (Note 3.3.3). The preparation of the consolidated and individual financial statements required to make 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 the fair value of the associated guarantees based on their accounting classification imply the adoption of assumptions relating to: i) the consideration of "significant increase in credit risk" (SICR), ii) definition of default; and iii) the inclusion of forward-looking information (Notes 2.7 and 3).
- Fair value of some financial assets and liabilities (Note 38). 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 IFRS10 and IAS 28 (Note 2.1).
- The measurement of provisions and contingent liabilities and respective probability of occurring (Note 20).
- Classification and useful lives of tangible and intangible assets and lease tenors used in the valuation of lease liabilities (Notes 2.13 and 2.14).

These estimates are based on the best information available at the time of preparation of the annual financial statements, taking into account the current economic environment. Subsequent events may require changing the estimates in future periods. In accordance with the applicable legislation and BPI's accounting policies, 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 included in the consolidated and individual financial statements, are presented for comparative purposes only.

2. ACCOUNTING POLICIES

In the preparation of the consolidated financial statements for the year ended on 31 December 2022, the following accounting principles and policies and valuation criteria were applied:

2.1. Consolidation of subsidiaries and jointly controlled entities and recognition of associated companies (IFRS 10, IFRS 11, IAS 28 and IFRS 3).

Banco BPI has direct and indirect holdings in subsidiary and associated companies.

Subsidiaries are entities over which the Bank has control, which is evidenced when the following conditions are cumulatively met:

- the power to conduct the company's relevant activities;
- the ability to use this power over the investee to affect the amount of its variable returns;
- exposure, or right, to variable returns from its involvement with the investee.

As a rule, voting rights give the ability to direct the relevant activities of an investee. To calculate voting rights, all direct and indirect voting rights, as well as potential voting rights (e.g. call options on equity instruments of the investee) are considered. In some circumstances, a company may have power to direct the activities without holding a majority of the voting rights, or vice-versa. In these cases, the investor considers whether it has the practical ability to direct the relevant activities unilaterally (financial and operating decisions, or appointing and remunerating governing bodies, among others).

The financial statements of subsidiaries are consolidated using the full consolidation method. Significant intra-group transactions and account balances are eliminated in the consolidation process. The amount of share capital, reserves and net results corresponding to third party participation in these subsidiaries is reflected in the Non-controlling interests caption.

Associated companies are entities over which Banco BPI has direct or indirect significant influence over their management and financial policies but over which it does not have control. Significant influence is evidenced to exist, in most cases, when the entity holds 20% or more of the share capital of the investee. If it holds less than 20% of the voting rights, significant influence is evidenced by the circumstances indicated in IAS 28. These include representation on the Board of Directors of the investee, participation in financial and operational policy-making processes, material transactions between the Bank and its investee, interchange of managerial personnel or the provision of essential technical information.

Exceptionally, companies are not considered associates when more than 20% of the voting rights are held, but it can clearly be demonstrated that significant influence does not exist and, therefore, the Bank lacks the power to intervene in the investee's financial and operation policies. Based on these criteria, at the end of the year, the Bank holds equity holdings in which it has more than 20% of the share capital in the portfolio of Financial assets at fair value through other comprehensive income.

Associated companies are accounted for using the equity method. In accordance with this method, the amount of the investment, which is initially recognised at cost, is adjusted by post-acquisition changes in the net asset value of the associated companies, in proportion to BPI's participation.

When necessary, adjustments are made to the subsidiaries' financial statements to ensure their consistency with BPI's accounting policies.

Goodwill - arising from positive differences between the cost of acquisition (including expenses) and the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries at first consolidation date - is recorded as an asset and is subject to impairment tests. When a subsidiary is sold, goodwill is included in the calculation of the gain or loss on the sale.

Goodwill related to associated companies is included in the book value of the investment. The book value of associated companies (including goodwill) is subject to impairment tests in accordance with IAS 36, when there are indications of impairment.

In the case of associated companies acquired in stages, goodwill is calculated at the time that the acquired company becomes an associate, being determined as the difference between the total acquisition cost of the investment and the proportion held of the fair value of the identifiable assets and liabilities of the associate as of that date. As provided for in IAS 28, total acquisition cost corresponds to the fair value of the original investment on the date that significant influence is achieved, plus the amount paid for the additional participation. In accordance with the policy established by BPI, gains or losses on the revaluation of the fair value of the original investment are recognised as profit or loss on the date the acquired company becomes an associate.

Following the loss of significant influence over an associate, and in accordance with IAS 28, the equity holding is reclassified from the Investments in Associates portfolio to the Financial assets at fair value through other comprehensive income portfolio or the Financial assets at fair value through profit or loss, the respective fair value being determined on the date significant influence is lost. The difference between the fair value of the equity holding and the cost of investment at that date is recognised as profit or loss.

In accordance with IFRS 1 and BPI's accounting policies, up to the date of transition to IAS/IFRS, goodwill on investments acquired up to 1 January 2004 was deducted in full from shareholders' equity.

Negative goodwill - arising from negative differences between the cost of acquisition (including expenses) and the fair value of the identifiable assets, liabilities and contingent liabilities of subsidiaries and associates at first consolidation date or at the date the equity method is first applied is immediately recognised as a profit or loss.

Consolidated net income is the sum of the individual net income of Banco BPI and the percentage of the net income of subsidiary and associated companies, equivalent to Banco BPI's effective equity holding in them, considering the holding period, and after consolidation adjustments have been made, namely elimination of income and expenses resulting from inter-group transactions.

Foreign currency subsidiary and associated companies (IAS 21)

The foreign currency financial statements of subsidiary and associated companies are included in the consolidated financial statements after being translated to Euro at the exchange rates published by Banco de Portugal and, in the case of BCI, by the Central Bank of Angola and Mozambique:

- assets and liabilities expressed in foreign currencies are translated to Euro at the exchange rates in force at the balance sheet date;
- income and expenses expressed in foreign currencies are translated to Euro at the exchange rates in force in the month in which they are recognised; and,
- exchange differences resulting from translation to Euro are recognised directly in the shareholders' equity caption Other comprehensive income.

When a foreign entity is sold, the accumulated exchange difference is recognised in the income statement as a gain or loss on disposal.

The exchange rates used for the translation to Euro of the accounts of foreign subsidiaries and associated companies were as follows:

	31-12-2022	**31-12-2021**
Metical - Mozambique	68.18	72.27
Swiss Franc - Switzerland	0.9847	1.0331
US Dollar - USA	n.a.	1.1326

Banco de Fomento Angola, SA (BFA)

In January 2017 Banco BPI sold 2% of the share capital of Banco de Fomento Angola to Unitel, reducing its holding in BFA to 48.1%, and entering into an agreement with BFA's shareholders under which BPI is entitled to appoint two, from a maximum of fifteen, members of the Board of Directors of BFA, as well as one member of its Supervisory Board, and one member of the Risk Committee and the Remuneration Committee. BPI's stake in BFA's share capital and participation in BFA's governing bodies, although minoritarian and not proportional to the share capital held, permitted to presume the existence of significant influence over BFA, in accordance with the IAS 28 provisions. Therefore, following the sale of 2% of BFA in 2017 and until 31 December 2018, Banco BPI classified its holding in BFA as an associate.

As referred in Note 1.3, at each financial statements preparation date, Banco BPI revises the main estimates and uncertainties associated to the application of the accounting policies in the preparation of the financial information. Therefore, given the existence of indications of a possible loss of significant influence, on the date of preparation of the financial statements with reference to 31 December 2018, the classification of Banco de Fomento Angola as an associate was revised as an associated company. From the main issues considered, one of the most important concerned the absence of BPI representatives in the executive body of BFA - the Executive Committee, which is the body responsible for the bank's operational management -, which determined BPI's lack of real power to participate in the financial and operating policy decisions of BFA under the terms set forth in paragraph 6 of IAS 28. BPI's minority position in BFA's Board of Directors, alongside a shareholder that holds control, also prevented BPI from having a real capacity to exercise significant influence in the management of BFA. In this context, the weight of BPI's participation in BFA's financial and operating policy decisions was much curtailed relative to initial expectations, based on the past experience of shareholders' relationship, where BPI played a key role in the management of BFA.

Taking into account that increase in experience, assessment and knowledge about the shareholder relationship of BPI in BFA, it is considered that at the end of 2018 the circumstances on which the existence of real capacity on the part of BPI to exercise significant influence over BFA was based no longer exist. In view of these circumstances, at the end of 2018, BPI considered it appropriate to limit its presence in the committees and management bodies of BFA in which it was represented, maintaining only the minority presence in the aforementioned corporate bodies of BFA.

In accordance with the accounting standards, the loss of significant influence entailed, in Banco BPI's consolidated balance sheet, reclassifying, in 2018, the equity holding in BFA from Associate to Financial assets at fair value through other comprehensive income - Equity instruments, and its revaluation since then at fair value.

During the year of 2020, BPI no longer had representatives on BFA's governing bodies, after the resignations that occurred in the third quarter of the year. In this context, there it is understood that were no changes in the conditions that led to the reclassification of the equity holding in BFA to Financial assets at fair value through other comprehensive income - Equity instruments, so it remains in that portfolio.

2.2. Financial instruments (IAS 32, IFRS 7, IFRS 9 and IFRS 13)

Classification of financial assets

The following table details the criteria established by the accounting standards for the classification of financial instruments:

Contractual cash flows	Business Model	Classification of Financial Assets
Solely payments of principal and interest (SPPI) on principal at the dates indicated (SPPI test)	With the objective of receiving the contractual cash flows	Financial assets at amortised cost
	With the objective of receiving the contractual cash flows and sale	Financial assets at fair value through other comprehensive income
Others - do not require SPPI test	Derivative instruments designated as accounting hedges	Derivatives - Hedge accounting
	Instruments originated or acquired with the aim of being realised in the short term	Financial assets held for trading
	Included in a group of financial instruments identified and managed together, for which there is evidence of a recent pattern of short-term profit-taking	
	Derivative instruments that do not meet the definition of a financial guarantee contract and have not been designated as hedging instruments	
	Other	Non-trading financial assets mandatorily at fair value through profit or loss

Investments in equity instruments are an exception to the aforementioned general classification criteria. In general, at initial recognition the Bank irrevocably exercises the option of including - in the portfolio of financial assets at fair value through other comprehensive income - investments in equity instruments that are not classified as held for trading and that, in the event this option was not exercised, would be classified as non-trading financial assets mandatorily at fair value through profit or loss.

As for the assessment of the business model, this does not depend on the intentions for an individual instrument, but rather for a set of instruments, taking into account the frequency, amount and schedule of sales in previous years, the reasons for those sales and the expectations for futures sales. Infrequent or insignificant sales, sales near the maturity date of the asset and sales driven by a significant increase in the credit risk of the financial assets or to manage the concentration risk, among others, can be compatible with the model of holding assets to receive contractual cash flows.

In particular, Banco BPI's expectation of making frequent and significant sales of loans (or similar financial assets) that have suffered a deterioration in credit risk is not inconsistent with the classification of the said loans in the business model of holding financial assets to receive contractual cash flows. These sales are not considered when determining the frequency of sales and their significance and are therefore excluded from the monitoring models.

In relation to valuation, if the cash flows of an instrument are solely payments of principal and interest, the Bank makes certain judgements when assessing its conformity and compliance (SPPI test), the most significant of which are listed below:

- Change in the time value of money: to assess whether the interest rate on a transaction incorporates any consideration other than that linked to the passage of time, the Bank considers factors such as the currency in which the financial asset is denominated and the term for which the interest rate is set.
- Exposure to risks unrelated to a basic lending arrangement: an assessment is conducted on whether the contractual terms of financial assets introduce exposure to risks or volatility in the contractual cash flows that would not be present in a basic lending arrangement, such as exposure to changes in the price of stocks or listed commodities, in which cases they would not pass the SPPI test.
- Clauses that modify the timing or value of the cash flows: the Bank considers whether there are contractual conditions by which the timing or value of the financial asset's contractual cash flows may be modified. This is the case of:
  - assets whose contractual conditions allow total or partial early repayment of principal;
  - assets for which it is contractually permitted to extend their duration, or
  - assets for which interest payments may vary according to a non-financial variable specified in the contract.
- In these cases, the entity assesses whether the contractual cash flows that the instrument may generate over its life due to this contractual condition are solely payments of principal and interest on the outstanding principal, and may include a reasonable additional compensation for the early termination of the contract.
- Leverage: leveraged financial assets, i.e., those in which the variability of the contractual flows increases with the result that they do not have the economic characteristics of interest, cannot be considered financial assets that pass the SPPI test (e.g., derivative instruments such as simple option contracts).
- Subordination and loss of collection rights: the Bank assesses contractual clauses that may result in a loss of rights to receive payment of principal and interest on the outstanding principal amount.
- Currency: in analysing whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, the Bank takes into consideration the currency in which the financial asset is denominated in order to assess the characteristics of the contractual flows, for instance by assessing the component corresponding to the time value of money based on the benchmark used for setting the financial asset's interest rate.
- Contractually linked instruments: with respect to positions in contractually linked instruments, a 'look through' analysis is performed, based on which it is considered that the flows derived from this type of asset consist solely of payments of principal and interest on the principal amount outstanding if:
  - the contractual terms of the tranche being assessed for classification (without looking through to the underlying pool of financial instruments) give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (for example, the interest rate on the tranche not linked to a commodity index);
  - the underlying pool of financial instruments comprises one or more instruments with contractual cash flows that are solely payments of principal and interest on the principal amount outstanding; and
  - the exposure to the credit risk inherent in the tranche is equal to or lower than the exposure to the credit risk of the underlying pool of financial instruments (for example, the credit rating of the tranche being assessed for classification is equal to or higher than that which would apply to a single tranche comprising the underlying pool of financial instruments).

  The underlying pool of instruments referred to in the previous paragraph could also include instruments that reduce the variability of the flows of that pool of instruments such that, when they are combined with these instruments, they generate flows that are solely payments of principal and interest on the principal amount outstanding (e.g., an option with an interest rate cap or a floor or a contract that reduces the instruments' credit risk. It could also include instruments that allow the flows from the tranches to be aligned with the flows from the pool of underlying instruments in order to eliminate the differences in the interest rate, the currency in which the flows are denominated (including inflation) and the timing of cash flows.

- Assets without personal liability (non-recourse): the fact that a particular financial asset does not have any personal liability associated with it does not necessarily mean it must be considered a Non-SPPI financial asset. In these situations, the Bank assesses the underlying assets or cash flows to determine whether they consist solely of payments of principal and interest on the principal amount outstanding, regardless of the nature of the underlying assets in question.

  In particular, in the case of project finance operations that are repaid exclusively with the incomes from the projects being financed, the Bank analyses whether the cash flows that are contractually determined to be principal and interest payments do indeed represent the payment of principal and interest on the principal amount outstanding.

- Negative compensation (symmetrical clauses): certain instruments incorporate a contractual clause whereby, in case of either full or partial repayment of the principal amount outstanding, the party that chooses to end the contract early – whether it is the debtor or the creditor – is able to receive fair additional compensation despite being the party choosing to end the contract early. This is the case, for instance, with the so-called symmetrical clauses found in certain fixed-rate financing instruments, which stipulate that at the time the creditor executes the early repayment option, there must be compensation for the early termination of the contract, and this compensation will accrue to either the debtor or the creditor depending on how interest rates have fluctuated from the time of origination to the date of early termination of the contract.

  The fact that a financial instrument incorporates this contract term, known as negative compensation, does not necessarily mean that the instrument in question must be considered Non-SPPI. A financial instrument that would otherwise have met the conditions to be considered SPPI-compliant, had it not been for the incorporation of fair additional compensation for the early termination of the contract (to be either received or paid by the party that decides to terminate the contract early), will be eligible to be measured at amortised cost or at fair value with changes in another comprehensive income, as determined by the business model.

In cases where a characteristic of a financial asset is not congruous with a basic loan agreement, i.e., the asset has characteristics that give rise to contractual flows other than payments of principal and interest on the principal amount outstanding, the Bank will assess the materiality and probability of occurrence in order to determine whether this characteristic or element should be taken into consideration when evaluating the SPPI test.

With respect to the materiality of a characteristic of a financial asset, the assessment performed by the Bank involves estimating the impact it could have on the contractual flows. The impact of such an element is considered not material when it entails a change of less than 5% in the expected cash flows. This tolerance threshold is determined on the basis of the expected contractual flows, without any discounting.

The contractual conditions contained in financial assets that, at the time of initial recognition, have a minimum effect on the cash flows or depend on exceptional and highly unlikely events taking place (such as liquidation by the issuer) do not prevent the asset from being classified in the amortised cost portfolio or fair value portfolio through other comprehensive income portfolio.

Classification of financial liabilities

Financial liabilities are classified under the following captions: “Financial liabilities held for trading”, “Financial liabilities designated at fair value through profit or loss” and “Financial liabilities at amortised cost”, save for liabilities that must be presented under “Liabilities included in disposal groups classified as held for sale” or relate to “Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Derivatives – Hedge accounting”, which are presented separately.

The caption "Financial liabilities at amortised cost": includes financial liabilities not classified as financial liabilities held for trading or as other financial liabilities at fair value through profit or loss. The balances recognised in this category, irrespective of how they are used and their maturity, arise from the ordinary funding activities of credit institutions.

Initial recognition and measurement

Upon initial recognition, all financial instruments are recognised at fair value. For the financial instruments that are not subsequently valued at fair value through profit or loss, the fair value amount is adjusted, adding or deducting transaction costs directly attributable to the acquisition or issuance thereof. In the case of financial instruments at fair value through profit or loss, the directly attributable transaction costs are immediately recognised in the income statement.

The transaction costs are defined as expenses directly attributable to the acquisition or sale of a financial asset, or to the issuance or assumption of a financial liability, which would not have been incurred if the Bank had not made the transaction. These include, among others, fees paid to intermediaries (such as promoters) and mortgage arrangement expenses. Under no circumstances are the internal administrative expenses or those deriving from prior research and analysis considered transaction costs

Transaction costs are included in the calculation of the effective interest rate and are therefore accrued over the transactions’ life.

Subsequent measurement of financial instruments

After its initial recognition, the Bank recognises a financial instrument at amortised cost, at fair value through profit or loss, or at fair value through other comprehensive income.

Receivables for trading operations that do not have a significant financing component and the commercial loans and short-term debt securities that are initially measured by the price of the transaction or its outstanding principal, respectively, continue to be measured by said amount, deducted of impairment losses, as described in section 2.7

Purchases and sales of fixed and variable income instruments are recorded regularly on the contract date.

Income and expenses of financial assets and liabilities

The income and expenses of financial instruments at amortised cost are recognised according to the following criteria:

Portfolio		Recognition of revenue and expenses
Financial assets	**At amortised cost**	• **Accrued interest:** On the income statement, with the effective interest rate of the operation on the gross book value of the operation (except for stage 3 assets, where the rate applies to the net book value) • **Other changes in value:** gains or losses when the financial instrument is derecognised from the balance sheet, reclassified, or when there are impairment losses or gains on its subsequent recovery.
	At fair value through profit or loss	• **Changes in fair value:** changes in fair value are recognised directly in the income statement, distinguishing, for non-derivative instruments, between the part attributable to the instrument's return, which will be booked as interest or dividends in accordance with its nature, and the remainder, which will be booked as a gain or loss in financial operations, in the corresponding caption. • **Accrued interest:** in debt securities it is calculated using the effective interest rate method.
	At fair value through other comprehensive income [1]	• Accrued interest or dividends recognised in the income statement. Interest is recognised as in assets at amortised cost. • Foreign exchange differences in the income statement, when debt securities, and in other comprehensive income when equity instruments. • Impairment losses on debt securities, or gains for subsequent recovery in the income statement. • The remaining changes in value are recognised in other comprehensive income.
Financial liabilities	**At amortised cost**	• Accrued interest: in the income statement, at the transaction's effective interest rate on the gross amount of the transaction. • Other changes in value: gain or loss when the financial instrument is derecognised from the balance sheet or reclassified.
	At fair value through profit or loss	• **Changes in fair value:** changes in the value of a financial liability designated at fair value through profit or loss, when applicable, as follows: a) the change in the fair value of a financial liability attributable to a change in its own credit risk is recognised in other comprehensive income, which would be directly transferred to a reserves caption when the financial liability was derecognised. b) the remainder of the fair value change is recognised as a profit / (loss) for the year. • **Accrued interest:** in debt securities it is calculated using the effective interest rate method.

[1] Thus, when a debt security is recognised at fair value through other comprehensive income, the amounts recognised as profit or loss for the period are the same as those that would be recognised if measured at amortised cost. When a debt security measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss accumulated in other comprehensive income is reclassified as profit or loss for the period. On the other hand, when an equity instrument measured at fair value through other comprehensive income is derecognised from the balance sheet, the gain or loss recognised in other comprehensive income is not reclassified as a profit or loss for the period. For each of the above portfolios, the recognition would change if said instruments form part of a hedging relationship (Note 2.3.).

The effective interest rate is the rate used to discount future cash payments or charges estimated during the expected life of the financial asset or liability with respect to the gross book value of a financial asset or the amortised cost of a financial liability. To calculate the effective interest rate, BPI estimates the expected cash flows, taking into account all the contractual terms of the financial instrument, but without considering expected credit losses.

The calculation includes all fees and commissions and interest paid or received by the parties to the agreement (relative to the effective interest rate), transaction costs and any other premium or discount. In cases where the cash flows or remaining life of a financial instrument cannot be estimated reliably (e.g., advance payments), BPI uses the contractual cash flows throughout the full contractual period of the financial instrument.

In the particular case of the third series of targeted longer-term refinancing operations (known as 'TLTRO III'), the Bank considers that each of the operations falls under the scope of IFRS 9 Financial Instruments, given that they are operations whose interest rate is not significantly below the market rate.

In November 2022, a change in the way the remuneration of these operations is calculated came into force (ECB decision of October of that year), leading to the applicable ECB reference interest rate being directly accrued. This decision resulted in each of the series now having a variable interest rate, which was considered a qualitative change that led to the derecognition of the operations on that date and the booking of new operations with different characteristics. The accounting effect of this derecognition and of booking of new operations was not relevant. Each future change in the ECB reference interest rate will entail a new remuneration to be accrued on a time basis for each of the operations until maturity or early redemption.

Reclassifications between financial instrument portfolios

Under the IFRS 9 requirements, reclassifications between financial instruments portfolios can only occur in the event the Bank decides to change its business model for the management of a financial assets portfolio. This reclassification would be carried out prospectively from the date of the reclassification. In accordance with the IFRS 9 approach, in general, changes in the business model occur very infrequently. Financial liabilities cannot be reclassified between portfolios

2.3. Hedge accounting

Banco BPI uses financial derivatives as a financial risk management tool, mainly no hedge interest rate risk (Notes 3.4.4 and 13). When these transactions meet certain IFRS requirements, they qualify for hedge accounting. Hedging is contracted through derivatives that are classified in the accounts as hedging derivatives. The Bank thus applies the provisions of IFRS 9 for hedge accounting. For portfolio accounting hedges, the Bank uses the option provided by IFRS 9 and applies IAS 39.

The Bank maintains the hedging relationship documentation, which includes the identification of the hedging instrument and of the hedged element, the nature of the risk to be hedged and the way in which the Bank assesses whether the hedging relationship meets the requirements of hedging effectiveness. To ensure that the effectiveness requirement is met:

a. there must be an economic relationship between the hedged item and the hedging instrument,
b. the credit risk of the hedged item's counterparty or of the hedging instrument should not have a dominant effect on changes in value resulting from said economic relationship, and
c. the coverage ratio of the hedge accounting relationship, understood as the share of the item hedged by the hedging instrument, must be the same as the coverage ratio used for management purposes.

Fair value hedges

Fair value hedges hedge the exposure to changes in fair value of financial assets and liabilities or unrecognised firm commitments, or an identified portion of such assets, liabilities or firm commitments, that are attributable to a particular risk and could affect the income statement.

In fair value hedges, value changes in the hedging instrument or in the hedged item for the portion attributable to the hedged risk, are recognised in an asymmetrical way according to whether the hedged item is a debt instrument or an equity instrument:

- In debt securities, value changes in the hedging instrument or in the hedged item for the portion attributable to the hedged risk are recognised in the income statement, in the "Gains/(losses) from hedge accounting, net" caption. In fair value portfolio hedges, value changes in the hedged items are balanced in “Assets – Fair value changes of the hedged items in portfolio hedge of interest rate risk” or “Liabilities – Fair value changes of the hedged items in portfolio hedge of interest rate risk” depending on the substance of the hedged item, rather than in the captions under which the hedged items are recognised.
- In equity instruments, value differences produced in either the hedging item or the hedged item, in the part corresponding to the type of risk hedged, are recognised in the balance sheet item "Accumulated other comprehensive income - Items that will not be reclassified to profit or loss - hedge ineffectiveness of fair value hedges for equity instruments measured at fair value through other comprehensive income”. Banco BPI does not have hedges for equity instruments.

When hedging derivatives no longer meet the requirements for hedge accounting, they are reclassified as trading derivatives. Fair value changes in debt securities are recognised in profit or loss using the effective interest rate method, as from the date the hedge is interrupted.

2.4. Offsetting of financial assets and liabilities

Financial assets and financial liabilities may be offset and the net amount presented in the balance sheet when, and only when, the Bank has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, taking the following into consideration:

- The legally enforceable right to set off the recognised amounts should not be contingent on a future event and must be legally enforceable in all circumstances, including cases of default or insolvency of any or all of the counterparties;
- Settlements are considered equivalent to 'net settlement' when they meet the following requirements: they totally eliminate or result in insignificant credit and liquidity risk; and settlement of the asset and liability is made in a single settlement process.

BPI follows the criteria provided in IAS 32 to offset trading derivatives, hedging derivatives, and the associated collaterals, providing they are maintained through the LCH central clearing house. Consequently, the balance sheet value of assets and associated collaterals delivered is offset up to the amount of the corresponding liabilities.

All other derivative and repo security transactions that do not meet the criteria allowing for the offsetting of credit risk by counterparty are not offset for accounting purposes. The value of each transaction is recognised in assets or liabilities depending on whether it is positive or negative, respectively.

2.5. Derecognition of financial instruments

A financial asset is totally or partially derecognised when the contractual rights to the cash flows from the financial asset expire or when they are transferred to a third party outside the entity.

The accounting treatment of transfers of financial assets depends on the manner and the extent to which the risks and rewards associated with ownership of the transferred assets are transferred to third parties:

- If substantially all the risks and rewards of ownership of the transferred asset are transferred (such as in the case of, among others: unconditional sales, sales with a repurchase agreement at its fair value at the time of repurchase, a sales of a financial assets with a call or put option issued deep out of the money, or asset securitisations in which the transferor does not retain any subordinated loans and does not provide any type of credit enhancement to the new owners), it is derecognised, and any rights or obligations retained or arising as a result of the transfer are simultaneously recognised;

- If all the risks and rewards of ownership of the transferred financial asset are retained substantially (such as in the case of among others: sale and repurchase transactions where the repurchase price is a fixed price or the sale price plus a lender's return, a securities lending agreement under which the borrower has the obligation to return the securities or similar) it is not derecognised and continues to be measured by the same criteria used before the transfer and the following are recognised:

  – A financial liability equal to the consideration received, which is subsequently measured at amortised cost, unless it meets the requirements to be classified under other liabilities at fair value through profit or loss.

  – The income generated on the transferred (but not derecognised) financial asset and the expenses of the new financial liability, without offset.

- If substantially all the risks and rewards of ownership of the transferred financial asset are neither transferred nor retained (such as in the case of, among others, a sale of a financial asset together with a put or call option, securitisations in which the transferor assumes a subordinated loan or other type of credit enhancement for part of the transferred asset), the following distinction is made:

  – If the transferor does not retain control over the financial asset transferred, it is derecognised and any right or obligation retained or arising from the transfer is recognised.

  – If the transferor retains control over the financial asset transferred, it continues to recognise the asset for an amount equal to its exposure to changes in value of the asset, recognising a liability associated with the financial asset transferred. The net amount of the transferred asset and the associated liability shall be the amortised cost of the rights and obligations retained, if the asset is measured at amortised cost, or at fair value of the rights and obligations retained, if the transferred asset is measured at fair value.

2.6. Financial guarantees

Financial guarantees given

Financial guarantees are defined as contracts whereby the issuer thereof undertakes to make specific payments to reimburse the creditor for the loss incurred when a specific debtor fails to meet its payment obligations, irrespective of the legal form of the obligation (guarantee, surety, financial or technical guarantee, insurance contract or other types of contract).

Financial deposits comprise all manner of deposits that directly or indirectly guarantee debt securities such as loans, credit facilities, finance leases and deferred payment arrangements for all types of debt.

All these transactions are recognised as off-balance sheet items.

Financial guarantees are reviewed periodically so as to determine the credit risk to which they are exposed and, if appropriate, estimate any impairment required. The criteria used in this process is similar to those established for quantifying impairment losses on debt securities measured at amortised cost as described in Note 2.7 - Impairment of financial assets.

Impairment constituted for this type of arrangement are recognised under the "Provisions” balance sheet caption. Additions to and reversals of impairment are recognised in “Provisions or reversal of provisions” in the income statement.

Financial guarantees received

No significant guarantees or collateral were received with regard to which there is authorisation to sell or repledge, without default by the guarantor, except for the collateral inherent to Banco BPI's treasury activity.

2.7. Impairment of financial assets

The Bank determines impairment losses for debt securities that are measured at amortised cost and at fair value through other comprehensive income, as well as for other exposures that involve credit risk, such as granted financial guarantees and other granted commitments.

The aim of the IFRS 9 requirements as regards impairment is to ensure recognition of expected credit losses on operations, assessed collectively or individually, considering all the reasonable, reliable and duly substantiated information available at each reporting date, including forward looking information.

Impairment losses on debt securities in the period are recognised as an expense under the heading "Impairment/(reversal) of impairment losses on financial assets not measured at fair value through profit or loss” in the income statement. Impairment losses on debt securities that are measured at amortised cost are recognised against an accumulated impairment caption on the balance sheet, which reduces the book value of the asset, while impairments of assets measured at fair value through other comprehensive income are recognised against other comprehensive income, in the corresponding equity caption.

Impairment losses in exposures involving credit risk other than debt securities are recorded as a provision under the heading "Provisions – Commitments and guarantees given" on the liabilities side of the balance sheet. Additions to and reversals are recognised under the heading “Provisions or reversal of provisions for commitments and guarantees given” in the income statement.

For the purpose of accounting for impairment losses in debt securities, the following definitions must be taken into account:

- **Credit losses:** these correspond to the difference between all the contractual cash flows owed to the Bank in accordance with the financial asset's contractual conditions and all the cash flows that the Bank is due to receive (i.e. the entire cash flow shortfall), discounted at the original effective interest rate or, for financial assets that were purchased with or that originated with credit impairment, discounted at the effective interest rate adjusted to reflect credit quality, or the interest rate on the date referred to in the financial statements in the case of a variable rate.

  In the case of granted loan commitments, the contractual cash flows that would be owed to the Bank in the event the loan commitment were drawn down are compared to the cash flows that it would expect to receive when the asset is recognised. In the case of granted financial guarantees, the Bank considers the payments that it expects to make less the cash flows it expects to receive from the debtor, with medium hedges being applied, based on the Client's profile, on the estimated amount of payments which the Bank expects to make.

  The Bank estimates the cash flows taking into account the contractual duration established for the operations. In the case of credit cards and overdrafts on current accounts of individual Clients, the Bank considers that the expected life of these operations is 12 months.

  The calculation of cash flows also takes into account those deriving from the sale of collateral, taking into account the cash flows that would be obtained from the sale thereof, minus the costs required to obtain them, maintain them and subsequently sell them, or other guarantees that are an integral part of the contractual conditions, such as financial collaterals.

  In cases where the Bank's strategy for the reduction of non-performing assets includes scenarios of sale of loans and other accounts receivable whose credit risk has increased (exposures classified in stage 3), the Bank retains any asset affected by this strategy under the business model for retaining assets to receive their contractual cash flows, therefore they are valued and classified in the portfolio "Financial assets at amortised cost" provided that their flows only include payments of principal and interest. However, as long as the intention to sell is maintained, the impairment for credit risk takes into account the price to be received from a third party.

- **Expected credit losses:** these correspond to the weighted average of the credit losses, using as weighting the respective probability of default events. The following distinction will be taken into account:

i. Expected credit losses during the lifetime of the operation: these are expected credit losses resulting from possible default events during the expected lifetime of the operation.

ii. Expected credit losses at 12 months: these are the part of the credit losses expected during the lifetime of the operation corresponding to the expected credit losses resulting from any default events likely to occur during the twelve months following the reference date.

The amount of the impairment loss is calculated according to whether there has been a significant increase in credit risk since the operation's initial recognition, and whether or not a default event has occurred:

<table>
<tr><td></td><td colspan="3">Improvement — Credit risk since initial recognition — Deterioration</td></tr>
<tr><td>Credit Risk Category</td><td>Stage 1</td><td>Stage 2</td><td>Stage 3</td></tr>
<tr><td>Impairment (Updated at each reporting date)</td><td>Expected credit losses at 12 months</td><td colspan="2">Expected credit losses during lifetime</td></tr>
<tr><td>Classification Criteria</td><td>No material change in credit quality since initial recognition</td><td>Material increase in credit risk since initial recognition *
•Tolerance matrix[1]
•Mandatory criteria
•Scoring/Rating[2] at reference date
•Restructurings
•Indications in central credit register, list of high-risk users
•Risk alerts after individual analysis
•> 30 overdue
•Indicators that, in accordance with market indicators/triggers, may determine a significant deterioration in risk.</td><td>Credit classified as in default</td></tr>
<tr><td>Interest on income calculated based on:</td><td colspan="2">Effective interest rate on gross amount</td><td>Effective interest rate on amortised cost</td></tr>
</table>

[1] To capture a significant deterioration in the probability of default (PD)
[2] *Scoring / Rating above a given classification*

* The criteria indicated are considered in case they apply to the risk segment

A debt instrument is written off from assets when it is considered irrecoverable or when there is no reasonable expectation of recovery (whether it is due or not). The write-off of the asset does not require the bank to waive the legal right to recover the loan and it may occur before the legal actions for the recovery of the loan are fully completed.

Financial assets at amortised cost classified as uncollectible in accordance with the Uncollectible Loans Policy are included in the write off process and written off from assets. The cumulative impairment of these operations is increased to 100% of the outstanding exposure when they are classified as uncollectible.

For these operations to meet the conditions to be written off from assets, the Bank also considers as additional requirements a default date of more than 2 years, a fully matured debt exposure and the absence of associated mortgage collaterals.

Regardless of its subsequent classification, in the event that an operation is bought or originated with credit impairment, its hedging would be equal to the accumulated amount of the changes in the credit losses after initial recognition and the interest income of these assets would be calculated by applying the effective interest rate adjusted to reflect credit quality, at the amortised cost.

2.8. Refinancing or restructuring operations

BPI has a policy on loan operations restructured or renegotiated due to financial difficulties, which establishes the following:

- Objective and subjective criteria for the identification of customers in financial difficulties;
- General management principles for this type of exposures, including with regard to the assessment of payment capacity, the reinforcement of guarantees, debt cancellation, etc.;
- Typologies of measures to be applied depending on the customer's characteristics;
- Governance of the credit analysis and decision-making process.

To this effect, restructured loans are deemed to be those in which changes are made to the agreed terms, and renegotiated loans, those that are replaced by other loans. These are the main criteria for financial difficulties defined in the Policy:

- Clients in default;
- Clients in default for more than 30 days (currently, or in the last 3 months with BPI, or in the last 12 months in the banking system);
- Drawings above 95% of the ceiling of renewable credit operations;
- Deterioration of the internal risk rating;
- Other risk deterioration subjective criteria.

Some restructurings or renegotiations imply the classification of the Customer's exposure as in default, namely when there is a relevant economic loss when an atypical payment plan is defined (e.g., certain types of balloons or grace periods), or when an individual analysis permits to conclude that the restructuring does not ensure the repayment of the debt within a reasonable period. Internal regulations establish specific cure periods for this type of situation, which are restarted whenever the client undergoes a new restructuring or renegotiation due to risk deterioration or non-performance for more than 30 days. Restructurings or renegotiations due to risk deterioration, but not considered in default, are classified in stage 2, with pre-established probation periods.

2.9. Foreign currency transactions

The Bank’s functional and presentation currency is the euro. Consequently, all non-euro balances and transactions are foreign currency balances and transactions. All foreign currency transactions are recorded, on initial recognition, by applying the indicative spot exchange rate between the functional currency and the foreign currency.

At the end of each reporting period, foreign currency balances are translated to euros at the indicative official foreign exchange rate disclosed by European Central Bank, except when in kwanza or metical, in which case the official exchange rates published indicatively by the Central Banks of Angola and Mozambique, respectively, are used.

Unmatured forward foreign exchange purchase and sale transactions not considered as hedges, are translated to euros at the yearend exchange rates on the forward currency market.

The exchange differences arising on the translation of foreign currency balances to BPI’s reporting currency are generally recognised under “Exchange differences (net)” in the income statement. However, exchange differences arising from changes in the value of equity instruments at fair value through other comprehensive income, are recognised under “Equity – Other comprehensive income – Items that will not be reclassified to profit or loss”.

Income and expenses expressed in foreign currencies are translated to Euro at the exchange rates in force on the day in which they are recognised.

2.10. Recognition of income and expenses

The main criteria applied to recognise income and expenses are summarised as follows:

	Characteristics		Recognition
Income and expenses from interest, dividends and similar	**Income and expenses from interest and similar**		Based on accrual period, through application of the effective interest rate method, regardless of the resulting cash or financial flow, as described above.
	Dividends received		As income at the time the right to receive is assigned.
Fee and Commissions charged/paid [1]	**Credit Commissions** - are an integral part of the effective revenue or expense of a financing operation are received upfront.	Commissions received for the creation or acquisition of financing operations that are not accounted at fair value through profit or loss (i.e. payments of activities such as the evaluation of the borrower's financial situation, evaluation and registration of various guarantees, negotiation of the operation's terms, preparation and processing of the documentation and closing of the transaction).	Deferred and recognised over the life of the operation as an adjustment to the operation's effective income or cost.
		Commissions agreed as compensation for the commitment to grant financing, when said commitment is not accounted at fair value with changes in profit or loss and it is likely that the Group will enter a specific loan agreement.	Deferred as they are charged over the expected life of the financing as an adjustment to the operation's effective income or cost. If the commitment expires without the entity making the loan, the fee is recognised as revenue on expiry.
		Commissions paid on the issuance of financial liabilities at amortised cost.	Included, together with the respective direct costs, in the value of the financial liability, charged as an adjustment to the effective cost of the operation.
	Non-credit Commissions - Commissions derived from the provision of financial services other than financing operations.	Related to the execution of a service provided over time (i.e.: account maintenance fees).	Recognised over time, by measuring the finishing phase against full compliance with the performance obligation.
		Related with the provision of a service executed at a specific moment (such as signature of securities, foreign exchange, consultancy or loan syndication).	Recognised in the income at the time of collection.
Other non-financial revenue and expenses	**Other revenue from recurring activities**		• As a general criterion, they are recognised when the goods or services contracted with the clients are delivered or provided. The amount of the consideration which the Bank expects to be entitled to exchange for such goods or services is recognised as a revenue over the duration of the contract. • If the Bank receives a consideration without the transfer of the goods or services, a liability is recognised and remains in the balance sheet until it is recorded in the income statement.

[1]Exceptions: Commissions on financial instruments at fair value through profit or loss and unavailability commission (in operations where the offer of funds is optional for the borrower) are immediately recognised in the income statement.
Commissions deriving from products or services that are typical of the financial business are presented separately from those deriving from products and services that are not typical of this activity, the latter being presented under the caption "Other operating income" in the income statement.

As for the accounting of the costs related to the contracts, the costs of obtaining a contract are those in which the Bank incurs to obtain a contract with a Customer and which it would not have incurred if the Bank had not entered into said contract.

BPI defers the costs incurred, accruing them in the income statement by association with the duration of the contract or of the operations that gave rise to them.

In accordance with the applicable accounting framework, the costs incurred to fulfil a contract are capitalised providing that:

- the costs are directly related to a contract or to an expected contract that the Bank can specifically identify (e.g., costs related to services that will be provided as a result of the renewal of an existing contract or design costs of an asset that will be transferred under a specific contract that has not yet been approved);
- the costs generate or increase BPI's funds that will be used to pay (or to continue paying) for future execution obligations; and
- the costs are expected to be recovered.

2.11. Employee benefits

Employee benefits include all forms of compensation given in exchange for services rendered to the Bank by its Employees or for the termination of the employment contract. They can be classified in the following categories:

Short-term employee benefits

These are employee benefits (other than termination benefits) which fall due wholly within 12 months after the end of the annual financial statements period in which the employees render the related service. They include wages, salary supplements, social security contributions and contributions to the medical and healthcare services for banking sector employees (SAMS), allowances (holidays, Christmas, meals, children, etc.), paid sick leave or other, variable remuneration, bonuses and non-monetary benefits payable to current employees such as health, life, personal accidents, and occupational hazards insurance, accommodation expenses and free or subsidised goods or services related to active employees.

The cost of services rendered is recognised under "Administrative expenses – Staff expenses" of the income statement.

Credit facilities made available to Employees at below market rates are considered to be non-monetary benefits and are calculated as the difference between market rates and the rates agreed with Employees. The difference is recognised under “Administrative expenses – Staff expenses” with a balancing entry under “Interest income” in the income statement.

Employee remuneration based on equity instruments

Within the scope of variable remuneration or participation in long-term incentives plans, Banco BPI's Directors and Employees may be entitled to receive part of the remuneration in financial instruments, preferably CaixaBank shares.

Due to its characteristics, this delivery of CaixaBank shares to Directors and Employees of Banco BPI is accounted for as defined in IFRS 2, i.e., as a cash-settled share-based payment transaction.

Costs with variable remuneration and long-term incentive plans are fully recognised under “Staff Expenses” in the period during which the service is provided, against a liability on the balance sheet. Until its settlement date, this liability is valued as the fair value of the shares to be delivered, with the respective changes being recognised as profit/(loss) for the year.

Banco BPI purchases a portfolio of CaixaBank shares in order to ensure full coverage of this liability. These shares remain booked in the portfolio of “Non-trading financial assets mandatorily at fair value through profit or loss” until the date when they are delivered. The respective change in fair value is also recognised through profit or loss.

Post-employment benefits

Post-employment benefits are all those undertaken with employees, to be paid after completion of their employment with the Bank. They include retirement benefits, such as pensions and other post-employment benefits, such as post-employment medical care at the end of the employment relationship and end-of-career bonus.

Defined contribution plans

The post-employment obligations with employees are deemed to be defined contribution obligations when the Bank makes predetermined contributions to a separate entity (fund) and has no legal or constructive obligation to make further contributions if the fund assets are not sufficient to pay the all the employee benefits relating to the service rendered in the current and prior periods. Contributions of this type made in each year are recognised under “Administrative expenses – Staff expenses” in the income statement. Post-employment obligations that do not meet the aforementioned conditions are considered defined benefit obligations.

Defined benefit plans

The present value of pension liabilities, net of the fair value of the pension funds’ assets, is recorded under “Other liabilities - Liabilities for pensions and other defined benefits”, in the case of a coverage shortfall in the pension funds, or under “Other assets - Liabilities for pensions and other defined benefits” in the case of a coverage surplus.

Plan assets are defined as those assets that will be used to directly settle plan obligations and that meet the following conditions:

- They are held by a pension fund that is legally separate from the bank and exists solely to pay or fund employee benefits.
- They are solely available to pay or fund post-employment benefits and are not available to settle debts to the Bank's creditors.
- The excess coverage by the pension fund may be used to reduce future contributions resulting from a reduction in future contributions. Under Law No. 27/2020, the Bank may also request the ASF (Insurance and Pension Funds Supervisory Authority) for the surplus of the pension fund to be returned if such surplus has existed for 5 consecutive years.

The actuarial assumptions used to calculate liabilities for end-of-career bonuses and for medical services (SAMS) of former Employees of the Bank are the same as those used to calculate employee pension liabilities, i.e., the discount rate, the salary growth rate, the mortality tables and the length of service are taken into account in the calculation of future liabilities on retirement. These liabilities are not covered by the Pension Fund, being recorded under Other liabilities - staff expenses.

Post-employment benefits (liabilities for and other defined benefits) are recognised as follows:

- Service cost is recognised in the income statement, in the caption “Administrative expenses - Staff Expenses”, and includes the following components:
  - Current service cost, understood as the increase in the present value of obligations arising from employee service in the current period;
  - Past service cost, resulting from amendments to existing post-employment benefits or the introduction of new benefits, and the cost of curtailments;
  - Any gain or loss arising on settlement of a plan;
- The interest cost/(income) on the net post-employment benefit liability/(asset), understood to be the change during the period in the net pension liability that arises from the passage of time, is recognised in “Administrative expenses – Staff expenses” in the income statement.
- Remeasurements of the net liability/(asset) for defined benefit post-employment benefits are recognised in "Accumulated other comprehensive income" in the balance sheet. It includes:
  - Actuarial gains and losses arising in the period from differences between the previous actuarial assumptions and what has actually occurred and from changes in the actuarial assumptions used.
  - The return on plan assets, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.
  - Any change in the impact of the asset ceiling, excluding the amounts included in the net interest on the liability/(asset) for defined benefit post-employment benefits.

Termination benefits

These benefits are payable as a result of an Entity’s decision to terminate an employee’s employment, a valid expectation having been raised in the employee or an employee’s decision to accept the Bank's irrevocable offer of those benefits in exchange for voluntary redundancy.

A liability and a non-recurring cost for termination benefits are recognised when there is no realistic possibility of withdrawing the offer to pay the termination benefits or when the costs for restructuring which involves the payment of termination benefits are recognised. These amounts are recognised as a liability under "Accrued costs - Staff Expenses” in the balance sheet until they are settled or transferred to Pension Liabilities.

2.12. Income tax

Banco BPI is subject to the tax regime set out in the Portuguese Corporate Income Tax Code and in the Statute of Tax Benefits.

The expense for income tax is recognised in the income statement, except when it results from a transaction recognised directly in equity, in which case the corresponding tax effect is also recognised in equity (except in the case of taxes on the interest of perpetual subordinated bonds Additional Tier 1).

Income tax is calculated as the sum of the current tax for the year resulting from applying the tax rate legally in force to the taxable profit for the year and any changes in deferred tax assets and liabilities recognised in the year in the income statement or in equity.

Temporary differences, tax loss carry forwards and unused tax deductions are recognised as deferred tax assets and/or deferred tax liabilities. These amounts are recognised at the tax rates that are expected to apply when the asset is realised or the liability is settled, taking into account the applicable tax legislation.

All tax assets are recognised under "Tax assets" in the balance sheet as current, for amounts related to the current tax for the year, or deferred, for amounts to be recovered in future reporting years. Deferred tax assets are only recognised when it is probable that they will be reversed in the foreseeable future and it is estimated that there will be sufficient taxable profit against which they can be used.

Similarly, tax liabilities are recognised in "Tax liabilities" in the balance sheet, also split into current and deferred. Current tax liabilities are recognised as the amount of tax payable and deferred tax liabilities as the amount expected to be paid in future periods.

Deferred tax liabilities are recognised for all taxable differences that affect future taxable income. Excluded from the above are cases where the taxable differences relate to temporary differences in subsidiaries and associated companies when the bank has control over the timing of the reversal and it is probable that they will not be reversed in the foreseeable future.

Net income distributed to Banco BPI by subsidiaries and associated companies, is not taxed in Banco BPI as a result of applying the regime established in article 51 of the Corporate Income Tax Code, which provides for the elimination of double taxation of distributed net income.

In addition, under Portuguese legislation, temporary differences associated with investments in subsidiaries and associated companies where BPI's holding exceeds 10% and has been held for more than 1 year, fall under the Participation Exemption regime. However, in the case of Banco Comercial e de Investimentos, deferred tax liabilities are recognised for the taxation in Mozambique of all the distributable profits, in accordance with the Mozambican tax legislation.

To determine taxable profit (tax loss), tax bases, tax losses carried forward, tax credits and tax rates, BPI always takes as a basis the tax framework under the legislation in force and the interpretations and clarifications arising therefrom. All the assumptions used are those which, in BPI's opinion, best represent the correct application of the legal and accounting rules in force on the reporting date

The Bank applies IFRIC 23 (Interpretation no. 23 of the International Financial Reporting Interpretations Committee) in respect of the uncertainty over the income tax treatment to adopt. This uncertainty is reflected in the amount of income taxes recorded.

2.13. Tangible assets

Tangible assets include the amount of property, land, furniture, vehicles, IT equipment and other facilities owned or acquired under a finance lease for the Bank's own use and which are expected to be used during more than one economic year.

Tangible assets are generally stated at acquisition cost deducted from accumulated depreciation and any impairment losses determined by comparing the carrying amount of each item to its recoverable amount.

Depreciation is calculated using the straight-line method on the basis of the acquisition cost of the assets. Land is not depreciated since it is considered to have an indefinite life.

The depreciation charge of tangible assets is recognised under the “Depreciation and amortisation” caption of the income statement and is calculated basically using the depreciation rates set out in the table below, which are based on the years of estimated useful life of the various assets:

Useful life of tangible assets

	Years of useful life
Buildings	20 to 50
Works in owned property	10 to 50
Works in leasehold property	3 to 10
Equipment	3 to 12
Other tangible assets	3 to 10

Upkeep and maintenance expenses are booked under “Other administrative expenses” in the income statement, when they are incurred.

2.14. Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance acquired from third parties or developed internally.

The Bank recognises, in this caption, expenses relating to the development of software, as well as the cost of acquiring software, in both cases where the impact extends beyond the financial year in which the cost is incurred.

Intangible assets are amortised on a straight-line monthly basis over the estimated period of useful life of the assets which, in general, corresponds to a period of six years.

Computer software developed internally is recognised as an intangible asset when, among other requirements, it is capable of being used or sold, and it is identifiable and its ability to generate future economic benefits can be demonstrated.

Expenses incurred during the research phase are recognised directly in the income statement for the period in which they are incurred and cannot subsequently be capitalised.

2.15. Assets received in settlement of defaulting loans and non-current assets held for sale and discontinued operations (IFRS 5)

This heading includes individual assets or disposal groups, or assets that form part of a line of business that will be disposed of (discontinued operation) whose sale is highly probable in their present condition within one year from the financial statements date. Assets that will be disposed of within a year but where disposal is delayed by events and circumstances beyond the Group’s control may also be classified as held for sale, when there is sufficient evidence that the Company is still committed to selling them.

The carrying amount of these assets will be recovered principally through a sale transaction.

Assets received in settlement of defaulting loans and other assets

Non-current assets (property, equipment or other) received as total or partial settlement of debtors’ payment obligations in credit operations are recognised under "Non-current assets and disposal groups classified as held for sale" unless it has been decided to make continuing use of the assets.

Such assets are recorded at the legal or tax acquisition amount or the amount stated in the settlement agreement. Assets recovered following the resolution of lease contracts are recorded at the outstanding amount due not invoiced.

These assets are subject to regular valuations. Property valuations are carried out by independent appraisers selected from the pool of entities registered with the Securities Market Commission as “expert appraisers”, and seeking to ensure adequate diversification and rotation of appraisers.

The independent external appraisals follow the principles defined in:

- IVSC – International Valuation Standards Council, in the International Valuation Standards publication;
- Bank of Portugal Notice 5/2006 (Valuation of Mortgaged Properties pledged as collateral for Mortgage Bond Loans);
- Regulation no. 575/2013/EU of the European Parliament and of the Council (prudential requirements);

using 3 appraisal methods described in the contracts entered into with the companies: market method, income method and Cost method:

- **Market method**

This method determines an estimate of the amount by which it is understood that a particular property may be traded, after an appropriate period of marketing, between an interested seller and an interested buyer, in which both parties act in an informed, prudent and non-conditioned manner and subject to no coercion.

The value of the property is determined after analysing transaction and offered prices for comparable properties, obtained through knowledge of the local market and exhaustive collection of real estate market data which permit to determine the supply/demand situation for similar properties and act as a decisive factor in determining the Market Value of the property under evaluation.

- **Income method**

In this method, the market value of a property corresponds to the present value of all future rights and benefits deriving from its ownership.

This method relies on the principle that the management and operation of the property is based on principles of legality, rationality and competence. The purpose of the analysis is to determine the property's capacity to generate revenue flows and respective frequency, also inferring all inherent expenses.

- **Cost method**

In this method, the estimate of the value of a property corresponds to the construction cost of another property serving the same purposes and having the same characteristics of the first, in terms of materials and technology, at current market prices. The value determined includes the value of the land, the construction costs and the developer profit margin, minus depreciation, i.e., the property's loss of value due to physical, functional, economic or environmental obsolescence, or a combination of these factors.

For all appraisals not using the 3 appraisal methods, the expert appraiser must take into account the characteristics of the local market and the specific characteristics of the property being appraised. The appraisal value that will be adopted shall be the lower of those determined, as it is the more prudent in terms of guarantee.

In any case, the appraisal reports must contain an explanation of the methodological options, thus complying with Banco de Portugal's instructions.

On-site appraisal by independent external entities takes place:

- On the date the asset is booked in the Bank's balance sheet;
- Regularly:
  - Every 3 years in the case of residential property (with quarterly re-appraisal based on an internal statistical model (RIMO);
  - Annually for all other properties.
  - Whenever available information points to a possible substantial decrease in value.

After initial recognition, the Bank compares the asset's carrying amount with its estimated fair value. The fair value and the impairment allowances created for foreclosed real estate assets are determined in accordance with the appraisal value and the book value of the properties. The appraisal value is the lower of the following:

- On-site appraisal value
- Statistical revaluation value (RIMO)
- Sale value (if purchase/sale agreement concluded)

minus costs to sell, recognising any additional impairment or recoveries in the income statement (up to an amount equal to that of the previously recognised impairment losses). Impairment may be increased due to the time the property has remained in the Bank's portfolio.

Changes in impairment losses on a non-current asset classified as held for sale are recognised under "Profit/(loss) from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations". Unrealised capital gains on these assets are not recognised in the balance sheet or in the income statement.

On the date of sale, the capital gains or losses realised on these assets are recognised in the income statement under "Gains/(losses) on derecognition of non-financial assets, net".

The Bank's tangible assets that are no longer in use (unused property and equipment) and are in the process of being sold, are also booked under this caption. Such assets are transferred from tangible assets at book value (cost less accumulated depreciation and impairment losses) on the date they become available for sale, and are subsequently revalued in the same manner as assets received in settlement of defaulting loans.

Non-current assets held for sale are not depreciated while remaining in this category.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale, and (i) represents either a separate major line of business or a geographical area of operations, (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) is a subsidiary held exclusively to sell.

Assets classified in this caption are not depreciated and are valued at the lower of cost and fair value, less costs to be incurred with the sale.

If book value is greater than fair value less costs to sell, an impairment loss is recognised in the caption "Impairment losses and other provisions, net".

2.16. Leases

The following table summarizes how to identify and account for lease operations in which the Bank acts as lessor or lessee:

<table>
<tr><td rowspan="3">Determining whether the agreement is or contains a lease[1]
(At the onset or when the contractual conditions are changed)</td><td rowspan="3">Is the asset identified in the agreement?</td><td rowspan="2">Yes</td><td rowspan="2">Does the party receiving the asset have the right to control its use?</td><td>Yes</td><td>It is a lease agreement</td></tr>
<tr><td>No</td><td>It is not a lease agreement</td></tr>
<tr><td>No</td><td colspan="3">It is not a lease agreement</td></tr>
</table>

[1] For agreements that have a leasing component, one or more additional leasing components and others that are not leasing components, the agreement payment will be distributed to each leasing component on the basis of the relative price, regardless of the leasing component, based on aggregate price, and on the basis of the independent aggregate price of the non-leasing components.

Lessor

	Finance leases	Operating leases
	Operations where, substantially, all the risks and rewards inherent to the leased asset are **transferred to the lessee.**	Operations where, substantially, all the risks and rewards inherent to the leased asset, as well as its ownership, are **maintained by the lessor.**
Recognition as lessor (According to the economic purpose of the operation, regardless of its legal form)	- Are recognised as a loan granted under the balance sheet caption "Financial assets at amortised cost" as the sum of the present value of all payments receivable by the lessee during the period of the leasing plus any non-guaranteed residual amount pertaining to the lessor. - Include fixed payments (minus payments made to the lessee) as well as variable payments determined in accordance with an index or rate, and also the exercise price of the purchase option, if there is reasonable certainty that it will be exercised by the lessee and penalties for termination by the lessee if the term of the lease reflects the exercise of the termination option.	The acquisition cost of the leased assets is recognised in the **"Tangible assets" caption of the balance sheet.**
	The financial income obtained as a lessor is recognised in the income statement caption **"Interest income".**	- They are depreciated using the same criteria as for the remaining tangible assets for own use. - Income is recognised in the income statement caption "Other operating income".

Lessee

<table>
<tr><td rowspan="5">Recognition as lessee</td><td>Term of the agreement</td><td colspan="4">Fixed-term agreements, with or without early cancellation option by the Bank (subject only to a non-significant penalty): for these contracts it was considered that the lease term coincides with the end date of the contract.

Open-end agreements or agreements with automatic annual or semi-annual renewal: for IFRS 16 application purposes, a term of 5 years[1] starting on 1 January 2019 was assumed, taking into account that the bank will incur significant economic penalties (namely branch investment and installation costs) if it terminates these agreements prior to term.

The term of certain agreements may be affected as a consequence of the Bank's reorganisation plans.</td></tr>
<tr><td rowspan="4">Accounting record</td><td></td><td></td><td>At the start date of the agreement</td><td>Subsequently</td></tr>
<tr><td rowspan="2">Agreements with a term longer than 12 months or where the underlying asset is not of low value (set at 6 000 euros)</td><td>Lease liability ("Other financial liabilities")</td><td>Valued based on the present value of future lease payments not yet made on this date, using as discount rate the interest rate[2] that the lessee would have to pay to borrow, with a similar maturity and guarantee, the funds necessary to obtain an asset of similar value to that of the right-of-use asset in a similar economic context.</td><td>Valued at amortised cost using the effective interest rate method and revalued (with the corresponding adjustment to the related right-of-use asset) when there is a change in future payments due to renegotiation, index or rate changes or in the event of a revaluation of the agreement's options.</td></tr>
<tr><td>Right-of-use asset ("Tangible assets")</td><td>Valued at cost and includes the initial valuation of the lease liability, payments made on or before the commencement date, initial direct costs, costs of dismantling or rehabilitation when there is an obligation to bear them.</td><td>Amortised on a straight-line basis and subject to impairment losses, in accordance with the treatment established for the remaining tangible and intangible assets.</td></tr>
<tr><td colspan="2">Remaining agreements</td><td colspan="2">Accounted for as operating leases</td></tr>
</table>

[1] The 5-year term is in line with Banco BPI's strategic guidelines on the renewal of current lease agreements, taking into account the Bank and industry context, from the standpoint of business risk management and management of the fixed assets associated to the agreements.

[2] The Bank calculated these interest rates taking as a reference the cost of debt instruments, adding to the base market curve (swaps vs 6M Euribor) the covered and senior debt spreads for BPI.

The application of IFRS16 involves making estimates on the duration of agreements and on the disaggregation of components related to services that were included in the formalised lease agreements.

2.17. Contingent assets

Contingent assets arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits. Contingent assets are not recognised in financial statements, except where an inflow of economic benefits is practically certain. If there is a probable inflow of economic benefits, it will be referred in the explanatory notes on the corresponding contingent asset.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

2.18. Provisions and contingent liabilities

Provisions cover present obligations at the date of preparation of the annual financial statements arising from past events which could give rise to a loss considered likely to occur; and is certain as to its nature but uncertain as to its amount and/or timing.

The financial statements include all the material provisions with respect to which it is considered more likely than not that the obligation will have to be settled. Provisions are recognised on the liabilities side of the balance sheet.

Provisions, which are quantified based on the best information available on the consequences of the event giving rise to them and are re-estimated at the end of each reporting period, are used for specific expenditures for which the provision was originally recognised. Provisions are fully or partially reversed when the obligations cease to exist or are reduced.

When an obligation exists but an outflow of resources embodying economic benefits is not likely, the obligation is recognised as a contingent liability. Contingent liabilities may develop in a way not initially expected. Therefore, they are assessed continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes more probable than not that an outflow of future economic benefits will be required, a provision is recognised in the balance sheet.

Provisions are recognised under "Provisions" on the liabilities side of the balance sheet (Note 20). Contingent liabilities are disclosed in the notes to the financial statements.

2.19. Insurance and reinsurance intermediation services

Banco BPI is duly authorised by the Portuguese Insurance and Pension Funds Authority (Autoridade de Supervisão de Seguros e Fundos de Pensões) to provide insurance intermediation services as a Tied Insurance Intermediary, pursuant to article 8, a), i) of Decree-Law no. 144 / 2006, of 31 July, and operates in the life and non-life insurance intermediation areas.

In the insurance intermediation services area, Banco BPI sells insurance contracts. As remuneration for its insurance intermediation services, Banco BPI receives commissions for brokering insurance contracts, which are defined in agreements/ protocols established between Banco BPI and the Insurance Companies.

Commissions received for insurance intermediation services are recognised on an accrual basis. Commissions received in a different period from that to which they relate are therefore recorded as receivables under “Other assets” as an offset against the caption “Commissions received - for insurance intermediation services”.

Banco BPI does not collect insurance premiums on behalf of Insurance Companies, or receive or pay funds relating to insurance contracts. Thus, there are no other assets, liabilities, income or expenses to be recognised relating to the insurance intermediation services rendered by Banco BPI, other than those already referred to

2.20. Statement of income and other comprehensive income

This statement presents the revenues and expenses recognised as profit or loss from Banco BPI's activity in the year, distinguishing between the profit or loss recognised in the income statement and the other revenues and expenses recognised directly in equity.

2.21. Statement of changes in equity

This statement presents all changes in the Bank's equity, including those due to accounting policy changes and error corrections. This statement presents a reconciliation between the carrying amount of each component of net assets at the beginning and the end of the period, grouping movements by nature under the following headings:

- Adjustments due to accounting policy changes and error corrections: includes changes in equity as a result of the retrospective restatement of financial statement balances, distinguishing between those resulting from changes in accounting policies from those representing the correction of errors.
- Total income and expenditure recognised: represents the aggregate of all items recognised in the statement of income and other comprehensive income.
- Other changes in equity: includes the remaining items recognised in equity, such as capital increases or decreases, distribution of dividends, treasury share transactions, equity-based payments, transfers between equity items, and any other increase or decrease in equity.

2.22. Statement of cash flows

The following terms are used in the presentation of the statement of cash flows:

- Cash and cash equivalents: include cash, cash and deposits at Central Banks and other Credit Institutions, very short-term applications in Credit Institutions and cheques for collection.
- Operating activities: the indirect method is used to present cash flows from operating activities, which are the principal revenue-producing activities of credit institutions and other activities that are not investing or financing activities.
- Investing activities: the acquisition, sale or other disposal of long-term assets, such as equity investments in subsidiaries and associates, acquisition of tangible and intangible assets and other strategic investments not included in operating activities.
- Financing activities: activities that result in changes in the medium and long-term financing activities of the Bank and which do not form part of operating activities, such as issuance of debt securities and subordinated debt, capital increases and dividend distributions.

3. RISK MANAGEMENT

3.1. Environment and risk factors

From Banco BPI's perspective, the following were the main factors with a significant impact on risk management in 2022, both due to their influence in the year under review and to their long-term implications:

- Economic context

  - **Global economy**

2022 was marked by the end of the COVID-19-related restrictions almost everywhere in the world, with the exception of China where the zero-COVID policy remained in force; by the outbreak of war in Ukraine; and, more recently, by the energy crisis, affecting Europe in particular. The contemporaneity of these factors led to the worsening of the imbalance between supply and demand generated by the pandemic, putting upward pressure on the prices of essential raw materials such as energy and food, and to the accumulation of growth-restricting factors that were present throughout 2022 and will tend to dominate the economic environment in 2023, and in particular in the first half of the year. Among these factors, the return of an inflationary environment stands out, with the USA recording inflation rates around 9% and the euro zone of more than 10%; and the fact that the main central banks were forced to start to withdraw monetary stimuli in order to combat inflation, which took the form of aggressive rises in their key rates, with an impact on market interest rates and the financing costs of economic agents. In this context, the International Monetary Fund estimates that the world economy will expand by 3.2% in 2022, with the advanced economies growing by 2.4% and the emerging economies by 3.7%.

The outlook for 2023 is more subdued. The IMF predicts a slowdown in world growth to 2.7%, especially impacted by a 1.1% fall in advanced economies' growth, while the emerging economies should maintain the same growth rate as in 2022. The dilution of savings accumulated during the pandemic, which served as a cushion for the increase in household spending, will diminish the role of this factor of support to private consumption; and companies will tend to postpone investment decisions both as a consequence of the environment of lower demand and greater uncertainty, and as a consequence of higher financing costs.

At a global level, the outlook for the main macroeconomic variables remains subject to downside risks that could result in lower growth and higher inflation. Among these risks are a possible intensification of the conflict in Ukraine, the possible need for energy rationing and the slowdown of growth in China, with repercussions on global growth.

– **Eurozone**

The eurozone has been one of the worst affected areas by the factors described above; however, throughout 2022, growth proved more resilient than expected, placing the euro economy in a stronger position to face the risks that particularly affect it in the winter months, due to its energy dependence. Still, the euro economy can hardly avoid a contraction in the last quarter of 2022 and first quarter of 2023. The European Commission estimates that after growing by 3.2% in 2022, the eurozone will advance by 0.3% only in 2023. Adding to the impact of high levels of inflation and rising financing costs, the negative impact of the energy crisis on economic agents' confidence also affects the euro countries. In this scenario, domestic demand is expected to weaken substantially, reflecting the adoption of more cautious behaviours by households and companies. In turn, the anticipated global slowdown suggests that external demand is unlikely to offset the weakening of the domestic component.

The inflation outlook points to it remaining clearly above the European Central Bank's target, while the European Commission estimates a rate of 8.5% in 2022, moderately slowing down to 6.1% in 2023. In this inflationary context, the ECB initiated the cycle of rate hikes in July 2022, with an increase of +50 bps. This process, which in cumulative terms reached 250 bps after the 50 bps increase in December, ended a period of around 6 years with zero or even negative reference rates. At the end of 2022, the depo and refi rates stood at 2.0% and 2.5%, respectively, and the upward cycle should continue into the first months of 2023, until reaching 2.5% and 3% respectively. Coinciding with the first upward movement, the ECB presented the Transmission Protection Instrument (TPI), which is intended to contain speculative increases in peripheral risk premia. Under this programme, the ECB may acquire public debt in the secondary market, and private debt, under certain conditions. At its last meeting, the ECB announced the general guidelines for the reduction of reinvestments of securities purchased under the Asset Purchase Programme, which should begin in March, with a programmed reduction of 15 billion euros per month. This pace will be reassessed in June.

The risk bias in the eurozone is more pronounced than in the other advanced economies, reflecting the area's greater exposure to the adverse effects of the cut-off of gas supplies by Russia, which both maintained prices at high levels and could possibly lead to the need to ration gas consumption. As far as price developments are concerned, the risks are on the upside, although the tightening of monetary policy, the increase in financing costs, the depletion of savings accumulated during the pandemic and the erosion of household income will tend to contribute to a more benign price behaviour.

– **Portugal**

2022 was a positive year for activity. At the end of the third quarter, GDP was already 2.4% above the pre-pandemic level, and the Bank of Portugal expects it to grow by 6.7% in the full year. Not only base effects contributed to this figure (Q1 2021 was particularly gloomy in terms of the effects of the pandemic on the economy) but also the recovery of private consumption and tourism activity to pre-pandemic standards.

In 2023 headwinds are expected to be stronger than tailwinds. The cumulative effect of ramping inflation, higher interest rates and a more uncertain environment should warrant a marked slowdown in economic activity. GDP growth is expected to be residual (0.7% according to the European Commission) and inflation will remain high and above 5% (5.8%).

- Regulatory Context

The second half of 2022 was essentially marked by the roll-out of initiatives taken and/or underway in the first half of the year, namely related to: (i) the maintenance and imposition of measures due to the armed conflict in Ukraine; (ii) European concerns with sustainability and ESG issues, digitisation and technological innovation, cybersecurity and information transparency; and the (iii) the progressive review of the macro prudential framework, with reforms in structural legislation for the financial sector.

Due to the favourable evolution of the pandemic, COVID-19 related measures that were no longer necessary were largely discontinued, both at home and abroad.

Given the scenario of energy crisis and widespread inflation, measures were also designed at national and international level to mitigate the generalised increase in the price of oil and gas in Europe, including, in Portugal, the establishment of an exceptional and temporary price fixing regime provided for in MIBEL (the Iberian electricity market) and the attribution of extraordinary social support. Of note in this regard is the publication of Law 19/2022, which determines the rent updating coefficient for 2023, creates an extraordinary rental support, reduces VAT on electricity supply, establishes a transitory pension updating regime, establishes a savings plan redemption regime and determines that support to families cannot be pledged.

Decree-Law 80-A/2022, published at the end of 2022, established measures to mitigate the effects of the increase of the reference index rates of loan contracts for the acquisition or construction of permanent own homes, covered by Decree-Law 74-A/2017, of 23 June, as last amended, entered into with credit institutions, financial companies and branches of credit institutions and financial institutions operating in Portugal, with an outstanding amount equal to or less than 300 thousand euros, where the customers show an increase in the affordability rate or a significant affordability rate.

According to Decree-Law 80-A/2022:

An increase in the affordability rate is considered significant when:

- borrowers show an affordability rate ≥ 36% following:
  - a 5 p.p. increase compared to the affordability rate on the same date of the previous year, or, for contracts entered into in the last 12 months, compared to the date of their conclusion; or
  - an increase of 3 p.p. or more in the reference index rate compared to the rate on the date the contract was entered into.
- or, when the borrower' affordability rate was already higher than 36% 12 months before and during this period, this rate or the contract's reference index rate increased in any of the above-mentioned circumstances.

Significant affordability rate means an affordability rate of at least 50%.

The more relevant issues and documents in terms of the regulatory context are listed below by theme:

Supervision:

- The EBA published its Final Report with the Guidelines on transferability to support or supplement the resolvability assessment for transfer strategies.
- The EBA published a set of Guidelines and two draft Regulatory Technical Standards (RTS) specifying technical aspects of the revised framework capturing interest rate risks for banking book (IRRBB) positions.
- At national level, Law 23-A/2022 transposed Directive (EU) 2019/878, on access to banking activity and prudential supervision, and Directive (EU) 2019/879, on the recovery and resolution of credit institutions and investment firms, amending the General Framework of Credit Institutions and Financial Companies (RGICSF), the Securities Code (CdVM) and related legislation.

Markets and Risks:

- The Council of the European Union defined its position ("general approach") on the revision of the Consumer Credit Directive. The revised directive repeals and replaces the 2008 directive on consumer credit agreements.
- The ESAs - EBA, ESMA and EIOPA - published a joint Opinion addressed to the Commission on the review of the prudential framework for securitisation.
- The ESMA published the Guidelines on the application of certain aspects of the MiFID II appropriateness and execution-only requirements.
- At national level, publication of Decree-Law no. 11/2022, which "Establishes the legal framework for equity loans".
- 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".
- The CMVM launched a Public Consultation on the Draft Regulation on issuers' information duties and the regime applicable to public acquisition offerings.

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

- 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, publication of BoP Notice 1/2022, which "Establishes the necessary requirements 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 2/2018 and Instruction 2/2021";
- The CMVM published Regulation 5/2022 on the "Prevention of money laundering and terrorist financing".

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

- Publication of Commission Delegated Regulation, which adopts Level 2 regulation on the sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosure Regulation or SFDR).
- The EBA, ESMA, IOSCO, EBF and the ECB have released their responses to the Public Consultations launched by the International Sustainability Standards Board (ISSB) and/or the European Financial Reporting Advisory Group (EFRAG) on proposed sustainability-related disclosure standards.
- The ESAs – EBA, ESMA e EIOPA – launched a joint Call for Evidence on greenwashing.

- The ESMA published its Final Report on the Guidelines on certain aspects of the MiFID II suitability requirements, following the introduction of sustainability-related amendments to the legal text.
- Publication of Directive (EU) 2022/2464 as regards corporate sustainability reporting (the Corporate Sustainability Reporting Directive or CSRD);
- The following publications also deserve a note: (i) Directive (EU) 2022/2041, on adequate minimum wages in the European Union, and Directive (EU) 2022/2381 on improving the gender balance among directors of listed companies and related measures.
- CMVM Regulation 6/2022, which provides the "Minimum content to be mastered by employees of financial intermediaries and autonomous consultants".
- Decree-Law 82/2022, which transposes Directive (EU) 2019/882 on the accessibility requirements for products and services. The transposed Directive aims to harmonise requirements for certain accessible products and services and to set out the obligations of economic operators and service providers in this respect

In the digital, technological innovation and data protection field:

European entities continued to focus on the digital euro, transfers and tax transparency of crypto-assets, and harmonised rules on Artificial Intelligence and cybersecurity, with major changes expected going forward to the legislation and/or regulations.

- The OECD-CTP delivered a new transparency framework for crypto-assets to G20. The OECD delivered a new global tax transparency framework to provide for the reporting and exchange of information with respect to crypto-assets.
- Publications: (i) Regulation (EU) 2022/1925 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act); and (ii) Regulation (EU) 2022/2065 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act).
- Regulation (EU) 2022/2554 and Directive 2022/2556, on digital operational resilience for the financial sector, and Directive 2022/2555, on measures for a high common level of cybersecurity across the Union.
- At national level, Law 16/2022 approved the Electronic Communications Law, revoking Law 5/2004, of 10 February and Ministerial Order 791/98, of 22 September.

Other:

- Publication of Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the Union, following the unanimous agreement announced on 12 December 2022 by the Czech Presidency of the Council of the EU on the Commission's proposal for a Directive guaranteeing a minimum effective tax rate for large multinational enterprise groups. When implemented, this agreement will bring fairness, transparency and stability to the international corporate tax framework.

3.2. Risk governance, management and control

The information on risk governance, management and control is detailed in the risk chapter of the management report (page 105), in which the internal control structure, the organisational structure and respective responsibilities for risk control, the risk catalogue, risk culture and strategic events are described.

3.3. Transversal Risks

The transversal risks of the Risk Catalogue - business profitability risk, capital and solvency risk and reputational risk - are described below.

3.3.1 Risk to business profitability

The risk to business profitability concerns the possibility of obtaining lower earnings than those expected by the shareholder, or targeted by BPI, which ultimately may lead to not achieving sustainable profitability above the cost of capital.

BPI's profitability objectives, backed by a process of financial planning, are defined in the strategic plan and in the budget.

The Group has a corporate policy for business profitability risk. The strategy for managing this risk is integrated with the capital and liquidity management strategy, and is supported by the risk strategic processes (Risks Catalogue, Risk Assessment, RAF).

3.3.2 Capital adequacy and solvency risk

BPI has set the objective of maintaining a medium-low risk profile and a solid capital position. The adequate level of capital to cover unexpected losses is measured under two different approaches: regulatory capital and economic capital.

The regulatory capital of financial entities is determined under Regulation (EU) 575/2013 (CRR) and Directive 2013/36/EU of the European Parliament and of the Council, which provide the global supervision framework and prudential rules with regard to Solvency, known as Basel III (BIS III), and it corresponds to the metric i) required by the regulators and ii) used by analysts and investors for purposes of comparative analysis of financial entities. Subsequently, the Basel Committee and other relevant bodies published additional rules and documents, containing new specifications for the calculation of own funds. In view of the permanent evolution of the regulatory framework, the Bank continually adapts its processes and systems in order to ensure that the calculation of minimum capital requirements is permanently aligned to the new requirements.

As a complement to the assessment of capital adequacy relative to the risk-weighted assets on a regulatory basis, BPI measures the adequacy of its available own funds relative to its economic needs, this being the metric used to:

- the self-assessment of capital, which is subject to presentation to and review by the Bank's relevant bodies;
- update the economic capital ratio, as a control and monitoring tool;
- calculating the Risk Adjusted Return (RAR) and pricing adjusted return.

In contrast with regulatory capital, economic capital always requires an internal estimate, which the Entity adjusts according to its level of tolerance to risk, volume, and type of business activity. Hence, economic capital complements the regulatory vision of solvency to provide a closer view of the real profile of risk taken by the Bank, and to capture risks not considered, or only partially considered, in the regulatory requirements. In addition to the risks already contemplated under Pillar I (credit, market, and operational risks), others are also included in the catalogue of risks (namely structural interest rate risk, liquidity risk, business risk, actuarial risk, etc.). To manage these risks, the Group uses the same confidence level as that used for calculations under Pillar I - a 99.9% confidence level, in accordance with the Basel III definition.

With regard to the calculation of regulatory capital requirements for credit risk, as a result of the regulator's authorisation for Banco BPI to use advanced approaches for the mortgage loan portfolio, as from the December 2022 position, its risk-weighted assets already reflect the adoption of this new methodology, which ensures a better adjusted assessment of BPI's portfolio and thus allowed the Bank to achieve one of its strategic objectives.

In addition, the regimes provided for under Directive 2014/59/EU (BRRD) and Regulation 806/2014/EU (SRM) of the European Parliament and of the Council establish the rules for the restructuring and resolution of credit institutions and investment firms, requiring that banks have a minimum level of eligible own funds and liabilities (MREL). With the revision of these regulations, the MREL requirement is now expressed as a percentage of risk-weighted assets and of the exposure considered for calculating the leverage ratio.

3.3.3 Reputational risk

Reputational risk is the risk of loss of competitive capacity due to the deterioration of trust in BPI by its stakeholders, as a result of their perception of actions or omissions attributed to BPI or its Management or Governance Bodies.

The risk is monitored using internal and external selected reputational indicators from various sources of stakeholder expectations and perception analysis. The indicators are weighted according to their strategic importance and are grouped in a balanced reputation scorecard that enables a Global Reputation Index (GRI) to be obtained. This metric permits to monitor the perception of the different stakeholders concerning the institution on a semi-annual and annual basis, to make comparisons with the competition, and to define the tolerance ranges in accordance with the Bank's risk appetite, thus enabling a more effective management of reputation.

The management, monitoring and control of reputation risk is framed in the Reputational Risk Management Policy, in force since 31 March 2022.

3.4 Risks of financial activity

The financial risks of the Risk Catalogue - credit risk, actuarial risk, structural rates risk, liquidity and funding risk, and market risk - are described below.

3.4.1 Credit risk

Overview

BPI shares with the CaixaBank Group the principles and policies that support credit risk management, which may be summarised as follows:

- An adequate relationship between income and the commitments assumed by the consumers.
- Documentary proof of the information provided by the borrower concerning its solvency.
- Adequate pre-contractual information about the personal circumstances and characteristics of each Customer and operation.
- Adequate independent assessment of real estate collateral.

Concerning BPI's commercial activity, the Bank gears its lending activity towards meeting the financing needs of families (consumer and residential mortgage loans) and businesses, seeking to maintain a medium-low risk profile, as established in the RAF and Strategic Plan.

At 31 December 2022 and 2021 the maximum exposures to credit risk on the balance sheet, including counterparty risk, was as follows:

	Consolidated			
	31-12-2022		31-12-2021	
	Maximum exposure to credit risk	Impairment	Maximum exposure to credit risk	Impairment
Cash balances in other Credit Institutions[1]	93 409		100 975	
Financial assets held for trading				
Debt securities	4 185		4 618	
Non-trading financial assets mandatorily at fair value through profit or loss				
Debt securities	5 703		5 354	
Financial assets at fair value through other comprehensive income				
Debt securities	953 439		1 235 375	
Financial assets at amortised cost				
Debt securities	7 482 343	(15 589)	6 859 919	(14 793)
Loans and advances - Central Banks and other Credit Institutions	819 161	(12)	1 002 873	(30)
Loans and advances - Customers	25 986 083	(519 264)	24 801 596	(511 746)
Trading derivatives and hedge accounting[2]	119 725		212 570	
Total active exposure	35 464 048	(534 865)	34 223 280	(526 569)
Total guarantees given and commitments[3]	5 841 040	(12 399)	5 120 440	(18 093)
Total	41 305 088	(547 264)	39 343 720	(544 662)

[1] Does not include cash and cash balances in Central Banks.

[2] The maximum exposure to credit risk for derivatives is the exposure value according to the mark-to-market method, it does not reflect the netting carried out for the book values. As of 31 December 2022 and 2021, the value of the adjustment for counterparty credit risk (Credit Valuation Adjustment) associated with the derivatives portfolio is (574) th.euros and (6 926) th.euros, respectively.

[3] CCF – Credit Conversion Factor for guarantees given and credit commitments. At 31 December 2022 and 2021, total guarantees and commitments, considering the respective CCF, were 4 341 Me. and 4 084 Me. respectively.

At 31 December 2022 and 2021 the maximum exposures to credit risk on the balance sheet, including counterparty risk, was as follows:

	Individual			
	31-12-2022		31-12-2021	
	Maximum exposure to credit risk	Impairment	Maximum exposure to credit risk	Impairment
Cash balances in other Credit Institutions [1]	93 409		94 625	
Financial assets held for trading				
Debt securities	4 185		4 618	
Non-trading financial assets mandatorily at fair value through profit or loss				
Debt securities	5 703		5 354	
Financial assets at fair value through other comprehensive income				
Debt securities	953 439		1 235 375	
Financial assets at amortised cost				
Debt securities	7 482 343	(15 589)	6 859 919	(14 793)
Loans and advances - Central Banks and other Credit Institutions	819 161	(12)	1 002 873	(30)
Loans and advances - Customers	25 986 083	(519 264)	24 801 596	(511 746)
Trading derivatives and hedge accounting [2]	119 725		212 570	
Total active exposure	35 464 048	(534 865)	34 216 930	(526 569)
Total guarantees given and commitments [3]	5 841 040	(12 399)	5 120 440	(18 093)
Total	41 305 088	(547 264)	39 337 370	(544 662)

[1] Does not include cash and cash balances in Central Banks.

[2] The maximum exposure to credit risk for derivatives is the exposure value according to the mark-to-market method, it does not reflect the netting carried out for the book values. As of 31 December 2022 and 2021, the value of the adjustment for counterparty credit risk (Credit Valuation Adjustment) associated with the derivatives portfolio is (574) th.euros and (6 926) th.euros, respectively.

[3] CCF – Credit Conversion Factor for guarantees given and credit commitments. At 31 December 2022 and 2021, total guarantees and commitments, considering the respective CCF, were 4 341 Me. and 4 084 Me. respectively.

The maximum exposure to credit risk is the gross book value, except for derivatives where it is the amount of exposure under the Standardised Approach for Counterparty Credit Risk (SA-CCR, which corresponds to the sum of the replacement cost and the potential future exposure over which the scalar factor α of 1.4 is applied:

- Replacement cost: the highest value between zero and the market value of an operation or of a portfolio of operations with a counterparty which can be offset in the event of default by the counterparty, assuming that all transactions were immediately closed and including collateral transferred.
- Future potential exposure: change in the credit exposure as a result of future changes in the price of an operation or in the valuation of operations that can be offset with a counterparty during the residual term to maturity.

Credit risk cycle

Credit risk management at BPI covers the entire life of the transactions. The process is designed to follow best market practices and is aligned with CaixaBank and the regulators' recommendations.

Loan approval and granting

The credit risk-taking process is based on the collection of information, in order to assess the Customer's reimbursement capacity without resorting to collateral, involving the assessment of aspects such as knowledge about the Customer and the industry sector in which it operates/obtains income, the experience gained in similar operations and the purpose and other characteristics of the operations. To this end, the credit risk-taking process involves a delegation of powers, according to the characteristics of the operations and the clients, in order to strengthen the approval in circumstances where the level of risk could be higher. The definition of the level responsible for the approval of operations essentially depends on four elements:

- **Amount –** the contracted and potential exposure of the Customer or risk group;
- **Guarantee –** comprises the set of collaterals required to provide for additional situations of risk of default;
- **Specific risk policies –** set of Policies that establish specific risk-taking criteria, such as restructurings, incidents, rejection boundaries, etc.
- **Term –** the operation's intended maturity, depending on the intended purpose

Naturally the risk-taking policies and criteria are regularly reviewed and adjusted as necessary in light of the context and of the evolution of credit risk and the experience acquired.

Credit risk-taking at Banco BPI is independent from the business areas, with the Credit Division (CRD) being essentially responsible for the analysis and granting of loans.

The CRD is organised into specialised teams according to the segment of each operation / customer:

- **Individuals –** mortgage and consumer loan risk centres;
- **Entrepreneurs, Small Businesses and Private Banking –** exposure to individual entrepreneurs, individuals with business purposes, private banking Clients, micro-companies and small companies;
- **Medium-sized Companies;**
- **Large Companies, Institutional Clients, Countries and Financial Institutions**, which includes Risk Centres specialising in exposure to:
  - Financial entities, insurers (except non-life), sovereign risk and country risk;
  - State business sector, Regional Administration, Municipalities, Catholic Church and Foundations (except Parish Councils).
- **Industry sector specialization and structured finance -** risk centres specialising in agriculture, tourism, residential real estate and structured finance;
- **Environment** - area responsible for control of environmental risk.

The CRD Risk Centres are centralised in Lisbon and Porto. For the Small Businesses, Private Banking, Medium-sized Companies and Large Companies segments, the Clients monitored by each Risk Centre are distributed by regions, in line with the organisation of the Bank's commercial structure.

This organisation ensures independence and at the same time close proximity with the specific dynamics of the regions, industry sectors and Clients, which is achieved through annually scheduled meetings with the commercial areas (which include training on credit risk issues) and with the Clients

The analysis of the Customer risk and the approval of the loan is based on the risk rating of each counterparty/loan taking into account the following;

- The probability of default by counterparties and guarantors for the maturities in question;
- The loss in case of default, taking into account the existence of mortgage collateral in transactions with individual clients;
- The global value of the exposure in case of default, taking into account all on- and off-balance sheet transactions with the counterparty;
- An historical and forward-looking analysis of the Client to assess its capacity to generate sufficient funds for the timely service of the debt;
- The Clients global indebtedness to Banco BPI and in the financial system.

The most important bodies with delegated credit decision powers are the Credit Board and the Permanent Credit Committee (PCC). The Board of Directors (BD) also delegates powers to the Executive Committee of the Board of Directors (ECBD). This scheme ensures the approval of the largest exposures at the highest level of the organisation.

The delegation of decision powers for lower exposures is parametrised according to the global value of the exposure of the Customer in question, and also depends on the credit rating, the existence of incidents and instances of default, and the individual value of the transactions and respective maturity. These powers are concentrated in the CRD.

Credit management, except for individual clients, is always undertaken from the perspective of Exposure Limits. These reflect a critical analysis of the Client's reimbursement capacity and the maximum credit involvement which, bearing in mind the commercial area’s proposed credit relationship, Banco BPI deems acceptable to have with that Client, always based on prudent risk criteria.

The credit workflow is supported, from origination to contracting, by an analysis and decision software application that concentrates, all the information about the Client, the proposal, the analysis and the decisions of the competent bodies. The decision level is automatically established in accordance with each specific proposal by means of an algorithm that factors in the approval rules in force.

Exposure Limits are approved or renewed for a maximum period of one year. The Credit Risk Division is thus always called in to assess the exposure to each Client at least once a year, while at the same time the Bank has in place monitoring tools and early warnings of a deterioration in the risk of Customers or transactions, for example as a result of the downgrading of the credit rating, which, among others, may trigger a revision of the Exposure Limit.

This ensures an integrated vision of the relationship with the Client and the centralisation in the credit risk decision of the various factors - counterparty, amount, duration and guarantees for each category (of credit risk products considered homogeneous) and for special operations (which, on account of their specific characteristics, are not included in these categories, namely medium-and long term operations).

Moreover, this permits maximum flexibility and speed by the Commercial Divisions in the implementation of the operations throughout the duration of the Exposure Limit.

The pricing of the transactions is the responsibility of the Commercial Divisions, which for the purpose use tools that measure the Risk Adjusted Return (RAR) for each Client and transaction, bearing in mind market conditions

Risk mitigation

Lending is always based on the assessment of the Client's capacity to generate sufficient funds for the timely service of the debt, and on a risk-adjusted pricing policy. The requirement of personal or real guarantees, as a risk mitigator, is always considered at the time of granting a loan. In the decision to require guarantees, several factors are weighted, namely Risk rating, and the nature and term of the operations. The term in particular is one of the more sensitive factors due to the uncertainty it entails, which is why medium and long-term transactions usually have associated real guarantees.

Banco BPI receives, among others, the following collateral within the scope of its loan granting business:

- Mortgages on own housing;
- Other real estate mortgages;
- Deposit of assets;
- Pledge of securities;
- Guarantees provided by other credit institutions or within the scope of public lines of support to the economy;

The rules on the acceptance of guarantees, control of their formalisation, and monitoring of their value during the transaction's lifetime, through regular evaluations and their release are set out in specific internal regulations.

The guarantees foreseen in the internal regulations are those typified in the law, the most usual being personal guarantees (of individuals or companies) by endorsement or security, and in the case of real guarantees, the mortgage, the pledge of assets and the financial pledge. Financial instruments such as derivatives or repos are covered by standard agreements that establish the daily exchange of collaterals, guaranteeing coverage of the counterparty risk.

All guarantees are recorded in a dedicated software application. The funds are only made available to the Client after or upon verification of the guarantees provided.

The classification by stage of loans to Customers and associated guarantees is as follows:

	Consolidated / Individual					
	31-12-2022			31-12-2021		
	Gross amount	Allowance for Impairment loss	Guarantees[1]	Gross amount	Allowance for Impairment loss	Guarantees[1]
Stage 1:	**23 825 383**	**(81 044)**	**13 699 821**	**22 365 082**	**(84 760)**	**12 578 508**
No associated collateral	7 936 561	(60 780)		7 510 987	(59 154)	
With real estate collateral	14 831 034	(16 289)	13 484 378	13 469 064	(17 839)	12 282 176
With other collateral	1 057 788	(3 975)	215 443	1 385 031	(7 767)	296 332
Stage 2:	**1 558 089**	**(106 940)**	**834 524**	**1 718 353**	**(93 530)**	**891 789**
No associated collateral	390 819	(60 221)		470 694	(48 400)	
With real estate collateral	1 042 093	(38 251)	819 027	1 093 029	(34 539)	871 591
With other collateral	125 177	(8 468)	15 497	154 630	(10 591)	20 198
Stage 3:	**561 284**	**(327 948)**	**109 482**	**622 490**	**(329 372)**	**160 209**
No associated collateral	220 290	(126 954)		232 455	(160 594)	
With real estate collateral	280 275	(151 834)	107 392	315 983	(119 122)	157 957
With other collateral	60 719	(49 160)	2 090	74 052	(49 656)	2 252
	25 944 756	**(515 932)**	**14 643 827**	**24 705 925**	**(507 662)**	**13 630 506**

[1] The value of the guarantee is the lower of the value of the guarantee received and the value of the loan net of impairments.

Note: Does not include advances.

Monitoring and measurement of credit risk

The purpose of the monitoring process is to assess the quality of the risk taken in lending operations to a borrower and to decide on any actions that need to be taken, including the estimation of impairment. The targets of risk monitoring are borrowers that bear credit risk, with the results being set as a reference for any changes to the future lending policy.

The monitoring of exposures is mainly performed according to the exposure and the risk level of the operations/borrowers, being segregated into different areas in accordance with the analysis methodology.

1. Customised monitoring process

The customised monitoring procedures are applied in portfolios with material risk exposures and/or which have specific characteristics. These procedures consist of drafting regular reports on the borrowers' economic groups with the aim of assessing the existence of objective evidence of impairment and/or a significant increase in credit risk (SICR) since the initial recognition. All Groups with exposure above 2.5 million euros, as well as those with exposure between 1 and 2.5 million euros, which also have active risk triggers, are subject to individual analysis.

The triggers of a significant increase in credit risk (SICR) and/or default of individually analysed Customers are grouped into the following categories:

- Financial difficulties of the issuer or debtor (rating deterioration, financial status deterioration, defaults registered in the Banco de Portugal's Central Credit Register, lawsuits brought by third parties, etc.);
- Breach of contract clauses, non-payments or delays in the payment of interest or principal on loans contracted with the Bank;
- Restructuring or expected restructuring of the debtor's exposures due to risk deterioration;
- Other indicators identified in specific Clients through the monitoring of their activity.

Whenever Clients with objective evidence of impairment and/or a significant increase in credit risk since the initial recognition are identified, a specific impairment is established (Individual Impairment). For Clients classified as in default, individual impairment is determined on a going concern or gone concern basis, depending on the expectations of recovery for each borrower.

Monitoring by individual analysis is in principle carried out annually for each Group, in accordance with the Policies currently in force. In addition, there is a system of alerts for this universe of clients, based on the risk rating, economic-financial data and other indicators, which allows a customised analysis to be made in advance if the classification of the loans is not the most appropriate. Finally, there are also mechanisms for monitoring the main exposures through active risk indicators, which is carried out in the existing Governing Bodies for these matters.

2. Quantification and classification of credit risk

Credit risk parameters

Risk measurement is based on the segmentation of risk and on the factors associated with the calculation of the expected loss:

- **Exposure**: Exposure at default (EAD) provides an estimate of the outstanding debt in the event of default. This measurement is significant for financial instruments with a repayment structure that varies according to customer drawdowns (credit accounts, credit cards and, in general, any revolving credit product).

  The estimate is based on the observation of historical data for defaulting borrowers, comparing the drawdown levels between the time of default and during the 12 preceding months. This permits to estimate future drawdown levels according to product type, current drawdown levels and credit ceilings

- **Probability of *default*:** the Bank uses management tools covering virtually all its loan portfolios and main risk segments to help predict the probability of default (PD) associated with each borrower.

  These tools are an integral part of the credit granting and monitoring process, having been developed and calibrated in accordance with the Bank's past experience of defaults.

  - Product-oriented tools are used mainly within the scope of authorisation of new loans to individuals and take account the debtor's characteristics, information on the relationship with the Customer, internal and external warnings, and the specific characteristics of the transaction - Admission Scoring.
  - The monitoring tools for lending operations to individual Customers are Client-oriented, taking into account relationship variables with the Bank and with the financial system - Behavioural Scoring.

The scoring of transactions with individual Clients is updated on a monthly basis in order to keep the credit rating up-to-date.

Rating tools for companies and small businesses vary considerably depending on the risk segment. Particularly in the case of SMEs, BPI has a risk rating model that determines the rating automatically, based on behavioural data from BPI and the Banking System, financial data, and qualitative information that is available. These ratings are updated whenever any of this information changes.

For large companies, the Bank uses models that seek to replicate the ratings assigned by rating agencies and require the expert criteria of rating analysts. In view of the lack of sufficient statistical frequency of internal default delinquency in this segment, the models were built in line with S&P's methodology. The ratings determined on the basis of this model have a maximum validity of one year, and may be reviewed at shorter intervals if any increased risk factor is identified.

- **Loss given default:** LGD is the percentage of debt that cannot be recovered in the event of default by the Client.

LGD is calculated based on internal historical information, taking into account the cash flows associated with contracts from the moment of default until the default has been corrected or until there cease to exist any relevant expectations of recovery. This calculation also includes estimates of loan recovery costs.

3. Determination of accounting classification

The accounting classification of operations with credit risk into the different IFRS 9 Stages is established according to whether there has been a significant increase in credit risk since the operation's initial recognition, and/or whether a default event has occurred.

A significant increase in credit risk, and consequent classification of the transaction in Stage 2, is deemed to have occurred, when there are indications of difficulties or weaknesses that could justify an expectation of significantly higher losses than at the time the credit was granted.

In the case of individually significant Clients (Single Names) the classification in Stage 2 (or 3) results from a case-by-case analysis of their financial situation, as part of the credit monitoring process of these Clients or groups of Clients.

This process involves the ongoing assessment of evidence or indications of a deterioration in credit risk, namely a significant increase in risk since initial recognition. The monitoring process and corresponding staging of the operations is supported by a set of triggers associated to the Client or the transaction, which may represent indications of a deterioration of the asset. The analysts should value these indications and, on this basis, classify or not the operations in Stage 2 or 3.

Save in duly justified situations, the following operations are classified in Stage 2: i) Credit operations restructured due to financial difficulties, but not classified as in default (Stage 3); (ii) Operations with material arrears of more than 30 days; (iii) Operations with a significant increase in the PD; iv) Operations with Clients with significant arrears communicated through Banco de Portugal's Central Credit Register; v) Operations with Clients in watchlist or showing a series of early warning signals permitting to perceive a significant increase in credit risk.

Operations that no longer meet the conditions for classification in Stage 2 are reclassified to Stage 1.

An event of default is considered to have occurred (leading to the classification of the Client exposure in Stage 3) when there are significant amounts overdue and unsettled for more than 90 days.

In addition to the criterion for reclassification referred above, the following operations are classified in Stage 3: i) of Clients in litigation with the Bank; ii) of Clients that are insolvent or in "Special Revitalisation Process" or subject to lawsuits brought by third parties which signal a deterioration in credit risk; iii) of Clients with material amounts of credit written off from assets; iv) that were restructured due to economic difficulties, leading to a significant economic loss; v) that were restructured due to economic difficulties and classified as non-performing (or in probation period) with overdue and unsettled material amounts for more than 30 days; vi) that were restructured due to economic difficulties and classified as non-performing (or in probation period) and benefit from new restructuring measures due to financial difficulties; vii) other restructurings that fall within the internal definition of default, such as the introduction of atypical payment plans and viii) in other situations indicating a high probability of defaulting on the conditions contracted.

Except for the Retail segments (residential mortgage loans, personal loans, etc), the classification of default is propagated to all the other operations of the same borrower. In the Retail segments, the other operations of the borrowers are classified in default whenever the portion that meets the above-mentioned criteria exceeds 20% of the total exposure of the operations in which the Client is involved as the holder.

From the moment each of the criteria for classification in Stage 3 ceases to apply, a minimum curing period must elapse according to the default rule that was activated, during which operations maintain the default classification (Stage 3).

4. Determination of impairment coverage

In accordance with the IFRS9 requirements for a significant change in credit quality, expected credit losses in operations, assessed collectively or individually, considering all the reasonable and substantiated information available, including forward looking information, must be recognised.

Principles for measuring expected credit losses for the purpose of determining impairment coverage

The coverage or provision calculated is defined as the difference between the gross carrying amount of the operation and the present value of expected future cash flows, discounted at the effective interest rate of the operation and considering the guarantees received that are deemed effective.

The Bank estimates the expected credit losses of an operation so that these losses reflect:

- an amount weighted for the unbiased probabilities of occurrence of a series of possible future results (probabilities of occurrence in the baseline, optimistic and pessimistic scenarios);
- the time value of money; and
- reasonable and sustainable information that is available at the reference date, at no disproportionate cost or effort, on past events, current conditions and forecasts of future economic conditions.

Under the applicable rules, the coverage calculation method is determined according to whether the borrower is individually significant or not and in accordance with its accounting category (operations staging).

- If, in addition to being individually significant, the customer has operations in default or in Stage 2, the specific impairment allowances for these operations are estimated through a detailed analysis of the Customer's capacity to generate cash flows through its activity (going concern approach) or of the cash flows that may result from the enforcement of the guarantees received from the Client (gone concern approach).
- In all other cases, impairment coverage is estimated collectively using internal methodologies, based on past experience of portfolio defaults and recoveries, including recoveries obtained through the enforcement of guarantees received.

Collective credit impairment is calculated using probability of default (PD) estimation models, loss given default (LGD) estimation models, models to estimate drawdowns on credit ceilings, and adjustments to factor in lifetime and forward-looking effects.

The models used are re-estimated or updated at least once a year and executed monthly so as to factor in at all times the economic context at the time, as well as the financial instruments' credit performance. This makes it possible to reduce the differences between estimated loss and recent observations. The models include a forward-looking component to determine the expected loss, taking into account the more relevant macroeconomic factors: i) GDP growth, ii) the unemployment rate, iii) the 6-month EURIBOR, iv) Residential property price index and v) Spread of 10-year Treasury Bonds. Following on from this, the Group generates a baseline scenario, as well as a range of potential scenarios that make it possible to adjust the estimated expected loss, by weighting the probability of its occurrence.

The calculation process is structured in two steps:

- **Determination of the basis subject to impairment:** Corresponds to the sum of the gross carrying amount of the operation at the time of calculation plus off-balance sheet amounts (available ceiling and guarantees) that could be expected to be disbursed when the Client is classified as impaired (stage 3).
- **Determination of the coverage to apply to the basis subject to impairment:** This calculation is made based on the probability of the borrower defaulting on the operation obligations, and the expected loss in case of default (loss given default), Loss given default reflects, namely in the case of residential real estate collateral, the expected recoverable amount on the future sale of that collateral minus the costs incurred up to that sale.

For portfolios that are not materially relevant, or when past experience is not significant, the expected loss estimation approach is simplified.

In the specific case of exposures that, due to the nature of the borrower or guarantor, are classified as having low credit risk, the impairment coverage rate may be 0% (on the risk hedged). To this effect, operations considered as of low credit risk are those contracted with:

- Central Banks
- Public Administrations (European Union countries)
- Central Governments (European Union countries, Switzerland, United States, Canada, Japan, Australia and New Zealand)
- Deposit guarantee funds and resolution funds (which, on account of their credit quality, are comparable to funds from European Union countries)
- Credit institutions and credit financial institutions (European Union countries, Switzerland, United States, Canada, Japan, Australia and New Zealand)
- Mutual Guarantee Societies and Public Bodies or Companies having as main activity credit insurance or endorsement (European Union countries, Switzerland, United States, Canada, Japan, Australia and New Zealand)
- Non-financial public companies
- Multilateral development banks;
- International organisations;
- Companies of the Caixabank Group that do not meet the previous criteria;
- Other financial institutions that do not meet the previous criteria.

The coverages estimated individually or collectively must be consistent in terms of the stages in which the operations may be classified. Thus, the coverage level for an operation must be equal to or higher than the coverage level it would have if it were classified in a lower credit risk category.

Any necessary improvements detected during the model revision exercises, namely through backtesting exercises, are introduced in the model. The models developed are documented so they can be replicated by a third party. The documentation contains key definitions, information regarding the process of data sampling and processing, the methodological criteria adopted and the results obtained.

Banco BPI has a total of 70 models, in order to obtain the necessary parameters to calculate coverages based on a collective analysis. For each of the risk parameters, different models can be used according to each type of exposure.

The existing models are detailed below:

- 12 Scoring and Rating parameter models;
- 16 PD parameter models;
- 1 CCF parameter model;
- 16 LGD parameter model;
- 16 LGD in default parameter models;
- 9 forward looking PD and LGD macroeconomic models.

Segments that do not have their own models are, broadly speaking, the State Business Sector (SBS), Specialized credit (SC), Financial companies (F), Insurers (I), Start-UPs (SU), among others. It should be noted, however, that PD and LGD is estimated for these segments.

Incorporation of forward-looking information into the expected loss models

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

Forward looking macroeconomic indicators [1]

	31-12-2021		31-12-2022		
	2022p	**2023p**	**2023p**	**2024p**	**2025p**
GDP growth					
Baseline scenario	3.1%	1.8%	2.0%	2.3%	2.1%
Upside scenario	3.5%	1.9%	3.2%	4.6%	2.6%
Downside scenario	3.9%	3.4%	-1.2%	1.4%	1.7%
Unemployment rate					
Baseline scenario	7.7%	6.9%	5.7%	5.6%	5.6%
Upside scenario	7.6%	6.3%	5.4%	5.2%	5.2%
Downside scenario	8.2%	7.1%	8.5%	8.9%	8.4%
6M Euribor [2]					
Baseline scenario	-0.50%	-0.5%	1.8%	2.0%	2.1%
Upside scenario	-0.30%	-0.2%	2.1%	2.4%	2.7%
Downside scenario	-0.70%	-0.7%	1.2%	1.2%	1.3%
Spread OT					
Baseline scenario	51.4	53.9	117.6	123.9	132.1
Upside scenario	31.4	36.6	96.6	106.8	118.8
Downside scenario	163.8	133.8	193.9	184.1	176.3
Home prices evolution					
Baseline scenario	0.6%	2.0%	1.5%	2.8%	2.8%
Upside scenario	2.7%	4.1%	5.0%	4.6%	2.9%
Downside scenario	-2.7%	1.7%	-3.1%	-2.1%	1.9%

[1] Source: BPI Economic and Financial Studies Unit

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

Based on the three aforementioned scenarios, new risk parameters for the impairment models were estimated in 2022. The new forward-looking parameters were estimated based on the methodologies in force at BPI. Overall, the revision of the risk parameters implied an increase of 8.3 million euros in the impairments allocated to credit operations. Of this amount, 11.8 million euros corresponded to the use of existing unallocated impairments for this purpose and the remaining (3.5) million euros were recorded as impairments for the year.

The probabilities of occurrence of the forecasts of the macroeconomic indicators as of 31 December 2022 and 2021:

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

The above macroeconomic scenarios and respective weightings are those used in the latest model recalibration, at the end of 2022. However, in view of subsequent macroeconomic developments, as well as uncertainties in estimating these scenarios, the Bank maintains a Post Model Adjustment (PMA) for loan impairments, having booked a general impairment of 50 million euros at 31 December 2022, the so-called “Macroeconomic Uncertainty Fund”. This collective fund includes the update to the baseline macroeconomic scenario (Note 3.1. Environment and risk factors), the foreseeable effects of inflation and interest rates on the portfolio's credit quality, which were not as sharp in the past as they have been more recently, and enables uncertainties in the estimation of the future macroeconomic prospects to be absorbed. This Post Model Adjustment is estimated through a combination of sensitivity analysis to the loan portfolio, has a temporary nature, is based on the directives issued by the supervisors and regulators, is backed by duly documented processes and follows an appropriate governance model. The PMA will be reviewed in the future as new information becomes available and the macroeconomic uncertainties are reduced.

The forward-looking macroeconomic indicators presented above represent the projections made by BPI for 2023 to 2025 in mid-2022. The post model adjustments include the expected effect on impairment of the updating of the macroeconomic scenarios with reference to 31 December 2022.

A sensitivity analysis of the expected loss was performed based on changes in the key hypotheses applied separately to calculate the expected loss. The estimated sensitivity to a change in GDP projected growth in the next twelve months is shown below:

Exposure sensitivity analysis

(million euros)	**Change in Expected Loss**
GDP growth	
+1%	(17)

The following table shows the estimated sensitivity to a 1% drop in GDP, as well as to a 10% drop in the price of real estate assets, in the expected losses due to credit risk on 31 December 2022, broken down by type of portfolio:

	Expected loss increase	
(million euros)	**1% decrease in GDP**	**10% decrease in real estate assets valuation**
Public sector	1.6	
Non-financial corporations and individual entrepreneurs	5.9	
Specialized financing	0.2	
Other specialized financing	0.2	
Purposes other than specialized financing	5.7	
Large companies	0.8	
Small and medium-sized companies	4.6	
Individual entrepreneurs	0.2	
Households (excluding individual entrepreneurs)	9.4	5.6
Home loans	0.3	5.6
For the acquisition of habitual residence	0.3	5.6
Consumer spending	9	
Consumer spending	9	
Other	0.1	
Total	16.9	5.6

NPL management

The identification, as soon as possible, of indicators of financial difficulties of clients to which BPI has credit exposure has been a priority for the Bank. In a first phase, it is the commercial network that takes action when a Client shows indications of financial difficulties, as, due to its capillarity and specialisation, it in a better position to know the client, detect the first indications of deterioration and promptly propose adequate measures.

Once these Clients have been identified, there are specific mechanisms for regularly reporting, by Client or portfolio, to specific Committees of Banco BPI. The purpose is to ensure that the Bank acts as soon as possible in order to maximise the amount of recovery.

When necessary, responsibility for monitoring the Client and the recovery process is transferred to a specialised unit (Credit Recovery Division), which uses an integrated model covering all the phases of recovery, including the management of the foreclosed assets.

In the case of loans to Companies or Small Businesses, as a rule the Bank seeks non-judicial restructuring of the debt which, when credible, may involve extending the maturity and possibly even a moratoria on principal with the payment of interest in arrears and reinforced security. Also as a rule, the Bank does not increase its exposure, accept payment in kind or convert debt into capital.

In the case of recovery of loans to Individuals, restructuring or renegotiation agreements are also a preferred path for recovery providing that there is the minimum prospect of their being complied with. The choice is largely dependent on the length of default and on the loan product, and it could involve extending the maturity and implementing a payment plan of outstanding and unpaid instalments, amongst other solutions.

Once a restructuring operation has been completed, the process is duly monitored. Non-compliance with the agreed plan sets into motion the judicial recovery of the debt. Where the debt restructuring is not feasible, the loan is subjected to judicial execution.

The information on the status of the recovery process and likelihood of its success is factored into the determination of individual impairment, considered the worst prospect for recovery.

Restructuring policies

A description of the restructuring policies is given in Note 2.8. Refinancing and restructuring operations.

The breakdown of refinancing by industry sector is as follows:

31-12-2022

	Consolidated / Individual						
	Total						
	Without collateral		With collateral				Impairment
					Maximum amount of the collateral that can be considered		
	Number of transactions	Exposure	Number of transactions	Exposure	Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	2	1					(1)
Non-financial corporations and individual entrepreneurs (non-financial business)	783	90 123	210	129 937	95 765	24 643	(95 448)
Individuals	2 193	24 682	2 917	119 176	118 221	385	(57 445)
Total	**2 978**	**114 806**	**3 127**	**249 113**	**213 986**	**25 028**	**(152 894)**

Note: Includes securitised loans, Customer loans and guarantees

	Of which: Stage 3						
	Without collateral		With collateral				Impairment
					Maximum amount of the collateral that can be considered		
	Number of transactions	Exposure	Number of transactions	Exposure	Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	2	1					(1)
Non-financial corporations and individual entrepreneurs (non-financial business)	521	40 217	156	85 714	66 125	15 268	(87 757)
Individuals	1 425	16 331	1 752	65 627	64 910	190	(52 675)
Total	**1 948**	**56 549**	**1 908**	**151 341**	**131 035**	**15 458**	**(140 433)**

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	Maximum amount of the collateral that can be considered: 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	Maximum amount of the collateral that can be considered: Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	3	16	1	20 863			(20 872)
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.

Concentration risk

In Banco BPI's Risk Catalogue concentration risk is conceptually included within credit risk, and is calculated according to CaixaBank Group's best practices.

Banco BPI's Risk Appetite Framework (RAF) uses metrics to systematically identify overall exposure to a particular Customer, geography and economic sector, as well as appetite limits to concentration risk.

Concentration in customers or in "large exposures"

As part of the risk-taking process, the Bank monitors compliance with the regulatory limits (25% of eligible Tier 1) as well as with internal limits to concentration risk appetite. As at 31 December 2022, there were no breaches of regulatory limits. Exposures that exceed the internal limits to concentration risk appetite are monitored and approved by the governing bodies on a monthly basis.

Concentration by geographic location

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

31-12-2022

	Consolidated			
	Total	**Portugal**	**Other EU countries**	**Other world countries**
Central Banks and credit institutions	4 121 955	2 671 106	670 157	780 692
Public sector	7 428 305	4 543 050	2 312 360	572 895
Central government	3 584 642	699 387	2 312 360	572 895
Other public administrations	3 843 663	3 843 663		
Other financial corporations and individual entrepreneurs (financial business)	381 920	332 634	35 658	13 628
Non-financial corporations and individual entrepreneurs (non-financial business)	12 127 009	11 863 526	242 931	20 552
Real estate development	62 923	62 733	160	30
Civil construction	762 287	755 191	7 096	
Other	11 301 799	11 045 602	235 675	20 522
Large companies	4 867 892	4 689 570	178 322	
Small and medium-sized companies	6 433 907	6 356 032	57 353	20 522
Individuals	15 536 907	15 492 735	16 145	28 027
Homes	14 061 887	14 054 280	2 679	4 928
Consumer spending	1 461 498	1 424 991	13 443	23 064
Other	13 522	13 464	23	35
Total	**39 596 096**	**34 903 051**	**3 277 251**	**1 415 794**

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.

31-12-2022

	Individual			
	Total	**Portugal**	**Other EU countries**	**Other world countries**
Central Banks and credit institutions	3 980 260	2 641 896	670 157	668 207
Public sector	7 428 305	4 543 050	2 312 360	572 895
Central government	3 584 642	699 387	2 312 360	572 895
Other public administrations	3 843 663	3 843 663		
Other financial corporations and individual entrepreneurs (financial business)	349 267	299 981	35 658	13 628
Non-financial corporations and individual entrepreneurs (non-financial business)	12 127 009	11 863 526	242 931	20 552
Real estate development	62 923	62 733	160	30
Civil construction	762 287	755 191	7 096	
Other	11 301 799	11 045 602	235 675	20 522
Large companies	4 867 892	4 689 570	178 322	
Small and medium-sized companies	6 433 907	6 356 032	57 353	20 522
Individuals	15 536 908	15 492 735	16 145	28 028
Homes	14 061 887	14 054 280	2 679	4 928
Consumer spending	1 461 498	1 424 991	13 443	23 064
Other	13 523	13 464	23	36
Total	**39 421 749**	**34 841 188**	**3 277 251**	**1 303 310**

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

31-12-2022

	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	756 215							
Public sector	1 332 199	2 618	210 170	64 394	64 377	33 216	43 556	7 245
Central government	353 763		4 045					4 045
Other public administrations	978 436	2 618	206 125	64 394	64 377	33 216	43 556	3 200
Other financial corporations and individual entrepreneurs (financial business)	63 852	36 677	652	8 813	2 436	23 496	2 484	100
Non-financial corporations and individual entrepreneurs (non-financial business)	8 496 281	1 888 907	814 226	820 506	525 127	360 932	251 802	744 766
Real estate development	49 041	39 585	1 751	12 878	25 314	1 880	758	506
Civil construction	411 539	51 569	43 553	19 672	17 559	6 235	9 033	42 623
Other	8 035 701	1 797 753	768 922	787 956	482 254	352 817	242 011	701 637
Large companies	2 362 531	436 899	435 034	347 928	52 210	75 427	48 596	347 772
Small and medium-sized companies	5 673 170	1 360 854	333 888	440 028	430 044	277 390	193 415	353 865
Individuals	15 536 494	14 018 826	157 034	4 634 661	4 713 766	3 948 399	833 379	45 655
Homes	14 061 502	14 018 771	31 517	4 628 871	4 698 099	3 912 775	783 526	27 017
Consumer spending	1 461 471	55	125 402	5 785	15 664	35 537	49 833	18 638
Other	13 521		115	5	3	87	20	
Total	**26 185 041**	**15 947 028**	**1 182 082**	**5 528 374**	**5 305 706**	**4 366 043**	**1 131 221**	**797 766**

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 interest rate type and arrears status

The tables below show the detail of loans and advances to Customers and respective impairment by stage.

The breakdown of loans and advances to Customers (net of impairments) is as follows:

	Consolidated / Individual					
	31-12-2022			31-12-2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
By industry sector	**23 781 092**	**1 452 378**	**233 349**	**22 370 380**	**1 626 056**	**293 414**
Public sector	1 322 403	25 509		1 312 516	28 169	
Other financial corporations and individual entrepreneurs (financial business)	84 169	23	174	150 379	83	9
Non-financial corporations and individual entrepreneurs (non-financial business)	7 842 839	556 129	98 666	7 526 668	704 486	127 908
Real estate development	48 296	729	18	88 389	1 543	
Civil engineering	389 459	17 034	5 054	380 980	21 374	4 377
Other	7 405 084	538 366	93 594	7 057 299	681 569	123 531
Large companies	2 203 667	126 247	32 628	1 934 001	195 952	49 884
Small and medium-sized companies	5 201 417	412 119	60 966	5 123 298	485 617	73 647
Individuals	14 531 681	870 717	134 509	13 380 817	893 318	165 497
Home loans	13 175 437	790 289	96 162	12 005 603	816 931	124 795
Consumer spending	1 343 469	80 036	37 993	1 362 496	75 950	40 254
Other	12 775	392	354	12 718	437	448
By interest rate type	**23 781 092**	**1 452 378**	**233 349**	**22 370 380**	**1 626 056**	**293 414**
Fixed rate	5 219 391	252 260	60 597	4 446 860	226 169	65 021
Variable rate	18 561 701	1 200 118	172 752	17 923 520	1 399 887	228 393
By number of days in arrears	**23 781 092**	**1 452 378**	**233 349**	**22 370 380**	**1 626 056**	**293 414**
Up to 30 days1	23 777 393	1 417 182	127 736	22 366 420	1 591 565	116 203
30 to 60 days	2 837	23 104	15 269	3 046	20 087	17 188
61 to 90 days	116	7 121	6 567	218	8 782	13 090
91 days to 6 months	228	4 450	24 100	203	4 217	17 190
6 to 12 months	91	152	27 792	119	76	20 503
More than 1 year	427	369	31 885	374	1 329	109 240

[1] Includes regular credit (with no days of arrears).

The breakdown of Customer loan impairments by calculation method is as follows:

	Consolidated / Individual					
	31-12-2022			31-12-2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Impairments determined individually / collectively						
Specific identified individually		(32 009)	(141 214)		(38 130)	(123 651)
Collective	(81 141)	(74 971)	(189 929)	(85 532)	(55 447)	(208 986)

Concentration on non-financial corporations by economic activity

At 31 December 2022, the breakdown of loans and advances to non-financial corporations by economic activity was as follows:

	Consolidated / Individual		
	Gross amount	**Of which: Stage 3**	**Impairment**
Agriculture forestry and fishing	459 030	19 496	(20 617)
Mining and quarrying	21 647	5 697	(1 991)
Manufacturing	1 753 897	74 697	(75 691)
Electricity gas steam and air conditioning supply	539 148	1	(6 455)
Water supply	164 177		(749)
Construction	476 463	11 097	(10 498)
Wholesale and retail trade	1 562 972	31 730	(36 503)
Transport and storage	676 223	44 609	(47 995)
Accommodation and food service activities	649 067	48 395	(37 449)
Information and communication	122 300	1 863	(3 166)
Financial and insurance activities	158 536	4 160	(3 733)
Real estate activities	893 003	14 869	(21 057)
Professional scientific and technical activities	402 536	4 656	(6 902)
Administrative and support service activities	320 470	17 077	(7 513)
Public administration and defence compulsory social security	7		(3)
Education	39 600	620	(1 344)
Human health services and social work activities	220 944	2 224	(6 066)
Arts entertainment and recreation	105 802	4 595	(8 319)
Other services	24 050	1 291	(5 376)
Total	**8 589 872**	**287 077**	**(301 427)**

At 31 December 2021, the breakdown of loans and advances to non-financial corporations by economic activity was as follows:

	Consolidated / Individual		
	Gross amount	**Of which: Stage 3**	**Impairment**
Agriculture forestry and fishing	417 426	5 205	(9 729)
Mining and quarrying	20 795	377	(535)
Manufacturing	1 786 965	62 049	(64 728)
Electricity gas steam and air conditioning supply	554 336		(11 145)
Water supply	196 573		(1 415)
Construction	507 268	9 954	(11 961)
Wholesale and retail trade	1 376 342	32 509	(29 514)
Transport and storage	674 263	45 910	(38 096)
Accommodation and food service activities	696 165	60 457	(47 800)
Information and communication	116 188	1 951	(3 866)
Financial and insurance activities	190 920	10 026	(10 009)
Real estate activities	782 432	17 064	(20 549)
Professional scientific and technical activities	410 497	4 711	(8 377)
Administrative and support service activities	275 966	19 144	(10 457)
Public administration and defence compulsory social security	13		(2)
Education	39 472	872	(1 665)
Human health services and social work activities	214 118	453	(6 690)
Arts entertainment and recreation	114 799	4 538	(5 306)
Other services	27 243	1 102	(2 446)
Total	**8 401 781**	**276 322**	**(284 290)**

Concentration by credit quality

The methodology used to assign credit quality is based on:

- Fixed income instruments (debt securities): pursuant to the banking regulatory criteria resulting from the capital requirements regulations, and in case more than two credit assessments by external rating are available, the second-best rating is chosen among those available.
- Loans and advances to Central Banks and Credit Institutions: pursuant to the banking regulatory criteria resulting from the capital requirements regulations, and in case more than two credit assessments by external rating are available, the second-best rating is chosen among those available.
- Loans and advances to Customers: if a credit assessment by external rating is available, the rules resulting from capital requirement regulations are followed. Where no credit assessment by external rating is available, the classification is based on internal risk assessments approved by the Bank.

As at 31 December 2022, Portugal's sovereign debt rating was BBB+, comparatively, in 31 December 2021 it was rated it was rated 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 31 December 2022 and 2021 is as follows:

31-12-2022

	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 [1]**	**TOTAL**
AAA/AA+/AA/AA-			263 296	1 356 020	1 619 316
A+/A/A-			63 839	103 679	167 518
BBB+/BBB/BBB-	4 185		626 304	3 087 128	3 717 617
“Investment grade”	**4 185**		**953 439**	**4 546 827**	**5 504 451**
	100 %		100 %	61 %	65 %
BB+/BB/BB-				488 052	488 052
No rating		5 703		2 431 875	2 437 578
“Non-investment grade”		**5 703**		**2 919 927**	**2 925 630**
		100 %		39 %	35 %
	4 185	**5 703**	**953 439**	**7 466 754**	**8 430 081**

[1] Exposure net of impairments.

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 [1]**	**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**

[1] Exposure net of impairments.

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

		Consolidated / Individual			
		31-12-2022		31-12-2021	
External Rating	AAA to AA-	42 053	5 %	210 619	21 %
	A+ to A-	248 377	30 %	193 343	19 %
	BBB+ to BBB-	528 438	65 %	583 091	58 %
	BB+ to BB-	115		15 590	2 %
	B+ to B-	166		200	
		819 149	**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									
		31-12-2022					31-12-2021				
		Stage 1	**Stage 2**	**Stage 3**	**Total**		**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
Exposures Non-Default		**23 781 092**	**1 452 378**		**25 233 470**	**99 %**	**22 370 380**	**1 626 056**		**23 996 436**	**99 %**
External Rating	AAA to AA-						59 074			59 074	
	A+ to A-	6 413			6 413	%					
	BBB+ to BBB-	971 079	25 415		996 494	4 %	962 293	28 077		990 371	4 %
	BB+ to BB-	17 500			17 500		23 649			23 649	
	B+ to B-	133 119			133 119	1 %	114 083			114 083	
	< B-						45 110			45 110	
Master Scale	[0 - 3.1]	8 381 333	37 878		8 419 211	33 %	7 725 174	39 306		7 764 480	32 %
	] 3.1 - 4.6]	6 420 892	133 238		6 554 130	26 %	5 770 554	149 535		5 920 089	24 %
	] 4.6 - 5.8]	4 187 492	474 935		4 662 427	18 %	4 101 144	520 469		4 621 613	19 %
	] 5.8 - 7.3]	1 937 674	514 739		2 452 413	10 %	2 358 356	621 738		2 980 095	12 %
	] 7.3 - 9.5]	128 023	255 276		383 299	2 %	139 044	266 813		405 856	2 %
No rating		1 597 567	10 897		1 608 464	6 %	1 071 899	117		1 072 016	4 %
Exposures Default				**233 349**	**233 349**	**1 %**			**293 414**	**293 414**	**1 %**
		23 781 092	**1 452 378**	**233 349**	**25 466 819**	**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:

31-12-2022

		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			9 155
	3 months to 1 year			565 885
	1 to 2 years			14 762
	2 to 3 years		276 376	367 377
	3 to 5 years			397 954
	5 to 10 years			1 270 346
	More than 10 years			732 824
			276 376	3 358 303
Spain	3 to 5 years		208 416	103 679
	5 to 10 years		63 839	616 428
			272 255	720 107
Italy	2 to 3 years			423 036
	3 to 5 years			105 040
	5 to 10 years		141 512	
			141 512	528 076
Other	1 to 2 years			155 769
	2 to 3 years			171 635
	3 to 5 years		263 296	558 389
	More than 10 years			74 197
			263 296	959 990
			953 439	**5 566 476**

[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.

Counterparty credit risk due to derivatives, repurchase agreements and settlement operations

Control of exposures in derivatives and repos at Banco BPI is an integral part of control of exposure to credit risk. In the case of derivatives, where exposure changes according to the change in the market price of the underlying asset, the characteristics of the operation are adapted to the system, by considering the maximum potential exposure (calculated with a statistical confidence level of 95%) and considering the derivative, for limits control purposes, as equivalent to a credit with the same value, maturity, counterparty and other characteristics. An additional control is made to determine whether the effective exposure remains within the limits through the lifetime of the operation.

The value of the maximum potential exposure in derivatives is reviewed periodically (for the main counterparties), or at request, in order to update the limits. In normal circumstances this revision will release limits in so far as, save in case of very strong market fluctuations, the potential exposure decreases with time.

Sales with repurchase agreement (reverse repos) are treated as applications and deposits for which there are associated guarantees, with limits being allocated at net value, taking into account the applicable haircuts.

For both derivatives and repos, it is legally possible to offset the value of the operations, providing there is an agreement to this effect between the two parties. In accordance with Banco BPI's policy, the derivative and repo agreements entered into by the Bank provide for this offsetting, i.e., even in case of bankruptcy, the amounts payable by the Bank to the counterparty correspond to the algebraic sum of the amounts payable or receivable for the set of transactions included in the agreement (therefore the normal obligation of paying immediately the amount of the operations for which the Bank is the debtor and entering the list of creditors in order to receive the amount of the operations for which it is the creditor does not exist).

In the case of repos and derivatives with other banks, the Bank enters collateral exchange agreements that allow the exposure to be maintained at levels close to zero. Receivable and payable collaterals for derivatives and repos are controlled on a daily basis, which permits to maintain a strict control of the exposure in those products and counterparties (the most important in terms of the Bank's exposure).

Finally, compliance with the European Market Infrastructure Regulation also plays a role in the mitigation of the counterparty credit risk in the derivatives portfolio, as it imposes that a significant part of over-the-counter (OTC) operations be made with central counterparties (CCP) and establishes strict control rules for OTC derivatives traded with all other counterparties.

The policies on the control and mitigation of credit risk arising from OTC derivative and repo trading with other banks or professional counterparties are based on the use of solid contractual instruments, such as:

- ISDA contracts: Standard contract that regulates trading in the OTC derivatives market, usually used between two professional parties (such as two banks or possible one bank and a large company). ISDA contracts provide for the possibility referred above of offsetting the flows of outstanding collections and payments between the parties.
- Credit support annex (CSA) to ISDA contract: Annex to the ISDA contract whereby each of the parties undertakes to provide collateral (usually a cash deposit) to the other as security for the net counterparty risk position arising from the set of derivatives traded between them under the CSA, on the basis of a prior close-out netting agreement included in the clauses of the ISDA contracts.
- GMRA/ CME/ GMSLA contracts: standard contracts that regulate sale and repurchase agreements and reverse repurchase agreements (repos). These contracts also include exposure offsetting clauses as well as clauses on the exchange of collaterals to hedge the net remaining exposure.
- Central Counterparties (CCP) The use of CCPs in derivatives and repo transactions permits a substantial reduction in the associated counterparty risk, as these entities act as intermediaries between the two parties to the transaction, with the Bank absorbing the CCP risk and not the risk of a less creditworthy entity. The EMIR regulations set forth, among others, an obligation, for certain OTC derivatives, to transfer the counterparty credit risk to a CCP.

For other counterparties (with which there is no interprofessional relationship), the Bank uses derivatives Framework Contracts, which were developed internally and are subject to Portuguese law. In certain situations an ISDA agreement may be entered into. As referred, the policy on derivatives trading is similar to the lending policy in terms of the control of exposure, for which it is BPI's practice to require guarantees or collateral, which in this case hedge not only the credit exposure but also the derivatives exposure.

Risk associated with investee portfolio

The risk of the investee portfolio is the risk associated with the possibility of incurring losses in the book value of equity holdings in portfolio within a medium to long term horizon as a result of fluctuations in macroeconomic conditions or in the specific financial situation of each investee.

In the case of investees with which there is a credit relationship and therefore credit risk, the Bank makes an analysis of the risk of financial loss due to the loss of value of the Bank's assets as a result of the deterioration of the counterparties' capacity to honour their commitments.

Additionally, the main equity holdings are subject to monitoring and follow-up by the Subsidiaries Team (part of the Planning and Capital Division). This team monitors the evolution of these companies' economic and financial data, based on documents provided by them, analyses the market and competition conditions as well as any regulatory changes that may be relevant. The analysis may also be supported by third-party documentation (from research houses, rating agencies or consultancy firms), where available.

The objective is to obtain an overall perspective of the possible risks to the value of the equity holdings.

The monitoring of the investees may involve cooperation with other departments of the Bank, namely the Economic and Financial Studies Unit, and with the areas responsible for monitoring CaixaBank's investees.

Banco BPI's equity holdings are registered in three major groups: Non-trading financial assets mandatorily accounted for at fair value through profit or loss, Financial assets at fair value through other comprehensive income, and Investments in subsidiaries, joint ventures and associates. For the more relevant investees, DCF and/or market and transaction multiples periodic valuations are made, in accordance with the nature of each investee.

These valuations support the accounting record of the equity holdings at fair value or form the basis for impairment tests in investments in subsidiaries and associated companies.

COVID-19 support measures

In the specific context of the COVID-19 pandemic and its economic consequences, 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:

	31-12-2022	31-12-2021
Public Sector	**135**	**400**
Corporations and individual entrepreneurs	**1 459 678**	**1 108 656**
Real estate development	3 856	2 069
Civil Construction	112 323	81 638
Other	1 343 500	1 024 949
Large companies	36 952	44 134
SME and individual entrepreneurs	1 306 547	980 815
	1 459 813	**1 109 056**

In the current macroeconomic context (of high inflation and interest rates), BPI reinforced its monitoring and follow-up mechanisms to assist customers with greater financial difficulties, thus ensuring the implementation of the regulatory requirements defined in Decree-Law 80-A/2022.

3.4.2 Actuarial risk

Overview

Banco BPI's Pension Fund is managed by BPI Vida e Pensões (management company). Banco BPI, as a member, defines the Pension Fund's Risk Management Policy, which provides the framework for the management company's activity, while also monitoring and supervising this company's activity and independently validating the actuarial assumptions defined for the Fund.

Actuarial risk cycle

Monitoring, measurement and mitigation of actuarial risk

The risk in the Pension Fund of Banco BPI, managed by BPI Vida e Pensões, is followed and monitored at levels 1 and 2 of the risk appetite framework (RAF), with tolerance objectives and ranges being defined.

The Pension Fund's risks are analysed and measured continuously and jointly so as to monitor the Fund's funding level (the funding risk is that with the greatest impact on the Member), both by the risk team of BPI Vida e Pensões (as the Management Company) and by Banco BPI, which monitors the risks and quantifies their impacts on the Member, annually factoring them in in the ICAAP exercise, and determining whether or not it is necessary to allocate economic capital to the Pension Fund. The ICAAP analyses the Pension Fund's asset and liability risk.

In so far as the Fund's asset portfolio basically comprises shares, bonds (mostly public debt), mutual fund participation units (investment funds and exchange traded funds), and real estate, the risks inherent in the Fund's assets are those specifically inherent in the various types of investment (credit risk, market risk, liquidity risk, etc.). The Fund's liabilities, which are liabilities for the payment of pensions, are subject to various risks that may have a negative impact on their value: inflation rate, growth of salaries and pensions, increase in the average life expectancy, discount rate.

Thus, active management of the investment portfolio risks and prudent management of the Pension Fund's actuarial assumptions (defined annually within the scope of the actuarial valuation), both from a long-term perspective and in accordance with the duration of the Fund's liabilities, are the most effective tools for correct mitigation of the Fund's underlying risks. Both assets and liabilities must be managed in accordance with the existing risk policies of both the Management Company and the Member.

3.4.3 Banking book interest rate

Structural interest rate risk

The management of this risk by Banco BPI seeks to i) optimise the net interest income and ii) preserve the economic value of the balance sheet, while at all times taking into account the metrics and thresholds of the risk appetite framework in terms of the volatility of the net interest income and the sensitivity of economic value. These objectives are defined in accordance with the policies established at CaixaBank Group level.

This risk is analysed considering a broad set of market interest rate scenarios, analysing the impact of the inherent shocks on possible sources of structural interest rate risk, i.e., repricing risk, interest rate curve risk, basis risk, Credit Spread Risk in the Banking Book (CSRBB), and risk deriving from the optionality component of balance sheet operations. Optionality risk considers automatic optionality (which depends on the evolution of interest rates) and customer behaviour optionality (which does not depend directly or exclusively on the evolution of interest rates).

Banco BPI applies best market practices and the recommendations of regulators in measuring the interest rate risk of the banking book, using various measurement techniques that make it possible to analyse its positioning and risk situation. These notably include:

- Static gap: it shows the contractual distribution of maturities and interest rate repricing for applicable balance sheet and/or off-balance sheet aggregates at a particular date. GAP analysis is based on comparison of the values of assets and liabilities that are repriced or mature in the same particular period;
- Sensitivity of net interest income: Sensitivity is measured by comparing the net interest income at 12 and 24 months, calculated for a baseline scenario, and for extreme scenarios of interest rate changes (instantaneous and progressive parallel shock with different intensities, and changes in slope of interest rate curves). The baseline scenario, obtained from interest rate projections based on the rates implicit in the benchmark interest rate curve, is compared with other scenarios of falling or rising rates with parallel and non-parallel movements in the slope of the curve. For the various scenarios, the economic value of the positions in the securities portfolio at fair value through other comprehensive income (FVtOCI) and respective hedge derivatives is adjusted. The difference between these stressed net interest income figures compared to the baseline scenario give us a measure of the sensitivity, or volatility, of net interest income;
- Balance sheet economic value: it is calculated as the sum of i) the present value of interest-rate sensitive assets and liabilities on the balance sheet; ii) the present value of off-balance sheet products (derivatives);

- Economic value sensitivity: The economic value of interest-rate sensitive on- and off-balance sheet items is calculated at the current market rates (baseline scenario) and under different stressed interest-rate scenarios. The difference between the values obtained in the baseline scenario and those obtained in the stressed scenarios permit to assess the sensitivity of economic value to interest rate changes.

To mitigate the banking book interest rate risk, the Bank actively manages this risk through hedging operations contracted in the financial markets which permit to correct situations where hedging is not provided naturally through operations carried out with the Clients or other counterparties.

The table below shows, using a static gap, the distribution of contractual maturities and interest rate repricing of interest-rate sensitive amounts in the banking book, at 31 December 2022:

	Consolidated / Individual									
	1 month	**3 months**	**6 months**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**> 5 years**	**TOTAL**
ASSETS										
Interbank and Central Banks	2 264 169	9 376	4 360							2 277 905
Loans and advances to Customers	1 933 577	6 096 896	7 151 558	7 044 358	1 379 121	670 956	603 374	374 728	1 725 535	26 980 103
Fixed income portfolio	208 034	478 294	568 456	515 293	191 558	1 253 254	568 704	1 074 193	2 321 137	7 178 923
Total Assets	**4 405 780**	**6 584 566**	**7 724 374**	**7 559 651**	**1 570 679**	**1 924 210**	**1 172 078**	**1 448 921**	**4 046 672**	**36 436 931**
LIABILITIES										
Interbank and Central Banks	952 385	5 594	464 407							1 422 386
Customer deposits	7 354 966	1 887 690	2 055 100	3 530 392	2 575 547	2 482 923	1 788 692	1 788 640	6 932 649	30 396 599
Own issues		675 000	700 000		775 000	450 000				2 600 000
Total Liabilities	**8 307 351**	**2 568 284**	**3 219 507**	**3 530 392**	**3 350 547**	**2 932 923**	**1 788 692**	**1 788 640**	**6 932 649**	**34 418 985**
Assets minus Liabilities	**(3 901 571)**	**4 016 282**	**4 504 867**	**4 029 259**	**(1 779 868)**	**(1 008 713)**	**(616 614)**	**(339 719)**	**(2 885 977)**	**2 017 946**
Hedges	**(167 922)**	**(2 345 051)**	**(952 220)**	**1 489 797**	**1 212 342**	**1 320 140**	**(64 879)**	**(103 930)**	**(388 997)**	**(720)**
Total difference	**(4 069 493)**	**1 671 231**	**3 552 647**	**5 519 056**	**(567 526)**	**311 427**	**(681 493)**	**(443 649)**	**(3 274 974)**	**2 017 226**

The table below shows, using a static gap, the distribution of contractual maturities and interest rate repricing of interest-rate sensitive amounts in the banking book, at 31 December 2021:

	Consolidated / Individual									
	1 month	**3 months**	**6 months**	**1 year**	**2 years**	**3 years**	**4 years**	**5 years**	**> 5 years**	**TOTAL**
ASSETS										
Interbank and Central Banks	6 346 967									6 346 967
Loans and advances to Customers	1 778 087	6 137 623	7 545 602	6 261 261	1 112 916	553 368	433 183	480 669	1 453 205	25 755 914
Fixed income portfolio	220 190	188 643	804 509	838 429	523 440	182 099	1 246 795	564 514	2 191 527	6 760 146
Total Assets	**8 345 244**	**6 326 266**	**8 350 111**	**7 099 690**	**1 636 356**	**735 467**	**1 679 978**	**1 045 183**	**3 644 732**	**38 863 027**
LIABILITIES										
Interbank and Central Banks	5 389 357	23 758	460 000	44						5 873 159
Customer deposits	6 552 931	1 647 148	1 637 878	4 708 754	2 895 526	2 215 024	1 920 400	1 920 169	5 396 631	28 894 461
Own issues		550 000	700 000			775 000	450 000			2 475 000
Total Liabilities	**11 942 288**	**2 220 906**	**2 797 878**	**4 708 798**	**2 895 526**	**2 990 024**	**2 370 400**	**1 920 169**	**5 396 631**	**37 242 620**
Assets minus Liabilities	**(3 597 044)**	**4 105 360**	**5 552 233**	**2 390 892**	**(1 259 170)**	**(2 254 557)**	**(690 422)**	**(874 986)**	**(1 751 899)**	**1 620 407**
Hedges	**(177 123)**	**(2 045 051)**	**(882 669)**	**1 699 692**	**858 759**	**834 837**	**268 828**	**(71 315)**	**(463 000)**	**22 958**
Total difference	**(3 774 167)**	**2 060 309**	**4 669 564**	**4 090 584**	**(400 411)**	**(1 419 720)**	**(421 594)**	**(946 301)**	**(2 214 899)**	**1 643 365**

The sensitivity of net interest income and economic value are complementary measures that provide an overview of structural interest rate risk, which is more focused on the short and medium term in the first case and on the medium and long term in the second.

The table below shows the sensitivity of the net interest income and the economic value of interest rate-sensitive assets and liabilities to a 200 basis points interest rate instantaneous increase and decrease, in 31 December 2022:

	Consolidated / Individual	
Amounts as % of baseline scenario	**+200 bp**	**-200 bp**[3]
Net interest income [1]	5.2%	-4.4%
Asset value (banking book)[2]	-2.6%	5.6%

[1] Net interest income sensitivity at 1 year

[2] Economic value baseline sensitivity

[3] In the case of falling-rate scenarios the applied internal methodology allows for a negative floor, which at most corresponds to the historical minimum verified in interest rates plus -1%, allowing negative interest rates values for the various periods of the curve.

Structural exchange rate risk

Banco BPI has foreign currency assets and liabilities in its balance sheet, mainly as a result of its commercial activity, including foreign currency assets and liabilities deriving from the transactions carried out to mitigate exchange rate risk in that activity. The Bank also has some foreign currency structural positions related to equity holdings in financial Institutions outside the Eurozone.

Banco BPI does not have an active strategy to hedge the capital ratios against the structural exchange rate risk of its structural positions. Structural positions in foreign currency correspond to equity holdings in financial institutions located outside Portugal, namely, the stakes in BFA and BCI. The bank's strategy is therefore based on the direct deduction of these positions from own funds, in part or in full, in accordance with the applicable legislation in force.

At 31 December 2022, the equivalent euro value of all foreign currency assets and liabilities was as follows:

	Consolidated			
	USD	**AKZ**	**MZN**	**Other currencies**
Cash and cash balances at central banks and other demand deposits	13 527			65 321
Financial assets held for trading	(33 956)			49 945
Non-trading financial assets mandatorily at fair value through profit or loss	5 658			
Financial assets at fair value through other comprehensive income	3 373	410 800		
Financial assets at amortised cost	616 994			36 269
Derivatives - Hedge accounting	228 016			
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(2 370)			
Investments in subsidiaries, joint ventures and associates			152 137	
Tax assets			2 746	
Other assets	332	36 165	144	4
Non-current assets and disposal groups classified as held for sale	161			11 001
Total Assets	**831 735**	**446 965**	**155 027**	**162 540**
Financial liabilities held for trading	(353 715)			(57 996)
Financial liabilities at amortised cost	1 529 830			207 516
Derivatives - Hedge accounting	(322 029)			97
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(5 467)			(253)
Provisions			17 715	
Tax liabilities			11 873	
Other liabilities	(28 355)			(2)
Liabilities included in disposal groups classified as held for sale				1 655
Foreign exchange operations pending settlement and forward position operations	8 423			2 160
Total Liabilities	**828 687**		**29 588**	**153 177**

	Individual			
	USD	**AKZ**	**MZN**	**Other currencies**
Cash and cash balances at central banks and other demand deposits	13 527			65 321
Financial assets held for trading	(33 956)			49 945
Non-trading financial assets mandatorily at fair value through profit or loss	5 658			
Financial assets at fair value through other comprehensive income	3 373	410 800		
Financial assets at amortised cost	616 994			36 269
Derivatives - Hedge accounting	228 016			
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(2 370)			
Other assets	332	36 165		4
Total Assets	**831 574**	**446 965**		**151 539**
Financial liabilities held for trading	(353 715)			(57 996)
Financial liabilities at amortised cost	1 529 830			207 516
Derivatives - Hedge accounting	(322 029)			97
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(5 467)			(253)
Provisions			8 858	
Other liabilities	(28 355)			(2)
Foreign exchange operations pending settlement and forward position operations	8 423			2 160
Total Liabilities	**828 687**		**8 858**	**151 522**

The exchange rate risk in the Bank's regular activity may be hedged through on-balance sheet operations (deposits or foreign currency investments) or through financial derivatives that mitigate the risk of positions in foreign currency. The approach to foreign exchange risk management at Banco BPI, arising from the Bank's regular activity, is carried out in accordance with the objective to minimise the positions assumed.

The relevant foreign exchange positions held by Banco BPI essentially result from its equity holdings in Banco de Fomento de Angola (position in Angolan Kwanzas) and Banco Comercial e de Investimentos S.A. (positions in Mozambique Metical)[2]. BFA's fair value estimate factors in a projection of the foreign exchange devaluation of the Kwanza (Note 11) and in the case of the equity holdings, the impact of foreign exchange changes also depends on the composition of the balance sheet of each of those companies and the respective currency position.

In 2022, the Metical appreciated +6% against the Euro, leading to the recognition in Banco BPI's consolidated accounts of a exchange rate difference of 6 655 th.euros, under the heading "Other comprehensive income" (Note 23).

Excluding the foreign currency positions in Kwanza and Metical resulting from the equity holdings in BFA and BCI, BPI's exposure to exchange rate risk, taking into account the existing hedges, is reduced so that the sensitivity analysis of the exchange risk is not significant.

At 31 December 2021, the value in thousand euros of all foreign currency assets and liabilities was as follows:

	Consolidated			
	USD	**AKZ**	**MZN**	**Other currencies**
Cash and cash balances at central banks and other demand deposits	52 745			33 146
Financial assets held for trading	299 605			81 395
Non-trading financial assets mandatorily at fair value through profit or loss	5 306			
Financial assets at fair value through other comprehensive income	5 830	321 400		
Financial assets at amortised cost	850 902			73 651
Derivatives - Hedge accounting	542 382			
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4 193			
Investments in subsidiaries, joint ventures and associates			123 947	
Tangible assets				84
Tax assets				10
Other assets	307	56 407	635	2 387
Total Assets	**1 761 270**	**377 807**	**124 582**	**190 673**
Financial liabilities held for trading	15 663			15 161
Financial liabilities at amortised cost	1 796 756			166 350
Derivatives - Hedge accounting	(66 395)			
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(924)			(92)
Tax liabilities			11 235	
Other liabilities	(1 754)			1 023
Foreign exchange operations pending settlement and forward position operations	13 604			1 683
Total Liabilities	**1 756 950**		**11 235**	**184 125**

[2] In the individual balance sheet, investments in subsidiaries and associated companies in foreign currency (non-monetary items valued at historical cost) are translated at the historical exchange rate on the date of acquisition, therefore the exposure in MZN to BCI, and that in CHF to BPI Suisse, are not presented.

	Individual		
	USD	AKZ	Other currencies
Cash and cash balances at central banks and other demand deposits	52 351		27 432
Financial assets held for trading	299 605		81 395
Non-trading financial assets mandatorily at fair value through profit or loss	5 306		
Financial assets at fair value through other comprehensive income	5 830	321 400	
Financial assets at amortised cost	850 902		73 651
Derivatives - Hedge accounting	542 382		
Fair value changes of the hedged items in portfolio hedge of interest rate risk	4 193		
Investments in subsidiaries, joint ventures and associates	715		
Other assets	307	56 407	635
Total Assets	**1 761 591**	**377 807**	**183 113**
Financial liabilities held for trading	15 664		15 160
Financial liabilities at amortised cost	1 797 511		166 245
Derivatives - Hedge accounting	(66 395)		
Fair value changes of the hedged items in portfolio hedge of interest rate risk	(924)		(92)
Other liabilities	(1 762)		
Foreign exchange operations pending settlement and forward position operations	13 604		1 683
Total Liabilities	**1 757 698**		**182 996**

3.4.4. Liquidity and financing risk

Overview

Banco BPI manages liquidly risk with the objective of maintaining a level of liquidity allowing it at all times to meet all its payment obligations, without investment activities being affected by lack of funds, while maintaining a balanced balance sheet structure in the long term. Liquidity risk is managed in its various aspects: i) the ability to keep up with assets growth and to meet cash requirements without incurring exceptional losses; ii) the maintenance in the portfolio of tradable assets that constitute a sufficient liquidity buffer; (iii) compliance with the various regulatory requirements in the context of liquidity risk.

The strategic principles followed to reach this objective are:

- Autonomous management of liquidity within Banco BPI's prudential consolidation scope, subject to governance practices aligned to those implemented by CaixaBank as well as to the recommendations and best practices set forth by the supervision authorities.
- Active liquidity management, namely through the ongoing monitoring of liquid assets and the balance sheet structure.
- Maintaining a sufficient level of liquid funds to meet obligations assumed, fund business plans and comply with regulatory requirements.
- Sustainability and stability of the funding sources, based on i) funding structure mainly supported by Customer deposits ii) recourse to the ECB medium- and long-term facilities and reduced dependence on the capital and money markets.

The liquidity risk strategy and appetite for liquidity and financing risk involves:

- Identification of significant liquidity risks for Banco BPI;
- Formulation of the strategic objectives for each of these risks and definition of the management requirements to reach these objectives;
- Definition of the relevant metrics for each of these risks;
- Setting of limits and objectives for each of these metrics within the context of the Risk Appetite Framework;
- Establishment of management, monitoring and control procedures for each of the risks, including mechanisms of regular internal and external reporting;
- Definition of a stress testing framework and a Liquidity Contingency Plan to ensure the management of liquidity risk in situations of moderate and serious crisis;
- Recovery Plan setting out scenarios and measures for extreme stress situations.

In particular, Banco BPI has specific strategies with regard to: i) management of intra-day liquidity; ii) management of short-term liquidity; iii) management of funding sources; iv) management of concentration risk; v) management of liquid assets; and vi) management of collateralised assets. In addition, Banco BPI has in place procedures to minimise liquidity risks in stress conditions through i) early detection; ii) proactive management to overcome potential situations of crisis; and iii) minimisation of negative impacts.

Mitigation of liquidity risk

On the basis of the principles referred in the previous section, a Contingency Plan has been drawn up which establishes action plans for each crisis scenario and sets out the measures to be taken at commercial, institutional and internal/external communication level to deal with each situation. In a stress situation, the main priority of the net liquid assets portfolio management is to minimise liquidity risk.

The usual liquidity management measures include:

- Resorting to funding from the ECB, for which a series of guarantees have been provided as collateral:

Available balance in the ECB facility

	31-12-2022	31-12-2021
Value of guarantees delivered as collateral	**6 123 954**	**5 920 777**
Drawn down	**-446 295**	**-4 787 951**
TLTRO II	-451 662	-4 862 000
TLTRO III interest	5 367	74 049
Total available balance in the ECB facility	**5 677 659**	**1 132 826**

Note: the "drawn down" amount corresponds to the value assigned by the ECB to the securities given as collateral for TLTRO III of 442 million euros on 31 December 2022, and 4 862 million euros on 31 December 2021 (guarantee equivalent value).

- Maintenance of debt issuance programmes with the objective of facilitating the capacity to issue securities in the market or by private placement, or securities to be maintained in the Bank's own portfolio, as eligible assets for obtaining funding from the ECB.

Debt issuance capacity (31-12-2022)

	Maximum amount of Programme	Nominal used at 31-12-2022	
Euro Medium Term Note (EMTN) [1]	7 000 000	1 850 000	
Mortgage Covered Bonds Programme [2]	9 000 000	7 300 000	3
Public Sector Covered Bonds Programme [4]	2 000 000	600 000	5

[1] Registered on Luxembourg's "Commission de surveillance du secteur financier" ("CSSF") on 17 November 2022.

[2] Registered on the "Comissão do Mercado de Valores Mobiliários" ("CMVM") on 25 November 2021.

[3] Of which 6 550 million euros concern securities retained by Banco BPI and included in the portfolio of eligible assets for funding from the ECB.

[4] Registered on the "Comissão do Mercado de Valores Mobiliários" ("CMVM") on 16 December 2021.

[5] The securities have been retained by Banco BPI and included in the portfolio of eligible assets for funding from the ECB.

Debt issuance capacity (31-12-2021)

	Maximum amount of Programme	Nominal used at	
Euro Medium Term Note (EMTN) [1]	7 000 000	1 725 000	
Mortgage Covered Bonds Programme [2]	9 000 000	7 300 000	3
Public Sector Covered Bonds Programme [4]	2 000 000	600 000	5

[1] Registered on Luxembourg's "Commission de surveillance du secteur financier" ("CSSF") on 9 September 2021.

[2] Registered on the "Comissão do Mercado de Valores Mobiliários" ("CMVM") on 25 November 2021.

[3] Of which 6 550 million euros concern securities retained by Banco BPI and included in the portfolio of eligible assets for funding from the ECB.

[4] Registered on the "Comissão do Mercado de Valores Mobiliários" ("CMVM") on 16 December 2021.

[5] The securities have been retained by Banco BPI and included in the portfolio of eligible assets for funding from the ECB.

- Covered bonds issuance capacity (mortgage and public sector covered bonds):

Capacity to issue collateralised and securitised debt

	31-12-2022	31-12-2021
Mortgage Bonds		
use of retained issues [1]	6 550 000	6 550 000
issues with additional credit portfolio [2]	2 174 000	1 235 000
Public Sector Bonds		
use of retained issues [1]	600 000	600 000
Securitisation of mortgage loans (senior tranche)	578 000	593 000
Securitisation of loans to SMEs (senior tranche)	3 027 000	3 206 000

[1] The Bank may use the issues retained to place them with third parties, or cancel them and replace them by new issues to be subscribed by third parties.

[2] Issuance capacity based on eligible credit portfolio, not included in the cover pool of the Mortgage Bonds (assuming change to program maximum amount if necessary).

- Access to the short-term funding market:
  - Interbank facilities with various national and international counterparties;
  - Access to the repos market with several types of assets;
  - Access to the Clearing House (LCH) for repo business.

- The Contingency Plan and the Recovery Plan contain a series of measures that allow for liquidity to be generated in diverse crisis situations. The adequacy of each measure is assessed for each of the scenarios, and descriptions are provided of the steps necessary for their execution and expected period of execution.

Liquidity position

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			
	31-12-2022		31-12-2021		31-12-2022		31-12-2021	
	Market value	Eligible value	Market value	Eligible value	Market value	Eligible value	Market value	Eligible value
Level 1 Assets	7 055 979	7 055 979	11 470 296	11 470 296	7 055 979	7 055 979	11 470 293	11 470 293
Level 2A Assets	115 458	98 139	111 036	94 380	115 458	98 139	111 036	94 380
Level 2B Assets			1 163	582			1 163	582
Total HQLA [1]	**7 171 437**	**7 154 118**	**11 582 495**	**11 565 258**	**7 171 437**	**7 154 118**	**11 582 492**	**11 565 255**
Other non-HQLA		**5 302 206**		**1 116 297**		**5 302 206**		**1 116 297**
Total liquid assets (HQLA + other non-HQLA)		**12 456 324**		**12 681 555**		**12 456 324**		**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)	31-12-2022	31-12-2021	31-12-2022	31-12-2021
High quality liquid assets (numerator)	10 674 661	10 547 837	10 674 660	10 547 834
Total net outflows (denominator)	4 494 750	3 876 551	4 498 215	3 885 589
Cash outflows	5 507 776	5 113 699	5 507 776	5 113 699
Cash inflows	1 013 026	1 237 148	1 009 561	1 228 110
Liquidity coverage ratio (LCR) [1]	**237 %**	**272 %**	**237 %**	**271 %**
Net stable funding ratio (NSFR)	**141 %**	**153 %**	**141 %**	**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 31 December 2022 amounts to 5 678 million euros, which corresponds to the balance of securities placed in the pool less the use as collateral of TLTRO III, having increased by 4 545 million euros compared to December 2021 due to the early redemption of TLTRO loans.

At 31 December 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	21-09-2021	Aa2
Standard & Poor's Global Ratings	BBB+[3]	A-2	Stable	16-09-2022	

[1] Long-term issuer default rating

[2] Long term Debt Rating / Issuer rating

[3] Long Term Issuer Credit Rating

At 31 December 2021 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	08-09-2021	
Moody's Investors Service	Baa2[2]	P-2	Stable	21-09-2021	Aa2
Standard & Poor's Global Ratings	BBB-[3]	A-3	Stable	20-01-2022	

[1] Long-term issuer default rating

[2] Long term Debt Rating / Issuer rating

[3] Long Term Issuer Credit Rating

In the event of a downgrade of the current credit rating, additional collateral must be delivered to certain counterparties, or there are early redemption clauses. The breakdown of the impact on liquidity deriving from 1, 2 and 3-notch downgrading (not cumulative) is shown below:

Liquidity sensitivity to credit rating changes at 31 December 2022

	Downgrade 1 notch	Downgrade 2 notches	Downgrade 3 notches
Trading in derivatives (CSA agreements)		2 119	2 119

Note: Unaudited amounts

Liquidity sensitivity to credit rating changes at 31 December 2021

	Downgrade 1 notch	Downgrade 2 notches	Downgrade 3 notches
Trading in derivatives (CSA agreements)		3 775	3 775

Note: Unaudited amounts

Asset encumbrance

This note includes information about encumbered and unencumbered assets, as defined by Banco de Portugal in Instruction 11/2021, of 28 July. The amounts disclosed are median values for the last four quarters, as set forth on the EBA Guidelines (EBA/RTS/2017/03) and on the Implementing Regulation (UE) 2021/637. The information below concerns the prudential supervision perimeter, as defined in Regulation (EU) no. 575/2013, CRD IV / CRR.

An encumbered asset is considered as an asset explicitly or implicitly pledged as security, or subject to an agreement to secure, collateralise, or improve the credit quality in any operation from which it cannot be freely withdrawn.

At 31 December 2022, the breakdown of assets by encumbered and unencumbered was as follows:

	Consolidated		Individual	
Encumbered assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Portuguese sovereign debt securities				
Commitments to the Deposit Guarantee Fund and Investors Compensation Scheme	52 543	50 968	52 543	50 968
Total Portuguese sovereign debt	**52 543**	**50 968**	**52 543**	**50 968**
Credit operations				
Funding from the European Investment Bank (EIB) collateralised by mortgage bonds	668 287		668 287	
Funding from the European Central Bank (ECB) collateralised by covered bonds	6 067 831		6 067 831	
Bonds collateralised by mortgage loans	872 517		872 517	
Total credit operations	**7 608 635**		**7 608 635**	
Other assets				
Derivatives	98 568		98 568	
Other collateral	137 521		137 521	
Total other assets	**236 089**		**236 089**	
Total amount of encumbered assets	**7 897 267**		**7 897 267**	

	Consolidated		Individual	
Unencumbered assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Equity instruments	553 014	553 014	553 014	553 014
Debt instruments	8 253 193	8 043 861	8 253 193	8 043 861
Credit	24 610 876		24 607 173	
Other assets	1 595 557		1 424 551	
Total amount of unencumbered assets	**35 012 640**		**34 837 931**	

At 31 December 2021, the breakdown of assets by encumbered and unencumbered was as follows:

	Consolidated		Individual	
Encumbered assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Portuguese sovereign debt securities				
Debt securities sold with repurchase agreement	3 589	3 589	3 589	3 589
Commitments to the Deposit Guarantee Fund and Investors Compensation Scheme	49 416	48 828	49 416	48 828
Total Portuguese sovereign debt	**53 005**	**52 417**	**53 005**	**52 417**
Credit operations				
Funding from the European Investment Bank (EIB) collateralised by mortgage bonds	675 855		675 855	
Funding from the European Central Bank (ECB) collateralised by covered bonds	6 066 603		6 066 603	
Bonds collateralised by mortgage loans	886 416		886 416	
Total credit operations	**7 628 874**		**7 628 874**	
Other assets				
Derivatives	156 025		156 025	
Other collateral	98 236		98 236	
Total other assets	**254 261**		**254 261**	
Total amount of encumbered assets	**7 936 140**		**7 936 140**	

	Consolidated		Individual	
Unencumbered assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Equity instruments	550 318	550 318	550 318	550 318
Debt instruments	7 373 565	7 447 424	7 373 565	7 447 424
Credit	22 659 378		22 650 017	
Other assets	1 516 450		1 344 051	
Total amount of unencumbered assets	**32 099 711**		**31 917 951**	

The encumbered assets included in this table correspond to operations that were given as a guarantee or collateral, without being derecognised from the Bank's assets, such as securities sold with repurchase agreements and securities delivered to the European Central Bank to guarantee financing from this entity.

As defined in Commission Implementing Regulation (EU) no. 451/2021 of 17 December 2020, assets included in the liquidity pool deposited in the European Central Bank and not used, or credit operations associated with mortgage bonds and Public Sector bonds and securitisations not placed on the market are not considered encumbered assets.

At 31 December 2022 and 2021, the fair value of the encumbered collateral received was as follows:

	31-12-2022		31-12-2021	
	Fair value of collateral received			
	Encumbered	**Free**	**Encumbered**	**Free**
Debt securities				
Sovereign debt				113 480
Total debt securities				113 480
Other assets (derivatives)	10 188		2 930	

This table includes the amount of collateral received that does not meet the conditions for recognition in the balance sheet, such as securities received as collateral for repo operations. These assets may or may not be reusable and provided as collateral in other operations

At 31 December 2022 and 2021, the liabilities associated with encumbered assets and collaterals received were as follows:

	Consolidated / Individual			
	31-12-2022		31-12-2021	
	Associated and contingent liabilities	**Assets and collateral received**	**Associated and contingent liabilities**	**Assets and collateral received**
Financial Liabilities				
Derivatives	104 597	139 500	138 699	208 214
Deposits				
Funding from the European Central Bank	4 762 047	6 067 831	4 806 589	6 066 603
Funding from the European Investment Bank (EIB)	465 705	675 947	465 903	681 621
Debt securities sold with repurchase agreement			3 589	3 589
Other deposits	10 040		2 411	
Securities issued				
Bonds collateralised by mortgage loans	748 941	872 517	748 950	886 416
	6 091 330	**7 755 795**	**6 166 142**	**7 846 443**
Other encumbrance sources				
Commitment to the Deposit Guarantee Fund	38 714	50 886	38 714	49 416
Commitment to the Investor Compensation Scheme	9 788		9 490	
European Central Bank liquidity facility	96 276	96 276	48 136	48 136
	144 778	**147 162**	**96 340**	**97 552**
Total amount of encumbrance sources	**6 236 108**	**7 902 957**	**6 262 482**	**7 943 995**

Residual maturity of operations

The tables below show the breakdown of certain balance sheet items by contractual term to maturity, under normal market conditions:

Term to maturity of operations at 31 December 2022

	Consolidated / Individual					
	On demand	**< 3 months**	**3-12 months**	**1-5 years**	**> 5 years**	**Total**
Assets						
Interbank and Central Banks		2 155 698	108 139	15 507		2 279 344
Loans and advances to Customers	22 140	2 632 783	3 320 828	8 736 299	15 963 699	30 675 749
Fixed income portfolio	1 865	31 553	696 521	4 538 684	2 477 817	7 746 440
Liabilities						
Interbank and Central Banks		(448 506)	(77 780)	(902 654)	(1 763)	(1 430 703)
Customer deposits	(6 092 087)	(2 903 700)	(5 568 758)	(8 918 968)	(6 934 368)	(30 417 881)
Issuances[1]		(22 089)	(33 611)	(2 693 017)		(2 748 717)
Derivatives		(16 063)	14 208	9 684	(19 909)	(12 080)

[1] Assuming that the reimbursement will be made on the date of the first call option.

Term to maturity of operations at 31 December 2021

	Consolidated / Individual					
	On demand	< 3 months	3-12 months	1-5 years	> 5 years	Total
Assets						
Interbank and Central Banks		6 331 230	15 243			6 346 473
Loans and advances to Customers	18 454	1 759 187	3 812 614	8 725 293	15 405 739	29 721 287
Fixed income portfolio	1 865	93 170	1 143 747	3 671 836	2 364 444	7 275 062
Liabilities						
Interbank and Central Banks		(527 369)	(4 345 080)	(897 475)	(2 567)	(5 772 491)
Customer deposits	(5 367 629)	(1 775 598)	(7 126 904)	(9 229 710)	(5 400 257)	(28 900 098)
Issuances[1]			(333 994)	(2 252 494)		(2 586 488)
Derivatives		14 861	2 183	(21 920)	(8 259)	(13 135)

[1] Assuming that the reimbursement will be made on the date of the first call option.

Note: Values relating to 31 December 2021 were restated, including future interest cash flows and the financial segmentation, in order to be comparable with the values relative to 31 December 2022.

3.4.5 Market risk

Overview

The market risk perimeter covers Banco BPI's trading portfolio as defined for risk purposes in accordance with regulatory recommendations.

Market risk cycle

Monitoring and measurement of market risk

On a daily basis, the responsible departments realise and monitor the transactions in portfolio, calculate how changes in the market will affect the positions held (daily marked-to-market results), quantify the market risk taken and monitor compliance with the established limits. The results of these activities are compiled into daily position reports, which include the quantification of risks and the utilisation of risk limits, and these are distributed to the various levels in the hierarchy. As a general rule, there are two types of measurements which constitute a common denominator and market standard for the measurement of market risk:

Sensitivity: Sensitivity represents risk as the impact a slight change in risk factors has on the value of positions, without providing any assumptions about the probability of such a change (e.g. one of the most common methods used to measure interest rate sensitivity is to project a change of one basis point in the interest rates curve).

Value-at-risk (VaR): The benchmark market risk measurement is VaR, with a confidence level of 99% and a two-week (10 business days) time horizon based on a parametric model where the return on the risk factors considered follow a zero average normal distribution and the standard deviation is obtained from an historical series of values observed over one year. The diversification effect is considered based on correlations between the returns of the various factors considered (interest rates, exchange rates, equity prices). Total VaR results from the aggregation of VaR arising from fluctuations in interest rates, exchange rates and equity prices, taking into account the diversification effect.

The table below shows the values of average VaR at 99% with a time horizon of two weeks (10 business days) in accordance with BPI's different risk factors. As can be seen, the value of the risk is immaterial, given the limited expression of open positions in the trading book.

	Total	Interest Rate	Exchange Rate	Share prices
2022 average VAR	86	86	9	
2021 average VAR	74	55	34	13

In 2022 the average and the maximum value of the VaR at 99% with a time horizon of two weeks in BPI's trading activities was 86 and 449 th.euros, respectively.

Capital requirements for market risk are determined based on the standardised approach, in accordance with Regulation (EU) 575/2013 of 26 June 2013, of the European Parliament and of the Council. The values calculated are insignificant, given the low representativeness of the portfolio, except for foreign-exchange risk. It should be noted that BPI's foreign-exchange risk mainly derives from its equity holdings in financial institutions outside the Eurozone and not from its current activity.

Mitigation of market risk

BPI's trading portfolio is mainly composed of open positions arising from its regular commercial relationship with clients, which are hedged by the Bank in the market. The necessary monitoring and control of the market risks assumed involve a structure of risk limits that are controlled by means of indicators such as Value at Risk (VaR) or Value of a basis point (Vo1).

The risk factors are managed using economic hedges on the basis of the return/risk ratio determined by market conditions and expectations, always within the assigned limits. Many of these hedges are back-to-back.

Beyond the trading portfolio, hedge accounting is used, which eliminates potential accounting mismatches in the balance sheet and the income statement caused by the different treatment of hedged instruments and those used to hedge in the market. Limits are established and monitored for each hedge, normally expressed as the ratio between the sensitivity of the hedging items and the

3.5. Operational risk

Overview

BPI has adopted the definition of operational risk provided in the regulation in force (Regulation (EU) no. 575/2013 of the European Parliament and of the Council, of 26 June 2013): "the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk." This definition excludes strategy and reputational risks.

In BPI’s catalogue of risks, as indicated in the Internal Control Policy, operational risk is broken down into several subcategories, which, on account of their specific nature, justify the establishment of specialised areas responsible for their management: conduct, legal and regulatory, technological, reliability of the financial information and other operational risks.

Recognising the importance of managing the risks to which financial entities are exposed, BPI has a strict management policy whose principles are enshrined in the general risk management policies. The operational risk management model has the following specific objectives:

- to identify and pre-empt the existing operational risks arising from internal and external factors, so as to increase control over BPI's results (reducing volatility), by adopting measures to sustainably mitigate and reduce operational losses;
- to ensure BPI’s long-term continuity, namely through business continuity and technological contingency plans, managing the factors that may pose a risk to its survival;
- to promote the establishment of continuous improvement systems for operational processes and in the control structure in place at BPI, so as to facilitate decision-taking on risk;
- to promote a culture of management of operational risk based on risk awareness, responsibility, commitment and service quality;
- to comply with the regulatory framework and the requirements for application of the chosen management and calculation models, including the capital consumption requirements.

Operational risk management cycle

Operational risk management at BPI is supported by risk-sensitive policies, processes, tools and methodologies, and carried out in accordance with best market practices, at three interconnecting fronts:

- identification and assessment of operational risk;
- operational risk events;
- mitigation of operational risk.

Each Division under the aegis of the Executive Committee is responsible for identifying the operational risk inherent in the activities carried out by the respective areas by means of a self-assessment process.

The materialisation of operational risks (operational risk events) should be taken into account for the purpose of new identification of risks or reassessment of risks already identified and considered under a critical perspective for purposes of identification of mitigation measures.

Therefore, within the scope of the identification and monitoring of operational risk events, all the Bank's Divisions and Units, as the first line of defence, have as main responsibilities to i) promptly record these events in the internal database, and ii) incorporate the knowledge obtained through the critical analysis of these occurrences into the risk management cycle.

BPI’s operational risk management model establishes that it is the responsibility of Divisions to detect any situations that trigger the need to assess whether it is pertinent, opportune and feasible to devise risk Mitigation Measures. These measures are planned and implemented to reduce or eliminate the probability of a future occurrence of a certain risk and/or the severity of its impacts.

The operational risk management area, integrated in the Risk Management Division, is responsible, as the second line of defence, for assisting the Divisions in the assessment of operational risk, monitoring the corresponding processes and centralising the collection of inputs on specific operational risk categories, which will enrich the operational risk evaluation process carried out by the Divisions. This area is also responsible for assessing the consistency of the records of occurrences, compiling and making a critical analysis of the information to enhance the quality of the analysis of the pattern of events with a view to improving risk management, monitoring and following up on the mitigation measures up to their implementation, and assisting the first line of defence in the assessment, monitoring and follow-up of Operational Risk Indicators (KPIs).

Risks of an operational nature

The risks in the Corporate Catalogue of Risks of an operational nature, and identified as such in the regulatory framework, are described below.

3.5.1 Risk of conduct and compliance

The risk of conduct and compliance is defined as the risk arising from the application by BPI of action principles that are contrary to the interests and rights of its Customers or other stakeholders, or actions of interest or omissions by the Bank that are not compliant with the legal and regulatory framework or the internal policies, standards and procedures. The objective of BPI is to minimise the probability of this risk occurring and, if it does, to promptly detect, report and address the weaknesses.

The management of conduct risk is undertaken across the entire institution, which, through its employees, must ensure compliance with the rules and legislation in force and apply adequate procedures for the performance of their daily activities.

The values and basic principles of conduct contained in Banco BPI's Code of Ethics and Principles of Conduct, which apply to the general staff and the Members of the Corporate Bodies, contribute towards an adequate and integral management of the risk of conduct, on the one hand, and to quality, trust, and social commitment, on the other, steered by the following guiding principles: compliance with the legislation, respect, integrity, transparency, excellence, professionalism, confidentiality and social responsibility.

3.5.2 Legal and regulatory risk

Legal and regulatory risk is defined in the Risk Catalogue as the possibility of potential losses or reduction in the Bank's profitability as a result of legislative changes, an incorrect implementation of said legislation in BPI's processes, its inadequate interpretation in different operations, the incorrect management of judicial or administrative requests or complaints and complaints received.

At stake is thus the risk of potential losses or reduction in the Bank's profitability deriving (i) from failure to identify in a timely manner legislative or regulatory changes, (ii) from the inadequate interpretation and/or incorrect implementation of applicable legal and regulatory rules, including changes in the interpretation or application of such rules by the competent authorities or (iii) from the incorrect management or treatment of complaints received or of judicial actions, administrative processes or tax proceedings to which the Bank is a party.

In the realm of legal and regulatory risks mitigation, special attention is paid to: the legal framework and the identification of any misalignments with the law and/or legislation in force; the likelihood of changes in the legal/regulatory framework and their consequences; the clarification of the nature of contractual relationships and or their interpretation by the counterparties; the analysis of products and their legal status; and the identification/proposal of measures capable of reducing possible litigation risks for the Group.

In this context, it is important to note, as the main legal and regulatory changes with an impact on the Bank, Decree-Law no. 80-A/2022, of 25 November, which establishes measures to mitigate the impact of the increase in interest rates on loan agreements for the purchase or construction of permanent home ownership in which the outstanding amount is 300 th.euros or less. This regime will be in force until 31 December 2023.

Also worthy of note is the publication, on 30 September 2022, of Decree-Law no. 66-A/2022, which repeals Decree-Laws published in connection with the COVID-19 pandemic. Since the beginning of the COVID-19 pandemic, the Government has adopted a series of measures to combat and mitigate its adverse effects, both from a health perspective and in terms of social and economic support to families and companies. Given the positive developments in the epidemiological situation in recent months, the need to approve new measures and renew those already in place has been reduced. At the same time, it is important to bear in mind that the legislation on the COVID-19 pandemic consisted of a significant number of Decree-Laws with measures approved for a justified period of time. Therefore, the said Decree-Law no. 66-A/2022 clarifies the Decree-Laws that were still in force and eliminates measures that are no longer necessary, by expressly determining the termination of Decree-Laws that are outdated, anachronistic or have been overtaken by the evolution of the pandemic.

On the other hand, with regard to ongoing administrative proceedings, it is also worth noting, due to its materiality, the administrative offence proceedings filed by the Competition Authority (CA) in 2012, concerning the alleged exchange of sensitive information (volumes and spreads) among several banks on home loans and other forms of credit, where the CA considers that such exchange of information constitutes a concerted practice between companies contrary to the law. The CA decision of September

2019 sentenced 15 Banks to fines totalling 225 million euros, including a fine of 30 million euros to BPI alone. In 2019, Banco BPI challenged this decision in the Competition, Regulation and Supervision Court (CRSC), with the judge having recourse, in 2022, to the preliminary reference mechanism. The Bank remains convinced that the decision will be favourable to it.

The operating principles underlying the management of legal and regulatory risk are designed to ensure Banco BPI's adequate interpretation of and compliance with the applicable legal and regulatory rules, as well as with the rules and policies of the CaixaBank Group that also apply to its subsidiaries. Moreover, they aim to ensure compliance with Banco BPI's internal rules, the guidelines, recommendations and determinations issued by Supervisors / Regulators and the rulings of the courts, as well as to anticipate and prevent negative impacts for Banco BPI arising from any legislative changes.

3.5.3 Technology risk

Within the framework of regulatory operational risk, technology risk is defined as 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 (Information and Communication Technologies) in a timely and cost-effective manner, compromising the availability, integrity, accessibility and security of infrastructure and data. This risk is divided into 5 ICT taxonomies:

1 Availability of ICT;

2 Security of ICT;

3 Changes to ICT;

4 Integrity of IT Data;

5 Governance and ITC strategy.

BPI uses a technological risk management and control methodology that is integrated in the 3 lines of defence internal governance model. This methodology is based on the corporate framework for the management of non-financial risks and is formalised in the technological risk management policy.

Technological risk assessment is carried out systematically and reported periodically to the senior bodies. The measurement of technological risk will be incorporated into a periodically monitored RAF indicator, calculated from individual indicators related to the different taxonomies of technological risk.

From the technological standpoint, to prevent impacts caused by failures in IT infrastructures, BPI has implemented recovery mechanisms based on high availability solutions for both hardware and software applications and data. Banco BPI has defined criteria concerning the criticality for the business, which allow critical assets to be inventoried in the context of technological risk. The readiness and efficacy of the response of these mechanisms applied to the critical assets is systematically gauged through an annual testing plan.

Banco BPI also maintains response plans, internal regulations, and controls to deal with the different areas of Information Security - availability, integrity and confidentiality - of which we highlight the following implemented within the scope of the technological risk management framework: governance, cybersecurity, incident management, access control, fraud and information leakage.

3.5.4 Model risk

The Model Risk Management Policy, defines model risk as the possible adverse consequences for the entity that could arise from decisions based primarily on the results of internal models, due to errors in the construction, application or use of these models.

In particular, the following sub-risks identified under model risk are subject to management and control:

- Quality risk: potential detrimental impact due to the models' poor predictability capacity, either due to defects in construction or failure to update the models over time.
- Governance Risk: potential detrimental impact due to an inadequate governance of Model Risk (e.g., models not formalised in committees, relevant models without second line of defence opinion, models that are not properly inventoried, etc.).
- Control Environment Risk: potential detrimental impact due to deficiencies in the models' control environment (e.g., models with expired recommendations, mitigation plans not implemented, etc.).

To meet the overall Model Risk Strategy, the model risk management function performs active management that is based on the three classical pillars of Risk management:

- Identification of the Model Risk, using the Inventory of Models as a key element to set the scope of the models. To manage model risk, it is necessary to identify the existing models, their quality and how they are used by the Bank. It is necessary to have a single model registry, that unifies the model concept and defines a homogeneous taxonomy that includes – among other attributes – their relevance and assessment.

- Model Governance, which addresses key aspects such as:
  - The identification of the most relevant phases in a model's life cycle, and the definition of functions and minimum standards to carry out these activities.
  - The concept of tier-based management, or, in other words, the way in which the models' control framework can be modulated according to the relevance of the model, in general terms. This attribute will determine the model's control environment, such as the type and frequency of validation, the type and frequency of model monitoring, the body that must approve the use of the model, the level of internal supervision or the level of senior management involvement.
  - The governance and management of changes to the models from a transversal perspective, offering different model owners the necessary flexibility and agility to change affected models in line with the most suitable governance in each case.
  - The definition of Internal Validation standards that guarantee the adequate application of controls for an independent unit to assess a model.
- Monitoring, using a control framework with a preemptive approach to Model Risk, which makes it possible to keep the risk within the parameters laid down in the Entity's Risk Appetite Framework, by regularly calculating appetite metrics and other indicators specific to model risk.

Banco BPI is progressively implementing Model Risk, since November 2020, when model risk was raised to risk level 1 in the Corporate Risk Catalogue. To this end, the following activities were carried out in 2022:

- Enlargement of the initial Model Risk perimeter with the inclusion of Economic Capital and ICAAP models;
- Implementation of the calculation process for model risk monitoring indicators (KPI);
- Definition and Implementation of RAF N2 metrics for model risk monitoring.

The year 2023 will be dedicated to the consolidation of the Model Risk function, involving, among others, the following planned activities:

- Definition and Implementation of RAF N1 metrics and review of RAF N2 metrics for model risk monitoring;
- Quantification of capital to be assigned to Model Risk;
- Periodic review of Model Risk policy and methodologies;
- Incorporation into the model risk perimeter of the models planned for the third phase of the Project.

3.5.5 Other operational risks

Within the scope of Operational Risk, this means the risk of losses or damages caused by errors or faults in processes, due to external events, or actions of third parties outside the Group, whether accidentally or intentionally. It includes, among others, outsourcing risk, business continuity risk and other risk factors related to external events or external fraud.

Operational risk that arises from operating processes and external events is managed across all areas of BPI. This implies identifying, assessing, managing, controlling and reporting the operational risks of their activity and cooperating with the Bank's operational risk management area in the implementation of the management model.

Specifically, Operational Continuity refers to the capability of an organisation to continue delivery of products or services at acceptable predefined levels following a disruptive incident. Therefore, Operational Continuity management at BPI consists in identifying potential threats to the organisation and its activity, providing a framework for building organisational resilience and the capability for an effective response that safeguards the interests of its key stakeholders, its reputation, brand, and value - creating activities.

As concerns business continuity risk, Banco BPI developed an Operational Continuity Management System aligned with the ISO22301 international standard, and obtained the corresponding certification in 2021. This management system is one of the pillars that supports and ensures the resilience of the planning, operation, assessment and continuous improvement of operational continuity management.

4. SOLVENCY MANAGEMENT

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

	Consolidated				Individual			
	31-12-2022		31-12-2021		31-12-2022		31-12-2021	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CET1 instruments	**3 328 536**		**3 265 133**		**3 158 230**		**3 091 087**	
Accounting shareholders' equity (without AT1)	3 589 575		3 392 514		3 419 269		3 218 468	
Dividends payable	(284 000)		(194 000)		(284 000)		(194 000)	
AVA adjustments	(2 464)		(2 826)		(2 464)		(2 826)	
Impact of transition to IFRS 9	25 425		69 445		25 425		69 445	
CET1 Deductions	**(775 361)**		**(664 784)**		**(600 301)**		**(497 074)**	
Intangible assets and goodwill	(71 283)		(54 025)		(58 478)		(41 219)	
Pension funds´ assets	(136 986)		(57 127)		(136 986)		(57 127)	
Deferred taxes assets and financial investments	(476 676)		(399 910)		(314 421)		(245 005)	
Other deductions[1]	(90 416)		(153 722)		(90 416)		(153 722)	
CET1	**2 553 175**	**14.8 %**	**2 600 349**	**14.2 %**	**2 557 929**	**14.8 %**	**2 594 014**	**14.2 %**
AT1 Instruments	275 000		275 000		275 000		275 000	
TIER 1	**2 828 175**	**16.4 %**	**2 875 349**	**15.7 %**	**2 832 929**	**16.4 %**	**2 869 014**	**15.7 %**
TIER2 Instruments[2]	442 597		300 000		442 597		300 000	
TIER2	**442 597**	**2.6 %**	**300 000**	**1.6 %**	**442 597**	**2.6 %**	**300 000**	**1.6 %**
TOTAL CAPITAL	**3 270 772**	**18.9 %**	**3 175 349**	**17.4 %**	**3 275 526**	**19.0 %**	**3 169 014**	**17.4 %**
Other instruments eligible for MREL[3]	1 149 257		1 148 914					
MREL	**4 420 029**	**25.6 %**	**4 324 263**	**23.7 %**				
RWA	**17 280 223**		**18 280 693**		**17 266 056**		**18 251 218**	

[1] In December 2021 includes 45.6M€ of NPE coverage.

[2] In the first quarter of 2022, the call for the issue of subordinated Tier 2 debt (300 million euros) was exercised and a new issue of subordinated Tier 2 debt of 425 million euros was carried out.

[3] On 8 March 2022 the Bank of Portugal notified Banco BPI about the minimum requirement for own funds and eligible liabilities (MREL). Under the new Bank Recovery and Resolution Directive (BRRD2), as from 1 January 2022, BPI, on a sub-consolidated basis, must comply with the MREL requirement of 19.18% of RWA (including CBR - combined buffer requirement) and 5.91% of the total leverage ratio exposure (LRE), and, as from 1 January 2024, with the MREL requirement of 22.40% of RWA (including CBR). As at 31 December 2022, Banco BPI already complied with the MREL RWA requirement for 1 January 2024 as well as the MREL LRE requirement for 1 January 2022 (the MREL LRE ratio is 10.3%).

Note: unaudited amounts

Considering the phased-in transition to IFRS9, at 31 December 2022, Banco BPI had a Common Equity Tier 1 (CET1) ratio of 14.8%, a Tier 1 ratio of 16.4% and a Total ratio of 18.9%, on a consolidated basis. The ratios include the results of the year, as well as the proposed distribution of dividends in the amount of 284 million euros. On an individual basis and phasing-in, Banco BPI had a CET1 ratio of 14.8%, a Tier1 ratio of 16.4% and a Total ratio 19.0%.

Following the application to the IRB models, in November 2022 Banco BPI received from the supervisor the certification and consequent authorisation to use internal models to calculate capital requirements for the mortgage loan segment.

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 31 December 2022 and 2021:

	31-12-2022		31-12-2021	
	Amount	**%**	**Amount**	**%**
BAS III minimum requirements[1]				
CET1	1 490 727	8.63%	1 554 071	8.50%
Tier1	1 814 731	10.50%	1 896 834	10.38%
Total Capital	2 246 737	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 0.002% in December 2022. According to the ECB notification of the decision on minimum prudential capital requirements for 2023, the Pillar 2 requirement decreases to 1.90% (1.07% for CET1, 1.43% for Tier 1 and 1.90% for Total Capital).

Note: unaudited amounts

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

	Consolidated				Individual			
	31-12-2022		31-12-2021		31-12-2022		31-12-2021	
	Amount	%	Amount	%				
Exposure	39 821 615		42 010 637		39 812 842		41 991 820	
Leverage ratio		**7.1 %**		**6.8 %**		**7.1 %**		**6.8 %**

Note: Unaudited amounts

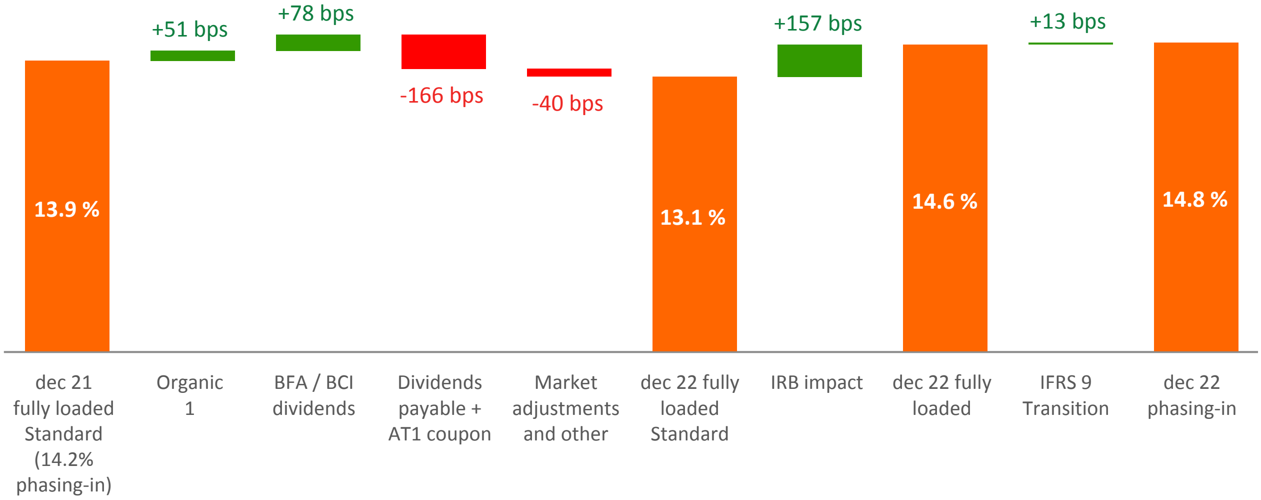
The changes in own funds are as follows:

Change in own funds

	Consolidated				Individual			
	31-12-2022		31-12-2021		31-12-2022		31-12-2021	
	Amount	%	Amount	%	Amount	%	Amount	%
CET1 at beginning of period	**2 600 349**	**14.2 %**	**2 528 581**	**14.1%**	**2 594 014**	**14.2%**	**2 523 827**	**14.0%**
Changes in CET1 instruments	**63 403**		**249 998**		**67 143**		**221 608**	
Profit/(loss)	365 046		306 823		334 084		293 368	
Dividends payable	(284 000)		(194 000)		(284 000)		(194 000)	
Reserves	26 015		117 578		60 716		102 644	
AVA and IFRS9 adjustments	(44 020)		18 657		(44 020)		18 657	
Changes in CET1 deductions	(110 578)		(178 229)		(103 227)		(151 421)	
Intangible assets and goodwill	(17 258)		(17 138)		(17 258)		(17 138)	
Pension funds´ assets (excess funding)	(79 859)		(57 127)		(79 859)		(57 127)	
Financial investments	(96 511)		(14 321)		(92 807)		14 232	
Deferred tax assets	19 744		892		23 392		(853)	
Other CET1 deductions	63 306		(90 535)		63 306		(90 535)	
CET1 at end of period	**2 553 175**	**14.8 %**	**2 600 349**	**14.2%**	**2 557 929**	**14.8%**	**2 594 014**	**14.2%**
Additional Tier 1 at beginning of period	**275 000**	**1.5 %**	**275 000**	**1.5%**	**275 000**	**1.5%**	**275 000**	**1.5%**
Additional Tier 1 own funds at end of period	**275 000**	**1.6 %**	**275 000**	**1.5%**	**275 000**	**1.6%**	**275 000**	**1.5%**
Tier 2 own funds at beginning of period	**300 000**	**1.6 %**	**300 000**	**1.7%**	**300 000**	**1.6%**	**300 000**	**1.7%**
Changes in TIER2 instruments	**142 597**				**142 597**			
Subordinated issues	425 000				425 000			
Issues buyback	(300 000)				(300 000)			
Excess of provisions against the expected losses (IRB)	17 597				17 597			
Tier2 at end of period	**442 597**	**2.6 %**	**300 000**	**1.6%**	**442 597**	**2.6%**	**300 000**	**1.6%**

Note: Unaudited amounts

Evolution of the CET1 ratio in 2022:



[1] Considers the income from the banking and insurance businesses in Portugal and the change in credit risk weighted assets
Note: Unaudited amounts

In 2022, the CET1 ratio increased by 56 bps. from 14.2% to 14.8%. Annual organic growth was +51 bps, with net income in Portugal offsetting the growth in risk-weighted assets. Dividends payable, including the amounts received from BFA and BCI, and the payment of the AT1 coupon, accounted for -88 bps, while market and other adjustments had an impact of -40 bps. The impact of the introduction of the IRB approach on the fully loaded CET1 ratio was +157 bps. The adoption of the IFRS9 prudential transitional arrangements represented +13 bps, i.e., the fully loaded CET1 is 14.6% on a consolidated basis and 14.7% on a standalone basis.

At 31 December, Banco BPI had an MDA buffer (capital buffer without limitations on results distribution) of 587 bps, i.e., €905 million.

The detail of risk weighted assets and breakdown by calculation method is given below:

Detail of risk-weighted assets by method

	Consolidated				Individual			
	31-12-2022		31-12-2021		31-12-2022		31-12-2021	
	Risk-weighted assets	%	Risk-weighted assets	%	Risk-weighted assets	%	Risk-weighted assets	%
Credit risk								
Standardised Approach	11 782 873	68 %	15 709 078	86 %	11 794 588	68 %	15 711 227	86 %
IRB Approach	2 932 849	17 %			2 932 849	17 %		
Equity holdings risk								
Simple Approach	790 363	5 %	918 723	5 %	770 944	4 %	886 109	5 %
Market risk								
Standardised Approach	229 370	1 %	246 914	1 %	234 273	1 %	257 084	1 %
Operational risk								
Standardised Approach	1 544 769	9 %	1 405 979	8 %	1 533 403	9 %	1 396 799	8 %
	17 280 223	**100 %**	**18 280 693**	**100 %**	**17 266 056**	**100 %**	**18 251 219**	**100 %**

Note: Unaudited amounts

5. DIVIDEND DISTRIBUTION

Dividend policy

In line with the articles of association of Banco BPI (Article 25, 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 by the sole Shareholder on 16 February 2023, 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 65% 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 factor

The distribution principle set out in the previous item 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 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 2022 net profit proposed by the Board of Directors distribution is as follows:

	2022
Net income reported in the individual accounts of Banco BPI	334 084
Proposed appropriation of 2022 individual net profit	
To dividends	284 000
To legal reserve	33 408
To other reserves	16 676
Individual profit of Banco BPI in 2022	**334 084**
Pay-out ratio for dividend distribution purposes	**85 %**

This proposal, which follows the general principle of the long-term dividend policy, considers the distribution of 65% of the individual net profit determined in the individual accounts in Portugal plus the totality of the dividends received from BFA and BCI, and corresponds to a payout of 85% of the net profit determined in the individual accounts for the 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 31 December 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), InTouch centres (which offer individual clients a dedicated account manager accessible by telephone or digital channels, during an extended timetable), AGE Centre (remote service to young Customers between the ages of 18 and 25) and Connect Centre (remote service to Customers with low commercial potential and involvement).
- 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[3].
- Corporate and Institutional Banking: provides a specialised service to companies and institutions, through Corporate Centres and Corporate and Business Development commercial areas (which develop remote relationships with groups with turnover of up to 10 M€) and Corporate and Institutional Banking Centres - CIB Centres (which address the needs of Institutional Customers and the largest national enterprise groups).

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) and the interest income/(expense) on the net asset (net liability) for post-employment benefits are also allocated to the Corporate Centre.

- **BFA and BCI**

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.

[3] In the process of being sold to CaixaBankWealthManagement Luxembourg(CWML) (Note 1).

At 31 December 2022, the income statement by business segment of BPI consolidated was as follows[1]:

	Commercial Banking	Corporate Centre	**Domestic activity**	BFA[2]	BCI	**Banco BPI consolidated**
1.Interest income	636 435	9 325	**645 760**	10 937		**656 697**
2.Interest expense	(97 303)		**(97 303)**			**(97 303)**
3.Net interest income [1+2]	**539 132**	**9 325**	**548 457**	**10 937**		**559 394**
4.Dividend income	3	4 143	**4 146**	87 343		**91 489**
5.Equity accounted income		24 544	**24 544**		42 803	**67 347**
6.Fee and commission income	323 304		**323 304**			**323 304**
7.Fee and commission expenses	(27 560)		**(27 560)**			**(27 560)**
8.Net fee and commission income [6+7]	**295 744**		**295 744**			**295 744**
9.Gains/(losses) on financial assets and liabilities and other	28 589	(3 171)	**25 418**	12 031	209	**37 658**
10.Other operating income and expenses	(40 715)		**(40 715)**	(6 987)		**(47 702)**
11.Gross income [3+4+5+8+9+10]	**822 753**	**34 841**	**857 594**	**103 324**	**43 012**	**1 003 930**
12.Staff expenses	(229 854)	(29 723)	**(259 577)**			**(259 577)**
13.Other administrative expenses	(137 982)	(1 702)	**(139 684)**			**(139 684)**
14.Depreciation and amortisation	(67 495)	(49)	**(67 544)**			**(67 544)**
15.Operating expenses [12+13+14]	**(435 331)**	**(31 474)**	**(466 805)**			**(466 805)**
16.Net operating income [11+15]	**387 422**	**3 367**	**390 789**	**103 324**	**43 012**	**537 125**
17.Impairment losses and other provisions	(60 640)		**(60 640)**			**(60 640)**
18.Other impairments and provisions	(6 729)		**(6 729)**		(8 858)	**(15 587)**
19.Gains and losses in other assets	(113)		**(113)**			**(113)**
20.Net income before income tax [16+17+18+19]	**319 940**	**3 367**	**323 307**	**103 324**	**34 154**	**460 785**
21.Income tax	(96 655)	7 981	(88 674)	(7 120)	55	(95 739)
22.Net income [20+21]	**223 285**	**11 348**	**234 633**	**96 204**	**34 209**	**365 046**

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

[2] Interest income corresponds to interest implicit in the current amount of the extraordinary dividend, recognized in June 2021, to be received in June 2022 and 2023.

At 31 December 2022 the breakdown of gross income and main items on the balance sheet of the Commercial Banking segment is as follows:

	Gross income	Financial assets at amortised cost	Financial liabilities at amortised cost - Deposits
Retail Banking, Businesses, Premier and InTouch	462 910	17 227 836	19 710 471
Private Banking	35 269	131 946	2 813 992
Corporate and Institutional Banking	207 892	10 682 518	7 400 972
Other	116 682	5 710 421	1 821 992
	822 753	**33 752 721**	**31 747 427**

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

	Commercial Banking	Equity holdings	**Domestic activity**	BFA[2]	BCI	**Banco BPI consolidated**
1.Interest income	506 087	(3 004)	**503 083**	4 905		507 988
2.Interest expense	(47 523)		**(47 523)**			(47 523)
3.Net interest income [1+2]	**458 564**	**(3 004)**	**455 560**	**4 905**		**460 465**
4.Dividend income	6	1 896	**1 902**	97 935		99 837
5.Equity accounted income		23 113	**23 113**		24 649	47 762
6.Fee and commission income	308 185		**308 185**			308 185
7.Fee and commission expenses	(20 011)		**(20 011)**			(20 011)
8.Net fee and commission income [6+7]	**288 174**		**288 174**			**288 174**
9.Gains/(losses) on financial assets and liabilities and other	21 646	(11 620)	**10 026**	16 515		26 541
10.Other operating income and expenses	(27 437)		**(27 437)**	(7 834)		(35 271)
11.Gross income [3+4+5+8+9+10]	**740 953**	**10 385**	**751 338**	**111 521**	**24 649**	**887 508**
12.Staff expenses	(223 562)	(37 331)	**(260 893)**			(260 893)
13.Other administrative expenses	(133 935)	(1 647)	**(135 582)**			(135 582)
14.Depreciation and amortisation	(61 176)	(44)	**(61 220)**			(61 220)
15.Operating expenses [12+13+14]	**(418 673)**	**(39 022)**	**(457 695)**			**(457 695)**
16.Net operating income [11+15]	**322 280**	**(28 637)**	**293 643**	**111 521**	**24 649**	**429 813**
17.Impairment losses and other provisions	(47 161)		**(47 161)**			(47 161)
18.Other impairments and provisions	(3 715)		**(3 715)**			(3 715)
19.Gains and losses in other assets	(361)	(201)	**(562)**			(562)
20.Net income before income tax [16+17+18+19]	**271 043**	**(28 838)**	**242 205**	**111 521**	**24 649**	**378 375**
21.Income tax	(78 917)	15 329	**(63 588)**	(5 869)	(2 095)	(71 552)
22.Net income [20+21]	**192 126**	**(13 509)**	**178 617**	**105 652**	**22 554**	**306 823**

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

[2] Interest income corresponds to interest implicit in the current amount of the extraordinary dividend, recognized in June 2021, to be received in June 2022 and 2023.

At 31 December 2021 the breakdown of gross income and main items on the balance sheet of the Commercial Banking segment is as follows:

	Gross income	Financial assets at amortised cost	Financial liabilities at amortised cost - Deposits
Retail Banking, Businesses, Premier and InTouch	432 290	16 033 185	18 730 967
Private Banking	31 963	130 545	2 612 300
Corporate and Institutional Banking	187 016	10 317 321	7 094 310
Other	89 684	5 656 768	6 260 828
	740 953	**32 137 819**	**34 698 405**

At 31 December 2022, the income statement by business segment of BPI individual was as follows[1]:

	Commercial Banking	Corporate Centre	**Domestic activity**	BFA[2]	BCI	**Banco BPI**
1.Interest income	636 435	9 324	**645 759**	10 937		**656 696**
2.Interest expense	(97 280)		**(97 280)**			**(97 280)**
3.Net interest income [1+2]	**539 155**	**9 324**	**548 479**	**10 937**		**559 416**
4.Dividend income	3	22 393	**22 396**	87 343	19 292	**129 031**
5.Fee and commission income	316 457		**316 457**			**316 457**
6.Fee and commission expenses	(27 552)		**(27 552)**			**(27 552)**
7.Net fee and commission income [5+6]	**288 905**		**288 905**			**288 905**
8.Gains/(losses) on financial assets and liabilities and other	28 556	(3 171)	**25 385**	12 031	209	**37 625**
9.Other operating income and expenses	(40 715)		**(40 715)**	(6 987)	(1 929)	**(49 631)**
10.Gross income [3+4+7+8+9]	**815 904**	**28 546**	**844 450**	**103 324**	**17 572**	**965 346**
11.Staff expenses	(226 425)	(29 723)	**(256 148)**			**(256 148)**
12.Other administrative expenses	(136 729)	(1 702)	**(138 431)**			**(138 431)**
13.Depreciation and amortisation	(67 435)	(49)	**(67 484)**			**(67 484)**
14.Operating expenses [11+12+13]	**(430 589)**	**(31 474)**	**(462 063)**			**(462 063)**
15.Net operating income [10+14]	**385 315**	**(2 928)**	**382 387**	**103 324**	**17 572**	**503 283**
16.Impairment losses and other provisions	(60 640)		**(60 640)**			**(60 640)**
17.Other impairments and provisions	(6 729)		**(6 729)**		(8 858)	**(15 587)**
18.Gains and losses in other assets	(156)		**(156)**			**(156)**
19.Net income before income tax [15+16+17+18]	**317 790**	**(2 928)**	**314 862**	**103 324**	**8 714**	**426 900**
20.Income tax	(91 693)	7 981	**(83 712)**	(7 120)	(1 984)	**(92 816)**
21.Net income [19+20]	**226 097**	**5 053**	**231 150**	**96 204**	**6 730**	**334 084**

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

[2] Interest income corresponds to interest implicit in the current amount of the extraordinary dividend, recognized in June 2021, to be received in June 2022 and 2023.

At 31 December 2022 the breakdown of gross income and main items on the balance sheet of the Commercial Banking segment is as follows:

	Gross income	Financial assets at amortised cost	Financial liabilities at amortised cost - Deposits
Retail Banking, Businesses, Premier and InTouch	462 911	17 227 836	19 710 471
Private Banking	28 420	131 946	2 813 992
Corporate and Institutional Banking	207 892	10 682 518	7 400 972
Other	116 681	5 710 421	1 821 992
	815 904	**33 752 721**	31 747 427

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

	Commercial Banking	Corporate Centre	**Domestic activity**	BFA	BCI	**Banco BPI**
1.Interest income	506 263	(3 004)	**503 259**	4 905		**508 164**
2.Interest expense	(47 545)		**(47 545)**			**(47 545)**
3.Net interest income [1+2]	**458 718**	**(3 004)**	**455 714**	**4 905**		**460 619**
4.Dividend income	9 260	22 340	**31 600**	97 935	6 097	**135 632**
5.Fee and commission income	299 847		**299 847**			**299 847**
6.Fee and commission expenses	(20 004)		**(20 004)**			**(20 004)**
7.Net fee and commission income [5+6]	**279 843**		**279 843**			**279 843**
8.Gains/(losses) on financial assets and liabilities and other	21 711	(11 620)	**10 091**	16 515		**26 606**
9.Other operating income and expenses	(27 440)		**(27 440)**	(7 834)	(610)	**(35 884)**
10.Gross income [3+4+7+8+9]	**742 092**	**7 716**	**749 808**	**111 521**	**5 487**	**866 816**
11.Staff expenses	(220 259)	(37 331)	**(257 590)**			**(257 590)**
12.Other administrative expenses	(132 621)	(1 647)	**(134 268)**			**(134 268)**
13.Depreciation and amortisation	(61 087)	(44)	**(61 131)**			**(61 131)**
14.Operating expenses [11+12+13]	**(413 967)**	**(39 022)**	**(452 989)**			**(452 989)**
15.Net operating income [10+14]	**328 125**	**(31 306)**	**296 819**	**111 521**	**5 487**	**413 827**
16.Impairment losses and other provisions	(47 161)		**(47 161)**			**(47 161)**
17.Other impairments and provisions	(3 715)		**(3 715)**			**(3 715)**
18.Gains and losses in other assets	(361)	(196)	**(557)**			**(557)**
19.Net income before income tax [15+16+17+18]	**276 888**	**(31 502)**	**245 386**	**111 521**	**5 487**	**362 394**
20.Income tax	(78 486)	15 329	**(63 157)**	(5 869)		**(69 026)**
21.Net income from continuing operations [19+20]	**198 402**	**(16 173)**	**182 229**	**105 652**	**5 487**	**293 368**

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

[2] Interest income corresponds to interest implicit in the current amount of the extraordinary dividend, recognized in June 2021, to be received in June 2022 and 2023.

At 31 December 2021 the breakdown of gross income and main items on the balance sheet of the Commercial Banking segment is as follows:

	Gross income	Financial assets at amortised cost	Financial liabilities at amortised cost - Deposits
Retail Banking, Businesses, Premier and InTouch	432 290	16 033 185	18 730 967
Private Banking	32 990	130 545	2 612 300
Corporate and Institutional Banking	186 983	10 317 321	7 094 310
Other	89 829	5 656 768	6 260 828
	742 092	**32 137 819**	**34 698 405**

7. DISCLOSURE OF THE REMUNERATION OF THE CORPORATE BODIES

On 13 October 2022, CaixaBank, as the sole shareholder, approved the "Remuneration Policy of the members of Banco BPI's Management and Supervisory Bodies" (hereinafter the "Remuneration Policy).

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.

The remuneration of the elected members of the corporate bodies shall be fixed, after consultation with the Nominations, Evaluation and Remuneration Committee with respect to the remuneration of the members of the Executive Committee, by a Remuneration Committee.

The Remuneration Policy defines the limits for the total annual remuneration attributable to the members of the management and supervision bodies. For the 2020/2022 term of office, the following limits apply to the total annual remuneration to be awarded, with the remuneration for each member of the bodies indicated below being distributed by resolution of the General Meeting, with due regard for the principles and rules established in the Remuneration Policy.

I. Non-executive Directors:

a) For serving on the Board of Directors: 1 475 000 euros.

b) For serving on committees of the Board of Directors: 600 000 euros.

c) For serving on the Audit Committee: 240 000 euros.

II. Executive Directors:

a) Fixed component: 3 000 000 euros.

b) Variable Component (variable remuneration in the form of bonus): 1 800 000 euros.

The remuneration of the Executive Directors is made up of a fixed component and a variable component, the latter in the form of a bonus. The variable component in the form of a bonus is in turn composed of a part in cash and another part in financial instruments, preferably CaixaBank shares, attributed in the framework and under the terms of the Remuneration Policy.

One part of the variable remuneration is paid immediately after its award, i.e., the cash and instruments that compose this non-deferred portion of the variable remuneration are transferred to the Executive Director.

The other part of the variable remuneration (the deferred part) is subject to a deferral period, phased in under the following terms:

a) On the date of payment of the variable remuneration, its non-deferred portion must be paid (hereinafter "Initial Payment Date"), i.e., the cash and instruments included in that non-deferred portion of the variable remuneration must be transferred to the Executive Director. Half of this non-deferred portion of the variable remuneration is paid in cash and the remaining half is paid in financial instruments.

b) Provided that the reduction assumptions set forth in Section 5.2. of the Remuneration Policy do not materialise, the deferred portion of the risk-adjusted variable remuneration shall be paid in five tranches, the amounts and dates of which are as follows:

- 1/5 12 months after the Initial Payment Date
- 1/5 24 months after the Initial Payment Date
- 1/5 36 months after the Initial Payment Date
- 1/5 48 months after the Initial Payment Date
- 1/5 60 months after the Initial Payment Date

The cash and instruments whose award is subject to the deferral period shall only be transmitted to the Executive Director after the end of the respective phase of the deferral period.

The percentage of deferral that applies to the variable remuneration of the Executive Directors is 60 percent. This percentage of deferral may be changed if the competent authorities set absolute or relative limits for the calculation of "particularly high variable remuneration amounts", pursuant to the provisions of the EBA Guidelines.

Fixed remuneration earned in 2022

In 2022, the overall fixed remuneration of the members of the Board of Directors totalled 4 520 498 euros.

Board of Directors	Member of the BD	Risk Committee	Audit Committee	Nominations, Evaluation and Remuneration Committee
Fernando Ulrich	750 000			
João Pedro Oliveira Costa	725 000			
António Lobo Xavier	81 000		44 400	
Cristina Rios Amorim	60 000	53 280		44 400
Elsa Roncon Santos	60 000	44 400	44 400	
Fátima Barros	60 000		44 400	53 280
Francisco Manuel Barbeira	500 000			
Francisco Artur Matos	425 058			
Gonzalo Gortázar Rotaeche	60 000			
Ignacio Alvarez-Rendueles	500 000			
Javier Pano Riera	60 000	44 400		
Lluís Vendrell	60 000		44 400	44 400
Manuel Ramos Sebastião	60 000	44 400	53 280	
Natividad Capella Pifarre	60 000			
Pedro Barreto	500 000			

Remuneration of the members of the Social Responsibility Committee in 2022

The overall remuneration of the members of the Social Responsibility Committee in 2022 totalled 177 600 euros. The individual amounts were as follows:

(Amounts in euros)	Fixed remuneration
Rafael Blasco	44 400
José Pena Amaral	44 400
António Morais Barreto	44 400
Maria Isabel Jonet	44 400

Variable remuneration

CAs referred, the members of the Board of Directors who are members of the Executive Committee may be entitled to receive a variable remuneration. This variable remuneration is dependent upon the performance of the members of the Executive Committee 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 another over subsequent years:

- One part of the variable remuneration is paid immediately upon its award, i.e., the cash and instruments that compose this non-deferred portion of the variable remuneration are transferred to the Executive Director.
- The other part of the variable remuneration (the deferred part) is subject to a deferral period, phased over 5 years. The cash and instruments whose award is subject to the deferral period shall only be transmitted to the Executive Director after the end of the respective phase of the deferral period.

Variable remuneration relative to the performance of the members of the Executive Committee in 2022

The variable remuneration for performance in 2022 shall be subject to a decision to be taken in the first half of 2023, under the terms referred to hereinabove. However, and in accordance with the applicable accounting rules, it was assumed in Banco BPI's 2022 financial statements that the variable remuneration to be attributed to the members of the Executive Committee in the first half of 2023, with reference to financial year 2022, would amount to 1.7 million euros.

Variable remuneration relative to the performance of the members of the Executive Committee in financial years before 2022

In addition, portions of variable remuneration were paid in 2022 to the members of the Executive Committee for their performance in years prior to 2022, the payment of which had been subject to deferral under the terms referred to hereinabove.

This remuneration therefore rewards performance in previous years, but it was paid in 2022 under the rules on deferral provided for in the Remuneration Policy.

Accordingly, the variable remuneration approved by the Nominations, Evaluation and Remuneration Committee on 24 March 2022 relative to performance in 2021 totalled 1 038 000 euros, of which 415 200 euros was paid in 2022 and 622 800 euros with payment phased over from 2023 to 2027.

Variable remuneration relative to 2021

(Amounts in euros)	Amount attributed	Amount paid in 2022	Deferred amount to be paid in stages from 2023 to 2027 (one fifth in each year)
João Oliveira e Costa	240 000	96 000	144 000
Ignácio Alvarez-Rendueles	216 000	86 400	129 600
Francisco Artur Matos	150 000	60 000	90 000
Francisco Manuel Barbeira	216 000	86 400	129 600
Pedro Bissaia Barreto	216 000	86 400	129 600

The amounts referred in the above table, i.e., both those paid in 2022 and those whose payment was deferred, are paid half in cash and half in kind (the latter, in CaixaBank shares, valued at 3.0811 euros per share). The amounts paid in kind are subject to a retention period of 12 months starting from their date of attribution.

Accordingly, the then members of the Executive Committee received in 2022 the following amounts of variable remuneration relative to their performance in 2017, 2018 and 2019:

(Amounts in euros)	In cash			In financial instruments		
	2017	2018	2019	2017	2018	2019
Pablo Forero	12 000	13 200	12 432	12 000	13 200	12 432
Alexandre Lucena e Vale	6 628	7 948	5 245	6 628	7 948	5 245
António Farinha Morais	7 980	9 000	7 637	7 980	9 000	7 637
Francisco Manuel Barbeira	6 383	11 340	6 344	6 383	11 340	6 344
Ignacio Alvarez-Rendueles	10 661	12 240	10 336	10 661	1 224	10 336
João Pedro Oliveira Costa	12 329	14 691	10 876	12 329	14 691	10 876
José Pena do Amaral	6 780	7 980	7 238	6 780	7 980	7 238
Pedro Barreto	12 329	13 754	10 336	12 329	13 754	10 336

Taking into consideration the crisis created by the Covid-19 pandemic, the members of the Executive Committee of the Board of Directors waived their performance bonuses corresponding to performance in the 2020 financial year

Long-term incentives

General Features

Banco Banco BPI, in alignment with CaixaBank, has implemented a conditional variable remuneration scheme (Long-term Incentives Plan - LTI) linked to the 2019-2021 Strategic Plan for the Executive Board Members and a restricted group of Key Employees. The 1st and 3rd cycles of this plan, corresponding to the years 2019 and 2021, were thus implemented. As was the case with variable remuneration, in 2020 the members of the Executive Committee of the Board of Directors waived the LTI corresponding to the 2nd cycle of the plan associated to the 2019-2021 Strategic Plan.

The conditional variable remuneration scheme (Long-term Incentives Plan - LTI) linked to the 2019-2021 Strategic Plan was integrated in the variable remuneration subject to the assessment of compliance with Multi-Year Metrics defined by the Sole Shareholder in the year of attribution of the variable remuneration.

The Plan

The Plans consisted in a Variable Remuneration Scheme that combined short- and long-term metrics based on the Strategic Plan. They provided for the allocation of a certain number of Units to each beneficiary, free of charge and multi-yearly, which, providing the requirements established in the Regulation are met, will subsequently serve as a basis to determine the number of shares to be delivered (in 2023 and 2025).

Supplementary pensions or early retirement schemes

The members of the management body who are or have been Executive Directors (or, under the previous governance model, members of the Management body) benefit from the pension plan applicable to Banco BPI's Employees in general under the same circumstances, to the extent that they were Banco BPI Employees before holding those positions and their employment suspended was suspended, under the terms of the law.

The members of the management body who were Executive Directors in the 2014/2016 term of office or who were members of this body (or, under the previous governance model, members of the Management body) in earlier terms of office, also enjoy a defined benefit scheme, a supplementary retirement benefit, as approved at the Bank's General Council meeting of 25 July 1995, which provides them with a retirement supplement the monthly amount of which depends on their monthly income as Executive Directors and on the number of years served in said positions.

The rules which govern the aforesaid benefit are set out in the Retirement Entitlement Regulations for the Members of the Management Board, approved at the above-mentioned General Council meeting.

There is a provision that the pensions paid under the Social Security which fall within any one of the following three categories shall be deducted from the pensions paid under the Executive Directors' plan:

- those relating to functions performed at BPI;
- those relating to functions performed at third party entities at BPI's indication and which BPI has recognised for that purpose;
- the pensions paid under other BPI pension plans.

Executive Directors are also entitled to a defined contribution supplementary pension benefit.

The members of the management and supervision bodies who are not nor have ever been Executive Directors (or, under the previous governance model, members of the Management body) are not entitled to any retirement benefit attributed by the Bank.

A sum of 2 012 thousand euros, corresponding to the present value of past service liabilities, was allocated to the Executive Members of the Board of Directors who at 31 December 2022 are beneficiaries of a defined contribution pension plan:

(Amounts in thousand euros)	**Amount**
Pedro Barreto	1 263
João Oliveira e Costa	749

In 2022, the annual cost of retirement and survivor's pensions calculated based on the actuarial evaluation of 31 December 2022, was 178 th.euros, broken down as follows:

(Amounts in thousand euros)	**Amount**
Pedro Barreto	123
João Oliveira e Costa	77

The board members that benefit from a pension scheme under the Collective Wage Agreement and/or the Social Security, had an amount of 327 th.euros allocated to them, corresponding to the present value of past service liabilities:

(Amounts in thousand euros)	**Amount**
Francisco Manuel Barbeira	231
Francisco Ribeiro Matos	96

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

The detail of this heading is as follows:

	Consolidated		**Individual**	
	31-12-2022	**31-12-2021**	**31-12-2022**	**31-12-2021**
Cash	285 428	291 908	285 428	291 906
Demand deposits at Bank of Portugal	2 086 415	5 853 703	2 086 415	5 853 703
Other demand deposits	93 409	100 975	93 409	94 624
Interest on demand deposits at Bank of Portugal	470	(764)	470	(764)
	2 465 722	**6 245 822**	**2 465 722**	**6 239 469**

In 2022, BPI decided to repay in advance, using for the purpose available liquidity, 4 420 million euros of funds obtained under TLTRO III, given the deterioration of these operations' remuneration conditions as from November 2022.

The caption 'Demand deposits at Bank of Portugal' includes funds intended to meet the requirements of the Eurosystem's Minimum Reserves System and overnight deposits made through the Eurosystem's deposit facility. The component of the deposits intended to meet the minimum reserve requirements is currently remunerated at 2%, as are the investments under the overnight liquidity absorption mechanism. If the surplus funds were not placed with the Eurosystem, the remuneration rate would be 0%. 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	
	31-12-2022	31-12-2021
Trading derivatives	91 886	98 057
Equity instruments		
Shares in Portuguese companies		1 163
Debt securities		
Bonds issued by Portuguese government entities		360
Bonds issued by other foreign entities	4 185	4 258
	4 185	**4 618**
	96 071	**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 31 December 2021, the caption Equity Instruments corresponds entirely to shares to hedge equity swap transactions carried out with Customers (Note 29).

Financial liabilities held for trading

The detail of this heading is as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Trading derivatives	87 113	103 937
	87 113	**103 937**

9.1. Trading derivatives (assets and liabilities)

The detail of this heading is as follows:

	Consolidated / Individual					
	31-12-2022			31-12-2021		
	Notional value	Book value		Notional value	Book value	
		Assets	Liabilities		Assets	Liabilities
Foreign currency purchase / sale						
Foreign currency purchases against euros	640 195	2 566	5 636	584 184	10 112	509
Foreign currency purchases against foreign currencies	4 618	143	117	1 789	6	3
Sale of foreign currencies against euros	216 755	4 590	2 252	227 650	319	8 063
Interest rate options						
Bought	659 468	12 527	361	673 213	6 295	
Issued	676 911	533	8 690	686 393	166	5 940
Collar	32 000	145	146			
Currency options						
Bought	21 276	651		27 806	76	
Issued	9 093		270	14 822		50
Collar	928 567	4 879	4 905	707 934	2 005	2 038
Other share and interest rate transactions						
Share swaps[1]				259 665	6 169	6 144
Interest rate swaps	2 190 905	65 852	64 736	2 587 530	72 909	81 190
	5 379 788	**91 886**	**87 113**	**5 770 986**	**98 057**	**103 937**
Of which: contracted in organised markets						
Of which: contracted in non-organised markets	5 379 788	91 886	87 113	5 770 986	98 057	103 937

[1] The change in the caption Share swaps, essentially arises from the amortization of equity swaps operations, covered by a portfolio of shares included in assets held for trading (Note 9).

The Bank usually hedges the market risk associated with derivatives contracted with customers by contracting symmetric derivatives on the market and records both in the trading portfolio. Thus, the market risk of these operations can be considered to be insignificant.

At 31 December 2022 and 2021, the trading derivatives balance sheet captions include 1 852 th.euros and 7 252 th.euros of Credit Valuation Adjustments (CVAs) and 1 278 th.euros and 327 th.euros of Debit Valuation Adjustments (DVAs), respectively (Note 38.1).

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

The detail of this heading is as follows:

	Consolidated / Individual	
	31-12-2022	**31-12-2021**
Equity instruments		
Shares in Portuguese companies	8 028	7 680
Shares in foreign companies	1 238	908
Participation units of Portuguese issuers	45 961	85 506
Participation units of foreign issuers	12 579	14 061
	67 806	**108 155**
Debt securities		
Bonds issued by other Portuguese entities	45	49
Bonds issued by other foreign entities	5 658	5 305
	5 703	**5 354**
	73 509	**113 509**

At 31 December 2021 this caption included the stakes in the Inter-Risco II and Inter-Risco II CI Funds, amounting to 25 835 th.euros, which were sold in 2022. The stake in the Caravela Fund was reclassified to the non-current assets held for sale portfolio (Note 18).

In 2022 and 2021 the movement in the caption 'debt securities - non-trading financial assets mandatorily at fair value through profit or loss' was as follows:

	2022	2021
Balance at beginning of the year	**5 354**	**52 314**
Sales		(52 564)
Gains/(loses) recognised as profit/(loss)	349	5 604
Balance at end of the year	**5 703**	**5 354**

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.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This caption is made up as follows:

	Consolidated / Individual	
	31-12-2022	**31-12-2021**
Equity instruments		
Shares in Portuguese companies	72 957	101 451
Shares in foreign companies	417 176	329 938
	490 133	**431 389**
Debt securities		
Bonds issued by Portuguese government entities		
Treasury Bonds	276 376	438 724
Bonds issued by foreign government entities	677 063	796 651
	953 439	**1 235 375**
	1 443 572	**1 666 764**

In 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**	**Gains/(losses) recognised under other comprehensive income**	**Potential Gains/ (losses) recognised under other comprehensive income and exchange variation**	**31-12-2022**
Banco de Fomento Angola, S.A.	321 400				89 400	410 800
SIBS	80 000				(20 600)	59 400
Other	29 989	400	(9 357)	6 879	(7 978)	19 933
	431 389	400	(9 357)	6 879	60 822	490 133

In 2022 the stake in Conduril (8 000 th.euros at 31 December 2022) was reclassified to the non-current assets held for sale portfolio (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] Were recorded 28 598 th.euros related to the distribution of BFA's free reserves under 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.

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

- 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 Angola's public debt market yields in USD and the equity markets risk premium;

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

Main assumptions underlying BFA's valuation (DDM)

	31-12-2022	**31-12-2021**
Projection period	5 years	5 years
Discount rate (Cost of capital)[1]	21.6 %	17.5 %
Target capital ratio	20.0 %	15.0 %

[1] Calculated based on the interest rate of US treasury bonds, plus country and 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	411	393	431	405	416	340	480
Change versus baseline scenario		(18)	20	(5)	5	-71	69

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

Main assumptions underlying SIBS's valuation (DCF)

	31-12-2022	**31-12-2021**
Projection period	5 years	5 years
Discount rate (WACC)	11.0 %	7.2 %

The financial information on the most relevant equity holdings classified as 'Financial assets at fair value through other comprehensive income - equity instruments' is as follows:

	Registered Office	BPI ownership (%)	Voting rights (%)	Book value at 31-12-2022	Investee financial data (100%)	
					Equity	Net profit / (loss)
Banco de Fomento Angola, S.A.[1]	Angola	48.1 %	48.1 %	410 800	909 817	305 249
SIBS [2]	Portugal	15.0 %	15.9 %	59 400	230 094	44 256

[1] Equity value forecast for 31 December 2022 (unaudited accounts) converted to euros at the exchange rate of 31 December and net income converted monthly at the end of month exchange rate.

[2] Equity and net profit/(loss) values for 31-12-2021.

In 31 December 2022 the movement in the caption ''Debt securities at fair value through other comprehensive income'' was as follows:

	Consolidated / Individual			
	Quantity (unit value)	Acquisition value	Book value	Net gain/(loss)
Debt securities				
Bonds issued by Portuguese government entities				
Treasury Bonds	275 000 000	312 894	276 376	(19 020)
Bonds issued by foreign government entities	725 000 000	762 102	677 063	(77 839)
		1 074 996	**953 439**	**(96 859)**

In 31 December 2021 the movement in the caption ''Debt securities at fair value through other comprehensive income'' was as follows:

	Consolidated / Individual			
	Quantity (unit value)	Acquisition value	Book value	Net gain/(loss)
Debt securities				
Bonds issued by Portuguese government entities				
Treasury Bonds	400 000 000	447 729	438 724	8 943
Bonds issued by foreign government entities	750 000 000	797 391	796 651	6 045
		1 245 120	**1 235 375**	**14 988**

In 2022 the movement in the caption 'Debt securities at fair value through other comprehensive income' was as follows:

	Consolidated / Individual
	Total[1]
Balance at 31-12-2021	**1 235 375**
Purchases	269 411
Gains/(losses) recognised under other comprehensive income	(111 847)
Sales and redemptions	(439 535)
Accrued interest	35
Balance at 31-12-2022	**953 439**

[1] The totality of the assets that make up this heading are in Stage 1.

At 31 December 2022 the Bank holds a portfolio of medium-long term public debt with nominal value of 1 000 million euros with an average residual maturity of approximately 5 years. The sovereign debt portfolio is made up of Spanish, Italian and EU public debt securities.

In 2021 the movement in the caption 'Debt securities at fair value through other comprehensive income' was as follows:

	Consolidated
	Total[1]
Balance at 31-12-2020	**1 447 469**
Purchases	318 918
Gains/(losses) recognised under other comprehensive income	(15 444)
Sales and redemptions	(506 940)
Accrued interest	(8 628)
Balance at 31-12-2021	**1 235 375**

[1] The totality of the assets that make up this heading are in Stage 1.

12. FINANCIAL ASSETS AT AMORTISED COST

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

31-12-2022

	Consolidated / Individual				
	Nominal value	Accrued interest	Discount premium	Impairment	Book value
Debt securities	7 591 747	34 094	(143 498)	(15 589)	7 466 754
Loans and advances					
Central Banks and credit institutions	817 711	1 450		(12)	819 149
Customers	25 912 918	73 165		(519 264)	25 466 819
	34 322 376	**108 709**	**(143 498)**	**(534 865)**	**33 752 722**

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	
	31-12-2022	31-12-2021
Sovereign debt		
Portuguese sovereign debt	1 679 757	1 958 015
Foreign sovereign debt	2 086 074	1 703 594
	3 765 831	**3 661 609**
Customer debt		
Other Portuguese public issuers	638 298	546 029
Other Portuguese issuers	2 558 547	2 255 296
Other foreign issuers	519 667	396 985
	3 716 512	**3 198 310**
Impairment	**(15 589)**	**(14 793)**
	7 466 754	**6 845 126**

The detail of debt securities at amortised cost at 31 December 2022 is as follows:

	Consolidated / Individual		
	Quantity	Acquisition value	Book value
Sovereign debt			
Portuguese sovereign debt	1 555 000 000	1 785 605	1 679 757
Foreign sovereign debt	2 045 000 000	2 104 908	2 086 074
	3 600 000 000	**3 890 513**	**3 765 831**
Customer debt			
Other Portuguese public issuers	634 555 000	634 555	638 298
Other Portuguese issuers	2 555 456 589	2 547 308	2 558 547
Other foreign issuers	518 096 888	519 372	519 667
	3 708 108 477	**3 701 235**	**3 716 512**
			7 482 343
Impairment			**(15 589)**
	7 308 108 477	**7 591 748**	**7 466 754**

The detail of debt securities at amortised cost at 31 December 2021 is as follows:

	Consolidated / Individual		
	Quantity	Acquisition value	Book value
Sovereign debt			
Portuguese sovereign debt	1 780 000 000	2 026 619	1 958 015
Foreign sovereign debt	1 670 000 000	1 708 647	1 703 594
	3 450 000 000	**3 735 266**	**3 661 609**
Customer debt			
Other Portuguese public issuers	543 755 000	543 755	546 029
Other Portuguese issuers	2 261 486 369	2 248 888	2 255 296
Other foreign issuers	395 274 625	396 795	396 985
	3 200 515 994	**3 189 438**	**3 198 310**
			6 859 919
Impairment			**(14 793)**
	6 650 515 994	**6 924 704**	**6 845 126**

In 31 December 2022, Banco BPI holds medium and long-term public debt portfolio with a nominal amount of 3 569 million euros with an average residual maturity of approximately 4 years. The foreign sovereign debt portfolio is made up of Spanish, Italian, American, and European Union public debt securities.

Customer debt securities at amortised cost include essentially issues of commercial paper and bonds of Corporate Banking and Institutional Banking Customers associated to Banco BPI's commercial loans portfolio.

The portfolio of Customer debt securities at amortised cost includes securities designated as interest rate hedged assets, the fair value change of which at 31 December 2022 and 2021 amounted to (18 733) th.euros and 10 365 th.euros, respectively (Note 13).

At 31 December 2022 and 2021, Customer debt securities included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 19), namely 35 492 th.euros and 32 552 th.euros, respectively, allocated as collateral for public sector bonds.

In 2022 the movement in the caption Debt securities at amortised cost was as follows:

	Consolidated / Individual			
	Debt securities	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2021	**6 859 919**	**6 738 732**	**108 796**	**12 391**
Exposure increases / reductions	622 424	681 860	(58 998)	(438)
Balance at 31-12-2022	**7 482 343**	**7 420 592**	**49 798**	**11 953**

In 2021 the movement in the caption Debt securities at amortised cost was as follows:

	Consolidated / Individual			
	Debt securities	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2020	**5 784 013**	**5 667 994**	**103 506**	**12 513**
Exposure increases / reductions	1 076 606	1 070 738	6 683	(815)
Transfers:				
From stage 2			(1 393)	1 393
Write-offs	(700)			(700)
Balance at 31-12-2021	**6 859 919**	**6 738 732**	**108 796**	**12 391**

In 2022 the movement in impairments due to expected loss on securities at amortised cost was as follows:

	Consolidated / Individual			
	Debt securities	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2021	**(14 793)**	**(4 955)**	**(5 582)**	**(4 256)**
Increase / (reversal) of impairments [1]	(796)	1 661	3 711	(6 168)
Balance at 31-12-2022	**(15 589)**	**(3 294)**	**(1 871)**	**(10 424)**

[1] Includes 79 th.euros related to impairments for canceling part of the interest on loans in stage 3, included in the net interest income.

In 2021 the movement in impairments due to expected loss on securities at amortised cost was as follows:

	Consolidated / Individual			
	Debt securities	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2020	**(11 252)**	**(2 171)**	**(5 114)**	**(3 967)**
Increase / (reversal) of impairments	(4 241)	(2 784)	(1 425)	(32)
Transfers:				
Stage 2			957	(957)
Write-offs	700			700
Balance at 31-12-2021	**(14 793)**	**(4 955)**	**(5 582)**	**(4 256)**

12.2. Loans and advances

Loans and advances - Central Banks and other Credit Institutions

The detail of this heading is as follows:

	Consolidated / Individual	
	31-12-2022	**31-12-2021**
Loans and advances to the Bank of Portugal		4 300
Loans and advances to Credit Institutions in Portugal		
Very short term applications		12 802
Cheques for collection	38 934	31 548
Loans	469 987	394 091
Other	31	2 180
Other loans and advances	8 101	5 493
Interest receivable and commissions relating to amortised cost	886	297
	517 939	446 411
Loans and advances to other Credit Institutions abroad		
Very short term applications	42 190	166 067
Deposits	32 486	143 879
Cheques for collection	455	297
Loans	2 353	2 184
Other loans and advances	199 660	235 454
Interest receivable and commissions relating to amortised cost	564	148
Debtors for futures operations	23 514	4 133
	301 222	552 162
Impairment	(12)	(30)
	819 149	**1 002 843**

Loans and advances - Customers

This caption is made up as follows:

	Consolidated / Individual	
	31-12-2022	**31-12-2021**
Loans to Customers		
Companies		
Loans	7 158 730	7 261 508
Loans on current account	482 735	462 457
Demand deposits - overdrafts	176 330	170 144
Invoices received – factoring	1 200 409	1 023 149
Finance leases	417 092	414 968
Real estate leasing	439 937	449 097
Car finance	279 934	266 392
Other loans	47 995	26 983
Individuals	15 742 212	14 631 842
Other loans and advances [1]	40 709	95 056
Impairment	(519 264)	(511 746)
	25 466 819	**24 289 850**

[1] The caption "Other loans and advances" essentially refers to margin accounts.

At 31 December 2022 and 2021, the caption 'Loans and advances to Customers' included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 19), namely:

- 8 583 231 th.euros and 8 652 849 th.euros, respectively, allocated as collateral to mortgage bonds;
- 771 581 th.euros and 763 500 th.euros, respectively, allocated as collateral to public sector bonds.

The portfolio of Loans to Customers includes Loans designated as interest rate hedged assets, the fair value change of which at 31 December 2022 and 2021 amounted to (92 667) th.euros and 22 180 th.euros, respectively (Note 13).

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

	Consolidated / Individual			
	31-12-2022		31-12-2021	
	Gross amount	Impairment	Gross amount	Impairment
Public sector	1 348 881	(969)	1 341 645	(960)
Other financial corporations and individual entrepreneurs (financial business)	85 152	(786)	172 929	(22 458)
Non-financial corporations and individual entrepreneurs (non-financial business)	8 809 838	(312 203)	8 655 179	(296 117)
Real estate development	49 401	(358)	91 040	(1 109)
Civil construction	420 337	(8 789)	416 169	(9 437)
Other	8 340 100	(303 056)	8 147 970	(285 571)
Large companies	2 486 484	(123 943)	2 264 565	(84 728)
Small and medium-sized companies	5 853 616	(179 114)	5 883 405	(200 843)
Individuals	15 742 212	(205 306)	14 631 843	(192 211)
Homes	14 183 925	(122 038)	13 089 202	(141 873)
Consumer spending	1 543 706	(82 208)	1 528 241	(49 541)
Other	14 581	(1 060)	14 400	(797)
	25 986 083	**(519 264)**	**24 801 596**	**(511 746)**

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

	Consolidated / Individual			
	Loans and advances	Of which:		
		Stage 1	Stage 2	Stage 3
Balance at 31-12-2021	**24 801 595**	**22 455 912**	**1 719 632**	**626 051**
Exposure increases / reductions	1 337 456	1 627 615	(224 240)	(65 919)
Transfers				
From stage 1:		(625 543)	557 599	67 944
From stage 2:		438 053	(525 094)	87 041
From stage 3:		8 806	31 466	(40 272)
Write-offs	(21 301)		(1)	(21 300)
Sales	(131 667)	(42 610)	(5)	(89 052)
Balance at 31-12-2022	**25 986 083**	**23 862 233**	**1 559 357**	**564 493**

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

	Consolidated				Individual			
	Loans and advances	Of which:			Loans and advances	Of which:		
		Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3
Balance at 31-12-2020	**23 116 113**	**20 625 580**	**1 900 568**	**589 965**	**23 116 002**	**20 625 469**	**1 900 568**	**589 965**
Exposure increases / reductions	1 742 572	2 005 184	(213 771)	(48 842)	1 742 683	2 005 295	(213 771)	(48 842)
Transfers								
From stage 1:		(827 673)	755 300	72 373		(827 673)	755 300	72 373
From stage 2:		644 242	(761 878)	117 636		644 242	(761 878)	117 636
From stage 3:		8 579	39 432	(48 011)		8 579	39 432	(48 011)
Write-offs	(17 357)			(17 357)	(17 357)			(17 357)
Sales	(39 732)		(19)	(39 713)	(39 732)		(19)	(39 713)
Balance at 31-12-2021	**24 801 596**	**22 455 912**	**1 719 632**	**626 051**	**24 801 596**	**22 455 912**	**1 719 632**	**626 051**

In 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	(106 239)	19 645	(15 613)	(110 271)
Impairment allowance for new financial assets[1]	(37 067)	(25 980)	(5 415)	(5 672)
Reversal of impairments due to reimbursements and recoveries[1]	62 340	10 726	7 622	43 992
Net impairment [2]	(80 966)	4 391	(13 406)	(71 951)
Write-offs	21 301		1	21 300
Sales	52 146		4	52 142
Transfers and other	1		(1)	2
Balance at 31-12-2022	**(519 264)**	**(81 141)**	**(106 979)**	**(331 144)**

[1] Includes automatically renewed operations.

[2] Includes 2 367 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 written off loans, consolidated and individual, in 2022 and 2021 was as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Balance at beginning of period	**745 481**	**1 000 323**
Increases:		
Written-off loans	21 301	18 058
Decreases:		
Recovery of written-off principal and interest	(4 498)	(9 027)
Amount received on sale of written-off loans	(9 579)	(24 059)
Remission of written-off credits due to disposals	(57 771)	(240 329)
Other	(15 432)	515
Balance at end of period	**679 502**	**745 481**

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

In 2022, Banco BPI sold a portfolio of non-performing loans for a global amount of 71 million euros, of which 51 million euros in written-off loans (recognised in off-balance sheet items), 2 million euros in other off-balance sheet balances and 18 million euros in loans net of impairments (87 million euros in loans and 69 million euros in impairments, recognised in the balance sheet). This operation generated a result of 27 million euros (Note 33).

In 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					
	31-12-2022			31-12-2021		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest rates	7 409 443	35 726	21 909	7 892 992	25 174	15 859
By type of counterparty:						
Of which: OTC - credit institutions	2 670 462	35 686	17 053	686 559	24 952	14 106
Of which: OTC - other financial companies	4 738 981	40	4 856	7 206 433	222	1 753

The residual time to maturity of hedging items at 31 December 2022, was as follows:

	Consolidated / Individual					
	Notional Amount					
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Fair value hedges	**269 255**	**544 317**	**2 577 316**	**3 424 735**	**593 820**	**7 409 443**
Credit (loans and debt securities)	18 290	24 000	252 500	560 230	592 820	1 447 840
Term Deposits	250 965	520 317	2 324 816	1 914 505	1 000	5 011 603
Debt issues				950 000		950 000

The residual time to maturity of hedging items at 31 December 2021 was as follows:

	Consolidated / Individual					
	Notional Amount					
	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years	Total
Fair value hedges	**280 006**	**882 707**	**2 771 437**	**3 334 245**	**624 597**	**7 892 992**
Credit (loans and debt securities)	29 860	30 000	142 100	778 478	624 597	1 605 035
Term Deposits	250 146	852 707	2 629 337	1 605 767		5 337 957
Debt issues				950 000		950 000

Hedging items - Fair value hedges

			Consolidated / Individual									
			31-12-2022			2022		31-12-2021			2021	
			Hedging instrument value					Hedging instrument value				
Hedged risk	Hedging instrument used	Hedged item	Notional	Assets	Liabilities	Fair value change in hedging instruments in the period	Gains/(losses) from hedge accounting, net	Notional	Assets	Liabilities	Fair value change in hedging instruments in the period	Gains/(losses) from hedge accounting, net
Transformation from fixed to floating	Interest rate swaps	Credit (loans and securities)	1 447 840	60 467	3 886	146 446	2 502	1 605 035	599	15 200	45 636	(1 678)
		Term deposits	5 011 603	(3 806)	18 023	(102 802)	(6 514)	5 337 957	24 575	659	(15 472)	(528)
		Debt issues	950 000	(20 935)		(53 212)	991	950 000			(11 550)	80
			7 409 443	**35 726**	**21 909**	**(9 568)**	**(3 021)**	**7 892 992**	**25 174**	**15 859**	**18 615**	**(2 125)**

Hedged items - Fair value hedges

			31-12-2022				2022	31-12-2021				2021
			Hedged instrument		Accumulated fair value adjustments in the hedged item			Hedged instrument		Accumulated fair value adjustments in the hedged item		
Hedged risk	Hedging instrument used	Hedged item	Assets	Liabilities	Assets	Liabilities	Fair value change in hedged items in the period	Assets	Liabilities	Assets	Liabilities	Fair value change in hedged items in the period
Transformation from fixed to floating	Interest rate swaps (IRS and CCS)	Credit (loans and securities)	995 494		(111 400)		(143 944)	1 379 830		32 544		(47 314)
		Term Deposits		4 655 548		(97 590)	96 288		5 093 711		(2 368)	14 944
		Debt issues		893 635		(53 499)	54 203		947 046		704	11 630
			995 494	**5 549 183**	**(111 400)**	**(151 089)**	**6 547**	**1 379 830**	**6 040 757**	**32 544**	**(1 664)**	**(20 740)**

14. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

	Effective holding (%)		Consolidated		Individual	
			Book value		Book value	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Investments in subsidiaries						
BPI Incorporated [1]		100.0 %				4
BPI Suisse, S.A. [2]	100.0 %	100.0 %				2 022
Investments in associates						
Banco Comercial e de Investimentos, S.A.	35.7 %	35.7 %	152 137	123 947	39 651	39 651
Companhia de Seguros Allianz Portugal, S.A.	35.0 %	35.0 %	41 795	78 099	41 680	41 680
Cosec – Companhia de Seguros de Crédito, S.A.	50.0 %	50.0 %	39 588	39 546	7 051	7 051
Unicre - Instituição Financeira de Crédito, S.A.	21.0 %	21.0 %	35 059	32 329	5 850	5 850
Inter-Risco – Sociedade de Capital de Risco, S.A. [3]		49.0 %				
			268 579	**273 921**	**94 232**	**96 258**
BPI INC - Cauções						716
			268 579	**273 921**	**94 232**	**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).

[3] Sold in 2022

The movement that occurred in investments in joint ventures and associates during 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 year	67 347			
Dividends [2]	(37 542)			
Exchange difference	6 655			
Reclassification of InterRisco	(201)		201	
Changes in associates' other comprehensive income	(39 935)			
Other[3]	(1 867)			
Balance at 31-12-2022	**255 773**	**18 467**	**(5 661)**	**268 579**

[1] Impairment on 31 December 2022 corresponds to 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 allowance 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)**	**238 179**

[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 amount 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	
	31-12-2022	31-12-2021
Banco Comercial e de Investimentos, S.A.R.L.	42 803	24 649
Companhia de Seguros Allianz Portugal, S.A.	13 487	15 283
Cosec – Companhia de Seguros de Crédito, S.A.	5 852	4 137
InterRisco - Sociedade de Capital de Risco, S.A.		(165)
Unicre - Instituição Financeira de Crédito, S.A.	5 205	3 858
	67 347	**47 762**

[1] Banco BPI's subsidiaries and associates contribution to the consolidated profit or loss is detailed in Note 37.

At 31 December 2022 the financial information relating to BPI's associated companies is broken down as follows:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Banco Comercial e de Investimentos, S.A.[1]	1 875 614	1 095 398	2 448 334	110 986
Companhia de Seguros Allianz Portugal, S.A.	260 399	1 088 191	575 045	670 363
Cosec – Companhia de Seguros de Crédito, S.A.	137 105	4 997	92 219	304
Unicre - Instituição Financeira de Crédito, S.A.	199 873	286 323	157 659	196 776

	Net income from continuing operations	Net profit/(loss) from continuing operations	Other comprehensive income	Total comprehensive income[2]
Banco Comercial e de Investimentos, S.A.[1]	118 482	118 482	302	118 784
Companhia de Seguros Allianz Portugal, S.A.	n.d.	36 364	(109 123)	(72 759)
Cosec – Companhia de Seguros de Crédito, S.A.	n.d.	8 130	(3 389)	4 741
Unicre - Instituição Financeira de Crédito, S.A.	91 553	22 625	7 830	30 455

[1] Amounts converted to euros at the exchange rate of 31 December 2022.

[2] Corresponds to the sum of net profit/(loss) from continuing operations and other comprehensive income.

At 31 December 2021 the financial information relating to BPI's associated companies is broken down as follows:

	Current assets	Non-current assets	Current liabilities	Non-current liabilities
Banco Comercial e de Investimentos, S.A. [1]	1 523 369	1 079 889	2 140 079	130 508
Companhia de Seguros Allianz Portugal, S.A.	259 495	1 230 145	561 737	718 823
Cosec – Companhia de Seguros de Crédito, S.A.	138 218	4 100	87 706	1 056
Inter-Risco - Sociedade de Capital de Risco, S.A.	797	166	332	30
Unicre - Instituição Financeira de Crédito, S.A.	134 207	275 177	138 080	152 459

	Net income from continuing operations	Net profit/(loss) from continuing operations	Other comprehensive income	Total comprehensive income [2]
Banco Comercial e de Investimentos, S.A. [1]	71 999	71 999	1 342	73 342
Companhia de Seguros Allianz Portugal, S.A.	n.d.	39 428	(22 558)	16 870
Cosec – Companhia de Seguros de Crédito, S.A.	n.d.	5 660	3 072	8 732
Inter-Risco - Sociedade de Capital de Risco, S.A.	1 051	(146)		(146)
Unicre - Instituição Financeira de Crédito, S.A.	75 942	19 510	8 884	28 394

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

[2] Corresponds to the sum of net profit/(loss) from continuing operations and other comprehensive income.

15. TANGIBLE ASSETS

The movement in tangible assets during 2022 and 2021 was as follows:

	Consolidated									
	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 period	103 349	341 452	18 205	178 079	641 085	83 622	338 311	25 444	112 725	560 102
Acquisitions		5 989	27 021	4 409	37 419	618	1 176	20 378	99 614	121 786
Disposals and write-offs [1]	(404)	(7 016)		(23 358)	(30 778)	(115)	(3 844)		(30 955)	(34 914)
Transfers and other	19 200	1 061	(24 519)	2 783	(1 475)	19 224	5 722	(27 617)	(3 305)	(5 976)
Foreign exchange differences		74			74		87			87
Balance at end of period	**122 145**	**341 560**	**20 707**	**161 913**	**646 325**	**103 349**	**341 452**	**18 205**	**178 079**	**641 085**
Depreciation										
Balance at beginning of period	69 242	305 103		57 516	431 861	62 282	300 473		44 472	407 227
Depreciation in period	10 014	8 183		26 719	44 916	7 542	8 447		26 838	42 827
Disposals and write-offs [1]	(364)	(6 985)		(19 243)	(26 592)	(57)	(3 757)		(13 812)	(17 626)
Transfers and other	(182)	(1 960)		(5)	(2 147)	(525)	(143)		18	(668)
Foreign exchange differences		72			72		83			83
Balance at end of period	**78 710**	**304 413**		**64 987**	**448 110**	**69 242**	**305 103**		**57 516**	**431 861**
Net value at end of period	**43 435**	**37 147**	**20 707**	**96 926**	**198 215**	**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 2022 and 2021 was as follows:

	Individual									
	2022					2021				
	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total	Buildin gs	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total
Gross amount										
Balance at beginning of period	103 349	339 464	18 205	178 079	639 097	83 622	336 423	25 444	112 725	558 214
Acquisitions		5 985	27 021	4 409	37 415	618	1 164	20 378	99 614	121 774
Disposals and write-offs [1]	(404)	(7 016)		(23 358)	(30 778)	(115)	(3 844)		(30 955)	(34 914)
Transfers and other	19 200	3 127	(24 519)	2 783	591	19 224	5 721	(27 617)	(3 305)	(5 977)
Balance at end of period	122 145	341 560	20 707	161 913	646 325	103 349	339 464	18 205	178 079	639 097
Depreciation										
Balance at beginning of period	69 242	303 200		57 516	429 958	62 282	298 741		44 472	405 495
Depreciation of period	10 014	8 123		26 719	44 856	7 542	8 359		26 838	42 739
Disposals and write-offs [1]	(364)	(6 985)		(19 243)	(26 592)	(57)	(3 757)		(13 812)	(17 626)
Transfers and other	(182)	75		(5)	(112)	(525)	(143)		18	(650)
Balance at end of period	78 710	304 413		64 987	448 110	69 242	303 200		57 516	429 958
Net value at end of period	**43 435**	**37 147**	**20 707**	**96 926**	**198 215**	**34 107**	**36 264**	**18 205**	**120 563**	**209 139**

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

On 31 December 2022 and 2021, tangible assets in progress include works in rented property in the amount of 12 million euros and 14 million euros, respectively.

The lease contract for the Monumental Building was signed in 2021, which, under IFRS 16, implied the recognition of a right-of-use in the amount of 61 million euros. As part of the project to concentrate the Bank's central buildings, the lease contracts for 3 central buildings in Lisbon and Porto were also renegotiated, which implied the recognition of new rights of use in the amount of 37 million euros and a write-off of 18 million euros for the cancellation of the previous contracts.

16. INTANGIBLE ASSETS

The movement in intangible assets during 2022 and 2021 was as follows:

	Consolidated / Individual							
	2022				2021			
	Automatic data processing software	Intangible assets in progress	Other intangible assets	Total	Automatic data processing software	Intangible assets in progress	Other intangible assets	Total
Gross amount								
Balance at beginning of the year	237 083	9 071	14 285	260 439	207 796	8 493	14 416	230 705
Acquisitions	141	33 598		33 739	614	30 300		30 914
Disposals and write-offs	(7 853)		(5)	(7 858)			(131)	(131)
Transfers and other	26 668	(27 824)		(1 156)	28 673	(29 722)		(1 049)
Balance at end of period	256 039	14 845	14 280	285 164	237 083	9 071	14 285	260 439
Amortization								
Balance at beginning of period	147 716		14 285	162 001	129 324		14 416	143 740
Amortization of period	22 628			22 628	18 392			18 392
Disposals and write-offs	(7 853)		(5)	(7 858)			(131)	(131)
Balance at end of period	162 491		14 280	176 771	147 716		14 285	162 001
Net value at end of period	**93 548**	**14 845**		**108 393**	**89 367**	**9 071**		**98 438**

At 31 December 2022 and 2021 tangible assets in progress essentially concern 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	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Accrued income				
Dividends receivable from Banco de Fomento Angola (Note 11)	36 165	56 407	36 165	56 407
Dividends receivable from Banco Comercial e de Investimentos		5 535		5 535
Fees for Allianz's profit sharing	21 917	23 389	21 917	23 389
Other accrued income	49 227	47 807	49 227	45 440
	107 309	**133 138**	**107 309**	**130 771**
Deferred expenses				
Rents	1 598	1 201	1 598	1 201
Other deferred expenses	3 685	3 551	3 685	3 551
	5 283	**4 752**	**5 283**	**4 752**
Liabilities for pensions and other benefits (Note 22)				
Past service liabilities	1 760 709	2 000 302	1 760 709	2 000 302
Pension fund assets	(1 561 837)	(1 943 175)	(1 561 837)	(1 943 175)
	198 872	**57 127**	**198 872**	**57 127**
Other assets	5 059	17 917	5 059	17 897
Assets pending settlement	46 805	53 247	46 805	53 247
Impairment for other assets		(904)		(904)
	51 864	**70 260**	**51 864**	**70 240**
	363 328	**265 277**	**363 328**	**262 890**

At 31 December 2022 and 2021, the caption other income receivable includes 42 792 th.euros and 38 709 th.euros, respectively, relating to income receivable from group companies, namely fees for the provision of back office, IT, corporate and financial product marketing services.

The amount in the caption 'Credit operations pending settlement' includes:

- At 31 December 2022 and 2021, 9 323 th.euros and 14 424 th.euros, respectively, relating to taxes paid but which were challenged by Banco BPI, of which:
  - 3 273 th.euros registered after 2020 for VAT-related legal proceedings already decided in favour of Banco BPI and pending receipt of the sums in question;
  - 2 172 th.euros relating to proceedings paid under Decree-Law 248-A/02 of 14 November, and 1 542 th.euros relating to other proceedings (tax processes of various types) prior to the merger carried out in 2002.
- At 31 December 2022 and 2021, 3 827 th.euros and 7 715 th.euros, respectively, concerning transactions pending settlement in respect of services provided to other CaixaBank Group companies.

- At 31 December 2022 and 2021, 1 077 th.euros and 10 201 th.euros, respectively, in cheques issued for mortgage loan deeds.
- At 31 December 2022 and 2021, 5 242 th.euros and 3 461 th.euros, respectively, for IT processes operational control accounts related to automated services of the commercial network, self-service cash machines, online deposits and cash point.
- At 31 December 2022 and 2021, 5 979 th.euros and 366 th.euros, respectively, relative to financial market transactions awaiting settlement.

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

The detail of this heading is as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Assets received in settlement of defaulting loans and other tangible assets				
Buildings	5 590	8 367	5 590	8 367
Equipment	414	413	414	413
Other		1		1
Impairment	(3 285)	(4 191)	(3 285)	(4 191)
Other tangible assets				
Buildings	13 207	508	13 207	508
Impairment	(1 792)		(1 792)	
	14 134	**5 098**	**14 134**	**5 098**
Other non-current assets and disposal groups classified as held for sale				
Non-trading financial assets mandatorily at fair value through profit or loss - Participation units of Portuguese issuers	463		463	
Financial assets at fair value through other comprehensive income – Shares of Portuguese issuers	278		278	
BPI Suisse	11 510		2 021	
	12 251		**2 762**	
	26 385	**5 098**	**16 896**	**5 098**
Liabilities included in disposal groups classified as held for sale	**1 655**			

As at 31 December 2022, properties classified as held for sale under Other tangible assets include one property, in the amount of 12 944 th.euros, acquired by the Bank in the exercise of pre-emptive rights.

The amounts recognised in this caption are valued in accordance with the accounting policy described in Notes 2.16 and 38.2.

The changes in assets received in settlement of defaulting loans and other tangible assets in 2022 were as follows:

	Consolidated / Individual									
	Balance at 31-12-2021			Acquisitions and transfers	Sales and write-offs		Increase / reversals of impairment	Balance at 31-12-2022		
	Gross amount	Impairment	Net value		Gross amount	Impairment		Gross amount	Impairment	Net value
Assets received in settlement of defaulting loans										
Buildings	8 367	(4 035)	4 332	600	(3 377)	263	580	5 590	(3 192)	2 398
Equipment	413	(155)	258	894	(893)	79	(17)	414	(93)	321
Other	1	(1)			(1)		1			
Other tangible assets										
Buildings	508		508	13 207	(508)		(1 792)	13 207	(1 792)	11 415
	9 289	**(4 191)**	**5 098**	**14 701**	**(4 779)**	**342**	**(1 228)**	**19 211**	**(5 077)**	**14 134**

The changes in assets received in settlement of defaulting loans and other tangible assets in 2021 were as follows:

	Consolidated / Individual									
	Balance at 31-12-2020			Acquisitions and transfers	Sales and write-offs		Increase / reversals of impairment	Balance at 31-12-2021		
	Gross amount	Impairment	Net value		Gross amount	Impairment		Gross amount	Impairment	Net value
Assets received in settlement of defaulting loans										
Buildings	12 313	(4 538)	7 775	571	(4 517)	559	(56)	8 367	(4 035)	4 332
Equipment	172	(58)	114	969	(728)	20	(117)	413	(155)	258
Other	1	(1)						1	(1)	
Other tangible assets										
Buildings				508				508		508
	12 486	**(4 597)**	**7 889**	**2 048**	**(5 245)**	**579**	**(173)**	**9 289**	**(4 191)**	**5 098**

At 31 December 2022, the detail of real estate received in settlement of defaulting loans is as follows:

		Buildings			Land		
		Housing	Commercial	Other[1]	Urban	Rural	Total
No. of properties		55	12	9	6	1	**83**
Fair value		5 481	726	886	578	4	**7 675**
Book value		**1 805**	**322**	**246**	**25**		**2 398**
No. of years in portfolio	< 1 year	348	170				**518**
	>= 1 year and < 2.5 years	228	117	210			**555**
	>= 2.5 years and < 5 years	324	35				**359**
	>= 5 years	905		36	25		**966**

[1] This category includes all buildings that are not exclusively commercial or housing buildings.

At 31 December 2021, the detail of real estate received in settlement of defaulting loans is as follows:

		Buildings			Land		
		Housing	Commercial	Other[1]	Urban	Rural	Total
No. of properties		76	19	13	7	2	**117**
Fair value		7 046	1 013	1 688	573	6	**10 326**
Book value		**2 938**	**440**	**929**	**25**		**4 332**
No. of years in portfolio	< 1 year	302	127				**429**
	>= 1 year and < 2.5 years	280	231	882			**1 393**
	>= 2.5 years and < 5 years	1 242	82	39			**1 363**
	>= 5 years	1 114		8	25		**1 147**

[1] This category includes all buildings that are not exclusively commercial or housing buildings.

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

In the second half of 2022, the assets and liabilities held by BPI Suisse, as well as the stake held by Banco BPI, were reclassified to the captions Non-current Assets and Liabilities and disposal groups classified as held for sale (IFRS 5 - Note 1), since this holding is in the process of being sold, which should occur during the first half of 2023 (Note 1).

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. The completion of this transaction is scheduled for the first half of 2023. Therefore, in 2022 the equity holding in BPI (Suisse), S.A. was reclassified to the portfolio of Non-current Assets and disposal groups classified as held for sale (Notes 1 and 14).

At 31 December 2022, Banco BPI's consolidated balance sheet incorporates the following amounts relating to BPI Suisse in the caption Non-current assets and disposal groups classified as held for sale and in the caption Liabilities included in disposal groups classified as held for sale, respectively:

	31-12-2022
Assets	
Cash, cash balances at central banks and other demand deposits	8 644
Tangible assets	31
Tax assets	9
Other assets	2 826
	11 510
Liabilities	
Financial liabilities at amortised cost	955
Other liabilities	700
	1 655

19. FINANCIAL LIABILITIES AT AMORTISED COST

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

31-12-2022

	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	442 000	(5 367)		436 633	442 000	(5 367)		436 633
Credit Institutions	1 055 703	1 347		1 057 050	1 055 703	1 347		1 057 050
Customers	30 318 556	7 731		30 326 287	30 318 556	7 731		30 326 287
Debt securities issued	2 325 000	16 496	(2 046)	2 339 450	2 325 000	16 496	(2 046)	2 339 450
Other financial liabilities	276 462			276 462	276 462			276 462
	34 417 721	**20 207**	**(2 046)**	**34 435 882**	**34 417 721**	**20 207**	**(2 046)**	**34 435 882**

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	
	31-12-2022	**31-12-2021**
Deposits - Central Banks		
Deposits	442 000	4 897 317
Interest payable	(5 367)	(74 048)
	436 633	**4 823 269**
Deposits - Credit Institutions		
Loans and advances to credit institutions in Portugal		
Deposits	42 016	18 064
Interest payable	255	5
	42 271	**18 069**
Funds of credit institutions abroad		
International financial organisations	465 165	465 728
Very short-term funds	57 637	25 643
Deposits	410 144	461 971
Other funds	80 741	31 558
Interest payable	1 092	26
	1 014 779	**984 926**
	1 057 050	**1 002 995**
	1 493 683	**5 826 264**

In 2022, BPI decided to repay in advance, using for the purpose available liquidity, 4 420 million euros of funds obtained under TLTRO III, given the deterioration of these operations' remuneration conditions as from November 2022.

The change in other funds concerns the increase in collaterals received for derivatives.

19.2. Deposits - Customers

The detail of this heading is as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
By type		
Demand deposits	21 802 171	20 311 318
Term deposits	8 404 681	8 453 216
Saving accounts	100 477	78 939
Compulsory deposits	11 227	13 573
Other Customer resources		8 212
Interest payable	7 731	6 882
	30 326 287	**28 872 140**
By sector		
Public sector	400 803	471 150
Private sector	29 925 484	28 400 990
	30 326 287	**28 872 140**

The portfolio of Customer deposits at amortised cost includes deposits designated as interest rate hedged liabilities, the fair value change of which at 31 December 2022 and 2021 amounted to 97 590 th.euros and 2 368 th.euros, respectively (Note 13).

19.3. Debt securities issued

The detail of this heading is as follows:

	Consolidated / Individual							
	31-12-2022				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	2.3%	7 900 000	(7 150 000)	750 000	0.0 %
Senior non-preferred bonds	1 150 000		1 150 000	2.0%	1 150 000		1 150 000	0.6 %
Interest payable			10 201				4 776	
Commissions relating to amortised cost, net			(2 036)				(2 781)	
			1 908 165				**1 901 995**	
Subordinated bonds	425 000		425 000	4.6%	300 000		300 000	5.2 %
Interest payable			6 295				4 304	
Commissions relating to amortised cost, net			(10)					
			431 285				**304 304**	
			2 339 450				**2 206 299**	

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

The portfolio of debt issued at amortised cost includes securities designated as interest rate hedged liabilities, the fair value change of which at 31 December 2022 and 2021 amounted to 53 499 th.euros and (704) th.euros, respectively (Note 13).

The movement in debt securities issued by BPI in 2022 was as follows:

	Covered bonds	Senior non-preferred bonds[1]	Subordinated bonds[1]	Total
Balance at 31 December 2021	**750 000**	**1 150 000**	**300 000**	**2 200 000**
Debt issues in the period	2 500 000		425 000	2 925 000
Issues redeemed			(300 000)	(300 000)
Repurchases (net of resales)	(2 500 000)			(2 500 000)
Balance at 31 December 2022	**750 000**	**1 150 000**	**425 000**	**2 325 000**

[1] This issues were fully subscribed by CaixaBank.

The movement in debt securities issued by BPI in 2021 was as follows:

	Covered bonds	Senior non-preferred bonds[1]	Fixed rate bonds	Subordinated bonds[1]	Total
Balance at 31 December 2020	**1 050 000**	**450 000**	**162**	**300 000**	**1 800 162**
Debt issues in the period		700 000			700 000
Issues redeemed			(162)		(162)
Repurchases (net of resales)	(300 000)				(300 000)
Balance at 31 December 2021	**750 000**	**1 150 000**		**300 000**	**2 200 000**

[1] This issue was fully subscribed by CaixaBank.

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.

In 2022 Banco BPI issued subordinated bonds in the amount of 425 000 th.euros, and reimbursed in advance a 300 000 th.euro bond, both issues being fully subscribed by the shareholder CaixaBank

The detail of subordinated debt issuance is as follows:

Issue date	Maturity date	Nominal amount	Interest rate	Amount pending redemption	
				31-12-2022	31-12-2021
24-03-2017	24-03-2027	300 000	6 month Euribor + 5.74%		300 000
08-03-2022	08-03-2032	425 000	6 month Euribor + 3.30%	425 000	

Covered Bonds

BPI has two covered bond programmes under the terms of Decree-Law 59 / 2006. Under these programmes, BPI has issued mortgage bonds and public sector bonds, as described below.

In accordance with this law, the holders of covered bonds benefit from a special creditor privilege over the cover pool which acts as guarantee for the debt to which the bondholders will have access in the event of the issuer's insolvency.

Mortgage bonds

The mortgage bonds programme was set up for up to a maximum of 9 000 000 th.euros.

The mortgage bonds are secured by a portfolio of mortgage loans and other assets that together constitute a cover pool.

Assets allocated to the cover pool may include mortgage loans for housing or commercial purposes located in a European Union Member State and other eligible assets, such as deposits at the Bank of Portugal, deposits at financial institutions with ratings equal to or greater than "A-" and other low risk and highly liquid assets. The total value of the other assets cannot exceed 20% of the cover pool. The amount of the allocated mortgage loans cannot exceed 80% of the value of the mortgaged property in the case of residential property, or 60% of the value of the mortgaged property, in the case of commercial property.

The legislation applicable to mortgage bonds imposes prudential limits, which must be met during the period of the bonds:

- The total nominal amount of the outstanding mortgage bonds cannot exceed 95% of the total amount of mortgage loans and other assets allocated to the bonds;
- The average maturity of the outstanding mortgage bonds cannot exceed, at any time, the average maturity of the mortgage loans and other assets allocated to the bonds;
- The total amount of interest payable on the mortgage bonds cannot exceed, at any time, the amount of interest receivable on the mortgage loans and other assets allocated to the mortgage bonds;
- The present value of the liabilities arising from the outstanding mortgage bonds cannot exceed, at any time, the net present value of the cover pool given as collateral of these bonds, after consideration of any financial derivative instruments. This ratio must be maintained when considering a 200 basis points parallel up or down shift of the yield curve.
- The credit institutions' risk exposure, except for positions with residual maturity of less than or equal to 100 days, cannot exceed 15% of the total nominal amount of the outstanding mortgage bonds.

At 31 December 2022, the detail of mortgage bonds issued by BPI was as follows:

Issue	Issue date	Maturity date	Nominal amount	Coupon	Interest payment frequency	Reimbursement	Rating Moody's/DBRS	Repurchases
OH-Serie 9	21-05-2010	21-05-2025	350 000	Euribor 3 m + 0.65%	Quarterly	Full on expiration date	Aaa/-	350 000
OH-Serie 14	30-03-2015	27-03-2025	1 250 000	Euribor 3 m + 0.50%	Quarterly	Full on expiration date	Baa2/-	1 250 000
OH-Serie 16	30-05-2016	30-05-2023	500 000	Euribor 3 m + 0.80%	Quarterly	Full on expiration date	A3/A(High)	500 000
OH-Serie 17	22-02-2017	22-02-2024	700 000	Euribor 3 m + 1.00%	Quarterly	Full on expiration date	A2/A(High)	700 000
OH-Serie 19	02-03-2018	02-03-2023	300 000	Euribor 3 m + 0.40%	Quarterly	Full on expiration date	A1/A(High)	300 000
OH-Serie 20	26-09-2018	26-09-2025	250 000	Euribor 6 m + 0.30%	Quarterly	Full on expiration date	A1/AA(Low)	
OH-Serie 22	22-03-2019	22-03-2024	500 000	Fixed rate 0.25%	Quarterly	Full on expiration date	Aa3/AA(Low)	
OH-Serie 23	20-12-2019	20-12-2024	1 400 000	Euribor 3 m + 0.30%	Quarterly	Full on expiration date	Aa3/AA(Low)	1 400 000
OH-Serie 24	06-08-2022	06-08-2029	2 050 000	Euribor 3 m + 0.25%	Quarterly	Full on expiration date	Aa2/AA(Low)	2 050 000

At 31 December 2022 and 2021, the cover pool allocated to the mortgage bonds amounted to 8 717 335 th.euros and 8 677 798 th.euros, respectively, of which 8 583 231 th.euros and 8 652 849 th.euros corresponded to credit and accrued interest (Note 12.2).

Public sector bonds

The public sector bonds programme was set up for up to a maximum of 2 000 000 th.euros.

The public sector bonds are secured by a portfolio of loans to public sector entities and other assets that together constitute a cover pool.

Loans granted to central public administrations, regional or local authorities of any EU Member State as well as loans with a specific guarantee from these entities may be allocated to the cover pool.

The prudential limits applicable to the public sector bonds are similar to those applicable to the mortgage bonds, except for the limit on the maximum nominal amount of outstanding bonds in relation to the loans and other assets allocated to the cover pool, which in the case of public sector bonds is 100%.

At 31 December 2022, the detail of public sector bonds issued by BPI was as follows:

Issue	Issue date	Maturity date	Nominal amount	Coupon	Interest payment frequency	Reimbursement	Rating Moody's	Repurchases
OSP-Serie 4	15-06-2016	15-06-2023	150 000	Euribor 3 m + 0.80%	Quarterly	Full on expiration date	Baa1	150 000
OSP-Serie 6	06-09-2022	06-09-2028	450 000	Euribor 3 m + 0.20%	Quarterly	Full on expiration date	Aa3	450 000

At 31 December 2022 and 2021, the cover pool allocated to the public sector bonds amounted to 812 227 th.euros and 803 011 th.euros, respectively, of which 807 073 th.euros and 796 052 th.euros corresponded to credit and accrued interest (Note 12.2).

The coverage level of the mortgage bonds and public sector bonds is detailed as follows:

	31-12-2022	31-12-2021
Collateralized bonds placed externally	750 000	750 000
Retained collateralized bonds	7 150 000	7 150 000
Total collateralized bonds (A)	**7 900 000**	**7 900 000**
Portfolio of loans and other assets (B)	9 529 342	9 448 901
Collateralisation (B)/(A)	**121 %**	**120 %**
Overcollateralisation [(B)/(A)-1]	**21 %**	**20 %**

19.4. Other financial liabilities

This caption is made up as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Other Customer funds				
Checks and orders payable	60 278	44 903	60 278	44 903
Guaranteed rate deposits	59	425	59	425
Interest payable		3		3
Creditors and other resources				
Creditors for futures operations	7 580	3 756	7 580	3 756
Consigned resources	12 428	33 355	12 428	33 355
Captive account resources	3 052	3 177	3 052	3 177
Guarantee account resources	1 654	1 688	1 654	1 688
Public sector				
VAT payable	5 939	2 129	5 939	2 052
Tax withheld at source	14 293	13 534	14 293	13 534
Contributions to the Social Security	3 211	3 165	3 211	3 145
Other	2 740	2 740	2 740	2 740
Contributions to other healthcare systems	1 333	1 325	1 333	1 325
Creditors for factoring agreements	24 047	22 808	24 047	22 808
Creditors for the supply of goods	6 443	6 291	6 443	6 291
Subscribed but not paid-up capital in venture capital funds				
Fundo de Recuperação, FCR	7 625	7 936	7 625	7 936
Fundo InterRisco II CI		3 968		3 968
Fundo InterRisco II - Fundo de Capital de Risco		913		913
Fundo de Reestruturação Empresarial, FCR	212	212	212	212
Fundo Pathena SCA Sicar	1 592	2 201	1 592	2 201
Sundry creditors	20 378	16 534	20 378	17 162
Lease liabilities (IFRS 16)	103 597	124 848	103 597	124 848
	276 461	**295 911**	**276 461**	**296 442**

The caption ''Other financial liabilities - lease liabilities (IFRS 16)'' shows the present values of future payments to be made by the Bank during the period of the operational leasing agreements. The movement in this heading during 2022 is as follows:

	Lease liabilities (IFRS 16)
31-12-2020	**68 729**
Increases/ (Reductions)	79 064
Updates	970
Payments	(23 916)
31-12-2021	**124 848**
Increases/ (Reductions)	3 044
Updates	170
Payments	(24 465)
31-12-2022	**103 597**

The lease contract for the Monumental Building was signed in 2021, which implied the recognition of a lease liability in the amount of 61 million euros. As part of the project to concentrate the Bank's central buildings, the lease contracts for 3 central buildings in Lisbon and Porto were also renegotiated, which led to a 37 million euro increase in lease liabilities and an 18 million euros reduction due to the cancellation of the previous contracts.

20. PROVISIONS AND CONTINGENT LIABILITIES

The detail of this heading is as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Pending legal issues and tax litigation		
VAT Recovery processes	7 261	5 813
Tax contingencies and other	16 901	28 303
Impairment and provisions for guarantees and commitments (Note 25)	12 399	18 093
Other provisions	12 518	298
	49 079	**52 507**

The movement in provisions in 2022 was as follows:

	Consolidated / Individual					
	Balance at 31-12-2021	Increases	Decreases / Reversals	Amounts used	Transfers	Balance at 31-12-2022
Pending legal issues and tax litigation	34 116	3 574	(505)	(3 809)	(9 214)	24 162
Commitments and guarantees given	18 093	4 640	(10 334)			12 399
Other provisions	298	12 518		(298)		12 518
	52 507	**20 732**	**(10 839)**	**(4 107)**	**(9 214)**	**49 079**

The transfers correspond to reclassifications to current tax liabilities (Note 24).

The movement in provisions in 2021 was as follows:

	Consolidated / Individual				
	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 and other provisions

The heading Commitments and guarantees given includes the provisions for the credit risk of the guarantees and contingent commitments given (Note 25). The heading Other provisions records provisions for specific contingencies.

At 31 December 2022, the increases in Other provisions include 8,858 th.euros for an irrevocable commitment in connection with the acquisition of BCI shares, and 3 660 th.euros in provisions for guarantees provided that, according to the risk analysis performed on their beneficiaries, are expected to be mostly unenforceable. On the other hand, in the caption Commitments and guarantees given, a total of 5 999 th.euros in provisions associated to those guarantees provided with low probability of being enforced were reversed

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:

1. 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;
2. 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 trial of the appeal is running at 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 process and referring the case to the Court of Justice of the European Union for a preliminary ruling, to which it posed the question of whether the proven facts met the necessary characteristics to constitute an infringement of the rules of the so-called competition “by object” imputed to the banks.

In December 2022 the Bank was informed of the written observations submitted by the European Commission, the EFTA Surveillance Authority (European Free Trade Association), the Portuguese Competition Authority, the Portuguese Public Prosecutor's Office, the Portuguese Republic, the Italian Republic, the Hellenic Republic and Hungary in the context of the preliminary ruling procedure before the Court of Justice of the European Union. Those observations are not unambiguous and are not binding on the Court of Justice of the European Union.

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 31 December 2022.

National Resolution Funds

On 7 July 2016, the Resolution Fund stated that it would analyse and evaluate the necessary steps to be taken following the disclosure of the results of the independent valuation exercise, performed to estimate the level of credit recovery by each creditor class in the hypothetical scenario of a normal insolvency proceeding of BES.

Pursuant to applicable law, if at the completion of BES’s winding-up, it is concluded that creditors, whose credits have not been transferred to Novo Banco, suffered a loss higher than the loss they would have hypothetically suffered if BES had initiated its winding up process immediately before the resolution measure was adopted, such creditors will have the right to receive the difference from the Resolution Fund.

Finally, it has surfaced in the media that judicial proceedings against the Resolution Fund have been initiated.

Resolution measure of Banco Espírito Santo, S.A.

On 3 August 2014, Banco de Portugal applied a resolution measure to Banco Espírito Santo, S.A. (BES) pursuant to paragraph b) of number 1 of article 145 C of the General Regulation of Credit Institutions and Financial Companies (RGICSF), in the form of a partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. (Novo Banco), incorporated by a decision of Banco de Portugal on the same date. As part of this process, the Resolution Fund made a capital contribution to Novo Banco in the amount of 4 900 000 th.euros, becoming the sole shareholder.

In this context, the Resolution Fund contracted loans amounting to 4 600 000 th.euros, of which 3 900 000 th.euros granted by the Portuguese State and 700 000 th.euros, to which BPI contributed with 116 200 th.euros, by a banking syndicate.

On 29 December 2015, Banco de Portugal issued a public announcement informing that it had “ *(…) made a final adjustment to the perimeter of the assets, liabilities, off-balance-sheet items and assets under management transferred to Novo Banco, namely including:*

a. Clarification that no liabilities have been transferred to Novo Banco that were contingent or unknown on the date the resolution measure was applied to Banco Espírito Santo, S.A.;

b. Retransfer to Banco Espírito Santo, S.A. of the shareholding in BES Finance, which is necessary to ensure full compliance with and application of the resolution measure as regards the non-transfer to Novo Banco of subordinated debt instruments issued by Banco Espírito Santo, S.A.;

c. Clarification that it is the Resolution Fund’s responsibility to make neutral for Novo Banco – through compensatory measure – potential negative effects of future decisions, resulting from the resolution process and giving rise to liabilities or contingencies.”

Resolution measure of Banif – Banco Internacional do Funchal, S.A.

On 19 December 2015, the Board of Directors of Banco de Portugal declared that Banif was failing or likely to fail and decided to start the institution’s urgent resolution process through the total or partial sale of its business, which led to Banif's business being sold to Banco Santander Totta, S.A. (BST), on 20 December 2015, for 150 000 th.euros.

Most of the assets that were not sold were transferred to an asset management vehicle, called Oitante, S.A. (Oitante), created specifically for this purpose, the sole shareholder of which is the Resolution Fund. As a way of financing this transfer, Oitante issued debt securities for an initial amount of 746 000 th.euros, to which the Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee.

The operation involved additional support of around 2 255 000 th.euros to cover future contingencies, of which 489 000 th.euros were provided by the Resolution Fund and 1 766 000 th.euros directly by the Portuguese State. The referred state support is net of the amount due by BST for the acquisition of the set of assets, liabilities and business of the former Banif. The 489 000 th.euros provided by the Resolution Fund was funded under a loan agreement with the Portuguese State.

General matters

In order to reimburse the loans obtained by the Resolution Fund and any other responsibilities that the Resolution Fund may have to take on with respect to the above-mentioned resolution measures, the Resolution Fund is entitled essentially to the contributions of the participating credit institutions (including the Bank) and to the banking sector contribution (“contribuição sobre o setor bancário”).

By a public statement on 28 September 2016, the Resolution Fund announced that it had agreed with the Portuguese Ministry of Finance to revise the terms of the 3 900 000 th.euros loan originally granted by the Portuguese State to the Resolution Fund in 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the capacity of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Portuguese Minister of Finance also announced that increases in liabilities arising from the materialisation of future contingencies would determine maturity adjustment to the Portuguese State and bank loans to the Resolution Fund in order to maintain the current levels of the required effort regarding the contributions from the banking sector.

In addition, according to the communication of the Resolution Fund on 21 March 2017:

- “The terms of the loans obtained by the Fund to finance the resolution measures applied to Banco Espirito Santo, S.A. and Banif – Banco Internacional do Funchal, S.A. were changed.” These loans amount to 4 953 million euros, of which 4 253 million euros granted by the Portuguese State and 700 million euros granted by a banking syndicate, of these, 116 million euros were granted by the Bank.
- “Those loans now mature in December 2046, without prejudice to the possibility of early redemption based on the use of proceeds from the Resolution Fund. The maturity will be adjusted in such terms as guarantee the capacity of the Resolution Fund to fully meet its obligations based on regular revenues and without the need for special contributions or any other extraordinary contributions.” The liabilities arising from contracts entered into by the Resolution Fund with the Portuguese State and a syndicate of banks in accordance with the resolution measures of BES and Banif rank pari passu with each other.
- “The revision of the terms of the loans aimed to ensure the sustainability and financial balance of the Resolution Fund, on the basis of a stable, predictable and sustainable burden for the banking sector”.
- “The new conditions allow for the full payment of the Resolution Fund's liabilities and respective remuneration, without the need for special contributions or any other extraordinary contributions from the banking sector.”

On 31 March 2017, the Bank of Portugal made a communication in which it referred, among others, the following:

- “The Bank of Portugal has today selected LONE STAR to complete the sale of Novo Banco and the Resolution Fund has signed the operation's contract documents.”
- “Through the capital injection to be realised, LONE STAR will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital.”
- "The terms agreed also include a contingent capital mechanism, under which the Resolution Fund, as a shareholder, undertakes to make capital injections in case certain cumulative conditions are met related to: i) the performance of a specific portfolio of assets of Novo Banco and ii) the capitalisation levels of the bank going forward.
- “The agreed conditions also provide for mechanisms to safeguard the interests of the Resolution Fund and to align incentives, as well as supervision mechanisms, notwithstanding the limitations arising from the application of State aid rules.”
- “The completion of the sale is conditional on the customary regulatory approvals (including by the European Central Bank and the European Commission), and on a liability management exercise, subject to acceptance of the bondholders, which will cover the non-subordinated bonds of Novo Banco, and, through the issuance of new bonds, generate at least 500 million euros of eligible own funds for the calculation of the CET1 ratio.”

On 2 October 2017, the Council of Ministers approved a resolution by which it authorised the conclusion by the Portuguese State, in its role of ultimate guarantor of financial stability, of a framework agreement with the Resolution Fund, for the provision of financial resources to the Resolution Fund, if and when considered necessary for the fulfilment of its contractual obligations under the sale of the 75% stake in Novo Banco, S.A.

The abovementioned framework agreement was signed on the same date and determines that additional funds are to be made available when necessary to ensure compliance with the responsibilities assumed within the scope of the sale process of Novo Banco, while also establishing that the refund of any such funds will be scheduled taking into consideration that one of the objectives of this framework agreement is to ensure the stability of the contributive burden that falls on the banking sector, i.e., to ensure that no special contributions or any other extraordinary contributions are required from the participants of the Resolution Fund.

On 18 October 2017 Banco de Portugal and the Resolution Fund announced the conclusion of the sale of Novo Banco to Lone Star.

On 1 March 2019, after Novo Banco's capital call relative to 2018 had been made public, the Minister for Finance issued a communication where it confirmed “(...) its commitment to the targets assumed and to promoting the stability of the banking sector to allow reaching these targets.”

On 31 May 2021, the Resolution Fund entered into a new loan agreement for 475 million euros with a number of banks in order to meet the Fund's funding needs arising from its commitments to Novo Banco under the Contingent Capital Agreement. Banco BPI participated with 87 410 th.euros in this loan.

Currently it is not possible to predict the possible effects for the Resolution Fund arising from: (i) the sale of the holding in Novo Banco; (ii) the application of the principle that no creditor of the credit institution under resolution may incur in a loss greater than that it would incur if the institution had entered into liquidation; (iii) the guarantee provided to the bonds issued by Oitante; and (iv) other liabilities which the Resolution Fund may have to assume.

Notwithstanding the possibility of collection of special contributions provided for in the applicable legislation, considering the renegotiation of the terms of the loans granted to the Resolution Fund by the Portuguese State and by a syndicate of banks, where the Bank is included, and the public announcements made by the Resolution Fund and the Office of the Portuguese Minister of Finance, which indicate that this possibility will not be used, the financial statements as of 31 December 2022 reflect the BPI’ expectation that will not be required to make any special or extraordinary contribution to finance the resolution measures applied to BES and Banif or any other liability or contingent liability assumed by the Resolution Fund.

Possible changes regarding these issues may have relevant implications on the Bank's financial statements.

21. OTHER LIABILITIES

This caption is made up as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Expenses payable				
Staff Expenses	77 441	80 641	77 441	80 417
Other administrative expenses	41 305	24 463	41 305	24 420
Interest payable on Additional Tier 1 issue	638	588	638	588
Other	11 287	1 631	11 287	867
	130 671	**107 323**	**130 671**	**106 292**
Deferred income				
From guarantees given and other contingent liabilities	1 495	1 531	1 495	1 531
	1 495	**1 531**	**1 495**	**1 531**
Other adjustment accounts				
Foreign exchange transactions pending settlement	572	284	572	284
Liabilities pending settlement	1 734	47 884	1 734	47 884
Other transactions pending settlement	335 889	162 449	335 889	162 449
	338 195	**210 617**	**338 195**	**210 617**
	470 361	**319 471**	**470 361**	**318 440**

At 31 December 2022 and 2021, the caption staff expenses includes 18 210 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 2022 and 2021, 4 044 th.euros and 425 th.euros, respectively, were recognised for actuarial deviations arising from the change in the financial and demographic assumptions used to calculate these liabilities (Note 23).

The caption ‘Liabilities pending settlement’ includes:

- At 31 December 2022 and 2021, 248 742 th.euros and 114 748 th.euros, respectively, relating to transfers under SEPA (Single Euro Payment Area).
- At 31 December 2022 and 2021, 19 013 th.euros and 9 777 th.euros respectively, relating to securities operations pending settlement.
- At 31 December 2022 and 2021, 16 528 th.euros and 6 311 th.euros, respectively, concerning transactions pending settlement in the Large-Value Gross Settlement System.
- At 31 December 2022 and 2021, 14 928 th.euros and 7 653 th.euros, respectively, concerning amounts pending settlement under leasing, LTHP and factoring operations.

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 (Note 2.11).

Pension 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 or death. 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 39.

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 the employees are as follows:

	31-12-2022	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 year	1.3%	1.0%
Year-end	3.8%	1.3%
Pensionable salaries growth rate [3]	1.25% [4]	0.9%
Pensions growth rate	0.75% [5]	0.4%

[1] Life expectancy considered for men was 1 year 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] Estimated pensionable salaries growth rate in 2025. Based on the current macroeconomic scenario, the rates considered for 2023 and 2024 were 4.5% and 3.5%, respectively.

[5] Estimated pensions growth rate in 2025. Based on the current macroeconomic scenario, the rates considered for 2023 and 2024 were 4.0% and 3.0%, respectively.

The actual results obtained in relation to the main financial assumptions were:

	31-12-2022	31-12-2021
Pensionable salaries growth rate [1]	3.26%	1.35%
Pensions growth rate [2]	1.60%	0.00%
Pension fund assets’ return rate	-8.70%	7.20%

[1] Calculated based on average pensionable salary changes for current Employees present at the beginning and at the end of the year (includes changes in remuneration levels, the effect of mandatory promotions due to time of service and seniority payments and does not consider new admissions and leavers).

[2] Corresponds to the ACT table update rate (1.1 % in 2022 and 0.5% in 2021)

At 31 December 2022 and 2021, the number of pensioners and Employees covered by the pension plans funded by the pension funds was as follows:

	31-12-2022	31-12-2021
Retired pensioners		
Retired pensioners	7 306	7 342
Survivor pensioners	1 825	1 748
Current Employees	4 498	4 599
Former Employees (clause 98 of the ACT)	3 398	3 357
	17 027	**17 046**

The past service liabilities for Pensioners and Employees of BPI and respective coverage by the Pension Fund show the following evolution over the last five years:

	Consolidated				
	31-12-2022	**31-12-2021**	**31-12-2017**	**31-12-2016**	**31-12-2015**
Total past service liabilities	(1 514 370)	(1 888 471)	(1 907 391)	(1 803 833)	(1 639 393)
Net assets of the Pension Fund	1 713 552	1 944 373	1 782 477	1 766 672	1 612 353
Contributions to be transferred to the Pension Fund		549	90 068	3 810	5 547
Coverage surplus/(shortfall)	199 182	56 451	(34 846)	(33 351)	(21 493)
Coverage ratio of liabilities	113%	103%	98%	98%	99%

	Individual				
	31-12-2022	**31-12-2021**	**31-12-2017**	**31-12-2016**	**31-12-2015**
Total past service liabilities	(1 514 370)	(1 888 471)	(1 907 391)	(1 803 833)	(1 629 103)
Net assets of the Pension Fund	1 713 552	1 944 373	1 782 477	1 766 672	1 602 146
Contributions to be transferred to the Pension Fund		549	90 068	3 810	5 400
Coverage surplus/(shortfall)	199 182	56 451	(34 846)	(33 351)	(21 557)
Coverage ratio of liabilities	113%	103%	98%	98%	99%

At 31 December 2022, total past service liabilities include 152 114 th.euros in liabilities for medical services (SAMS) and 5 845 th.euros in liabilities for death allowance.

At 31 December 2021, total past service liabilities include 195 783 th.euros in liabilities for medical services (SAMS) and 7 659 th.euros in liabilities for death allowance.

In January 2022, Banco BPI made a contribution in the amount of 549 th.euros.

In accordance with Decree-Law 12/2006 of 20 January, only in very special conditions is it possible to return excess funding, so it is assumed that any excess will be used to reduce future contributions.

In 2022 the movement in the present value of past service liabilities and in the Employee's pension fund was as follows:

	Consolidated / Individual		
	Total past service liabilities	**Net assets of the pension fund**	**Net (Assets)/Liabilities for pensions and other benefits**
Amount at 31 December 2021	**(1 888 471)**	**1 944 373**	**55 902**
Recognised as profit/(loss) (Note 31)	**(47 979)**	**46 165**	**(1 814)**
Current service cost	6 067		6 067
Liabilities' interest cost	(37 923)		(37 923)
Income on plan assets computed based on the discount rate		46 165	46 165
Early retirements	(16 968)		(16 968)
Voluntary terminations	845		845
Recognised in shareholders' equity (Note 23)	**360 879**	**(216 334)**	**144 545**
Deviation in pension funds return		(214 675)	(214 675)
Update increase in ACTV table above expected increase	(32 519)		(32 519)
Change in financial and demographic assumptions			
Change in discount rate	611 433		611 433
Change in salary and pension growth rates	(202 696)		(202 696)
Impact on ACT table from the national minimum wage increase	(17 323)		(17 323)
Deviation in pensions paid		(1 659)	(1 659)
Other deviations	1 984		1 984
Other	**61 201**	**(60 652)**	**549**
Employee contributions	(3 594)	3 594	
BPI contributions		549	549
Pensions payable (estimate)	64 795	(64 795)	
Amount at 31 December 2022 (Note 17)	**(1 514 370)**	**1 713 552**	**199 182**

In 2021 the movement in the present value of past service liabilities and in the Employee's pension fund was as follows:

	Consolidated / Individual		
	Total past service liabilities	**Net assets of the pension fund**	**Net (Assets)/Liabilities for pensions and other benefits**
Amount at 31 December 2020	**(1 907 391)**	**1 782 477**	**(124 914)**
Recognised as profit/(loss) (Note 31)	**(36 084)**	**23 421**	**(12 663)**
Current service cost	6 324		6 324
Liabilities' interest cost	(22 266)		(22 266)
Income on plan assets computed based on the discount rate		23 421	23 421
Early retirements	(21 379)		(21 379)
Voluntary terminations	1 237		1 237
Recognised in shareholders' equity (Note 23)	**354**	**103 067**	**103 421**
Deviation in pension funds return		104 462	104 462
Change in financial and demographic assumptions			
Change in mortality table	(50 581)		(50 581)
Change in discount rate	81 808		81 808
Impact on ACT table from the national minimum wage increase	(21 627)		(21 627)
Deviation in pensions paid		(1 395)	(1 395)
Other deviations	(9 246)		(9 246)
Other	**54 650**	**35 408**	**90 058**
Employee contributions	(3 555)	3 555	
BPI contributions		90 058	90 058
Pensions payable (estimate)	59 319	(59 319)	
Transfer of Banco BPI Employees to BPI Gestão de Activos	200	(200)	
Transfer of Banco BPI Employees to Caixabank branch in Portugal	(1 314)	1 314	
Amount at 31 December 2021 (Note 21)	**(1 888 471)**	**1 944 373**	**55 902**

The movement in deviations in 2022 and 2021 was as follows:

	Consolidated / Individual
Amount at 31 December 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 December 2021	**(230 114)**
Deviation in pension funds return	(214 675)
ACTV table update	(32 519)
Change in discount rate	611 433
Change in salary and pension growth rates	(202 696)
Impact on ACT table from the national minimum wage increase	(17 323)
Deviation in pensions paid	(1 659)
Other deviations	1 984
Amount at 31 December 2022	**(85 569)**

At 31 December 2022 and 2021, Banco BPI's Employees' Pension Funds comprised the following assets:

	31-12-2022		31-12-2021	
	Value	**%**	**Value**	**%**
Liquidity	35 199	2.1%	4 989	0.3%
Commercial paper	1 669	0.1%	3 557	0.2%
Fixed-rate bonds [1]	949 313	55.4%	1 044 796	53.6%
Variable-rate bonds [1]	34 988	2.0%	133 379	6.9%
Real Estate	384 223	22.4%	394 278	20.3%
Investment funds	308 160	18.0%	363 374	18.7%
	1 713 552	**100.0%**	**1 944 373**	**100.0%**

[1] Listed securites

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	-3.3%	(49 821)
0.25% decrease	3.5%	52 626
Change in salaries growth rate [2]		
0.25% increase	0.6%	8 915
Change in pensions growth rate [3]		
0.25% increase	3.3%	49 754
Mortality Table		
+1 year	3.1%	46 229

[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 average duration of the pension liability for Banco BPI Employees is 14 years (17 years in 2021), including both current and retired Employees.

The estimated Employee contributions to the pension plan in 2023 amount to 3 738 th.euros.

The Members that made up the Executive Committee of the Board of Directors of Banco BPI, S.A. until 2016, and the former Board Members of Banco Português de Investimento up to that date, 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:

	31-12-2022	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 year	1.3%	1.0%
Year-end	3.8%	1.3%
Pensionable salaries growth rate	0.75% [3]	0.4%
Pensions growth rate	0.75% [4]	0.4%

[1] Life expectancy considered for men was 1 year longer than considered in the mortality table used.

[1] Life expectancy considered for women was 2 year longer than considered in the mortality table used.

[3] Estimated pensionable salaries growth rate in 2025. Based on the current macroeconomic scenario, the rates considered for 2023 and 2024 were 4.0% and 3.0%, respectively.

[4] Estimated pensions growth rate in 2025. For 2023 an effective CPI rate of 7.8% was considered, as per pension plan rules For 2024 a rate of 3.0% was considered.

The liabilities for past services of Board members and respective coverage by the Pension Fund show the following evolution in the last five years:

	Consolidated				
	31-12-2022	31-12-2021	31-12-2020	31-12-2019	31-12-2018
Present value of past service liabilities	(47 467)	(54 704)	(56 887)	(58 331)	(56 103)
Net assets of the Pension Fund	47 157	55 929	55 654	57 459	50 005
Contributions to be transferred to the Pension Fund	209		588	89	5 413
Coverage surplus/(shortfall)	(101)	1 225	(645)	(783)	(685)
Coverage ratio of liabilities	100 %	102 %	99 %	99 %	99 %

	Individual				
	31-12-2022	31-12-2021	31-12-2020	31-12-2019	31-12-2018
Present value of past service liabilities	(47 467)	(54 704)	(56 887)	(58 331)	(49 263)
Net assets of the Pension Fund	47 157	55 929	55 654	57 459	43 965
Contributions to be transferred to the Pension Fund	209		588	89	4 739
Coverage surplus/(shortfall)	(101)	1 225	(645)	(783)	(559)
Coverage ratio of liabilities	100 %	102 %	99 %	99 %	99 %

The return of the pension fund in 2022 was -9.6%.

In 2022 the movement in the present value of past service liabilities for Directors and in the pension fund was as follows:

	Consolidated / Individual		
	Total past service liabilities	Net assets of the pension fund	Net (Assets)/Liabilities for pensions and other benefits
Amount at 31 December 2021	**(54 704)**	**55 929**	**1 225**
Recognised as profit/(loss) (Note 31)	**(1 325)**	**1 275**	**(50)**
Current service cost	(168)		(168)
Liabilities' interest cost	(1 157)		(1 157)
Income on plan assets computed based on the discount rate		1 275	1 275
Recognised in shareholders' equity (Note 23)	**5 309**	**(6 793)**	**(1 484)**
Deviation in pension funds return		(6 633)	(6 633)
Change in ACTV table	(1 191)		(1 191)
Change in financial and demographic assumptions			
Change in discount rate	12 497		12 497
Change in salary and pension growth rates	(2 447)		(2 447)
	(2 956)		(2 956)
Deviation in pensions paid		(160)	(160)
Other deviations	(594)		(594)
Other	**3 253**	**(3 253)**	
Pensions payable (estimate)	3 253	(3 253)	
Amount at 31 December 2021 (Note 17)	**(47 467)**	**47 158**	**(309)**

In 2021 the movement in the present value of past service liabilities for Directors and in the pension fund was as follows:

	Consolidated / Individual		
	Total past service liabilities	**Net assets of the pension fund**	**Net (Assets)/Liabilities for pensions and other benefits**
Amount at 31 December 2020	**(56 887)**	**55 654**	**(1 233)**
Recognised as profit/(loss) (Note 31)	**(1 026)**	**692**	**(334)**
Current service cost	(355)		(355)
Liabilities' interest cost	(671)		(671)
Income on plan assets computed based on the discount rate		692	692
Recognised in shareholders' equity (Note 23)	**446**	**1 759**	**2 205**
Deviation in pension funds return		2 322	2 322
Change in financial and demographic assumptions			
Change in mortality table	(1 693)		(1 693)
Change in discount rate	1 642		1 642
Deviation in pensions paid		(563)	(563)
Other deviations	497		497
Other	**2 763**	**(2 176)**	**587**
BPI contributions		587	587
Pensions payable (estimate)	2 763	(2 763)	
Amount at 31 December 2021 (Note 21)	**(54 704)**	**55 929**	**1 225**

The movement in deviations in 2022 and 2021 was as follows:

	Consolidated / Individual
Amount at 31 December 2020	**(16 739)**
Deviation in pension funds return	2 322
Change in financial and demographic assumptions	
Change in the Mortality Table	(1 693)
Change in discount rate	1 642
Deviation in pensions paid	(563)
Other deviations	497
Amount at 31 December 2021	**(14 534)**
Deviation in pension funds return	(6 633)
Change in financial and demographic assumptions	
Change in the Mortality Table	12 497
Change in discount rate	(2 447)
Change in salary and pension growth rates	(1 191)
IPC change	(2 956)
Deviation in pensions paid	(160)
Other deviations	(594)
Amount at 31 December 2022	**(16 018)**

At 31 December 2022 and 2021, the Pension Funds of BPI's Directors comprised the following assets:

	31-12-2022		31-12-2021	
	Value	**%**	**Value**	**%**
Liquidity	405	0.9%	922	1.6%
Commercial paper	1 160	2.5%	2 235	4.0%
Fixed-rate bonds[1]	24 207	51.2%	22 879	40.9%
Variable-rate bonds[1]	8 567	18.2%	12 376	22.2%
Investment funds	12 819	27.2%	17 517	31.3%
	47 158	**100.0%**	**55 929**	**100.0%**

[1] Listed securities.

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	-2.3%	(1 092)
0.25% decrease	2.4%	1 139
Change in salaries growth rate [2]		
0.25% increase	-0.1%	(47)
Change in pensions growth rate [3]		
0.25% increase	2.5%	1 187
Mortality Table		
+1 year	3.3%	1 566

[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.

The average duration of the pension liability for Banco BPI Directors is 9.5 years (11 years in 2021), including both current and retired Directors.

23. SHAREHOLDERS' EQUITY

Capital

At 31 December 2022 and 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 2023 (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 shown in detail in the tables of statements of profit and loss and other comprehensive income.

Changes in accumulated other comprehensive income - 2022

	Consolidated				
	31-12-2021	Valuation gains / (losses)	Realized gains/ (losses) in equity instruments	Taxes	31-12-2022
Items that will not be reclassified to profit or loss	**(357 569)**	**216 459**	**(6 035)**	**(58 682)**	**(205 827)**
Actuarial gains/ (losses) on defined benefit pension plans	(277 563)	147 105		(57 036)	(187 494)
Fair value changes of equity instruments measured at fair value through other comprehensive income	(80 467)	67 932	(5 012)	(1 646)	(19 193)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	(242)	1 422	(1 023)		157
Tangible assets	703				703
Items that may be reclassified to profit or loss	**(12 508)**	**(146 160)**		**34 133**	**(124 535)**
Foreign currency translation	(36 937)	7 042			(29 895)
Debt securities classified as fair value financial assets through other comprehensive income	10 882	(111 847)		34 133	(66 832)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	13 547	(41 355)			(27 808)
	(370 077)	**70 299**	**(6 035)**	**(24 549)**	**(330 362)**

Changes in accumulated other comprehensive income - 2021

	Consolidated				
	31-12-2020	Valuation gains / (losses)	Realized gains/ (losses) in equity instruments	Taxes	31-12-2021
Items that will not be reclassified to profit or loss	**(489 839)**	**134 334**	**(2 086)**	**22**	**(357 569)**
Actuarial gains/ (losses) on defined benefit pension plans	(383 973)	106 052		358	(277 563)
Non-current assets and disposal groups classified as held for sale		26	(26)		
Fair value changes of equity instruments measured at fair value through other comprehensive income	(104 968)	25 680	(843)	(336)	(80 467)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	(1 601)	2 576	(1 217)		(242)
Tangible assets	703				703
Items that may be reclassified to profit or loss	**(16 537)**	**(203)**		**4 232**	**(12 508)**
Foreign currency translation	(60 061)	23 124			(36 937)
Debt securities classified as fair value financial assets through other comprehensive income	22 094	(15 444)		4 232	10 882
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	21 430	(7 883)			13 547
	(506 376)	**134 131**	**(2 086)**	**4 254**	**(370 077)**

Changes in accumulated other comprehensive income - 2022

	Individual				
	31-12-2021	Valuation gains / (losses)	Realized gains/ (losses) in equity instruments	Taxes	31-12-2022
Items that will not be reclassified to profit or loss	**(357 322)**	**215 038**	**(5 012)**	**(58 682)**	**(205 978)**
Actuarial gains/ (losses) on defined benefit pension plans	(277 563)	147 105		(57 036)	(187 494)
Fair value changes of equity instruments measured at fair value through other comprehensive income	(80 462)	67 933	(5 012)	(1 646)	(19 187)
Tangible assets	703				703
Items that may be reclassified to profit or loss	**10 882**	**(111 847)**		**34 133**	**(66 832)**
Debt securities classified as fair value financial assets through other comprehensive income	10 882	(111 847)		34 133	(66 832)
	(346 440)	**103 191**	**(5 012)**	**(24 549)**	**(272 810)**

Changes in accumulated other comprehensive income - 2021

	Individual				
	31-12-2020	Valuation gains / (losses)	Realized gains/ (losses) in equity instruments	Taxes	31-12-2021
Items that will not be reclassified to profit or loss	**(488 122)**	**131 759**	**(981)**	**22**	**(357 322)**
Actuarial gains/ (losses) on defined benefit pension plans	(383 973)	106 052		358	(277 563)
Non-current assets and disposal groups classified as held for sale		26	(26)		
Fair value changes of equity instruments measured at fair value through other comprehensive income	(104 852)	25 681	(955)	(336)	(80 462)
Tangible assets	703				703
Items that may be reclassified to profit or loss	**22 094**	**(15 444)**		**4 232**	**10 882**
Debt securities classified as fair value financial assets through other comprehensive income	22 094	(15 444)		4 232	10 882
	(466 028)	**116 315**	**(981)**	**4 254**	**(346 440)**

Retained earnings and other reserves

This caption is made up as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	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	14 975	9 963	14 975	9 963
	2 161 163	**2 053 377**	**2 122 011**	**2 017 631**
Other reserves				
Merger reserve	1 665	1 665	1 665	1 665
Interest payable on Additional Tier 1 issue	(58 745)	(40 819)	(58 745)	(40 819)
Reserves of equity consolidated companies	157 745	148 481		
	100 665	**109 327**	**(57 080)**	**(39 154)**

The equity headings "Retained earnings" and "Other reserves” contain:

- the equity heading "Retained earnings" includes, at the close of the financial year, the undistributed gains from the appropriation of the profit/loss of fully consolidated entities, income from the sale of equity instruments recorded in the portfolio at fair value through other comprehensive income, and the impacts of the first-time application of accounting standards, among others.
- The equity item "Other reserves" includes, at year end, the impacts of the first-time application of accounting standards, the appropriation of the profit/loss of equity accounted entities net of dividends distributed to fully consolidated entities and the remuneration of issues that meet certain characteristics.

In accordance with Article 97 of the General Law on Credit Institutions and Financial Companies, approved by Decree-Law no. 298/92 of 31 December and amended by Decree-Law no. 201/2002 of 26 September, Banco BPI must appropriate at least 10% of its net income each year to a legal reserve until the amount of the reserve equals the greater of the amount of share capital or the sum of the free reserves plus retained earnings

24. TAX POSITION

24.1. Tax assets and liabilities

The breakdown of tax assets and liabilities is as follows:

Tax assets

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Current tax assets	2 437	3 450	2 437	3 450
Recoverable VAT	2 925	10	2 925	
Deferred tax assets	178 369	197 423	178 369	197 423
	183 731	**200 883**	**183 731**	**200 873**

Tax liabilities

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Current tax liabilities	48 993	1 776	48 993	1 776
Deferred tax liabilities	76 075	18 297	64 201	7 062
	125 068	**20 073**	**113 194**	**8 838**

In 2022, the amount of 9 214 th.euros of provisions (Note 20) was transferred to current tax liabilities. Under IFRIC 23 and IAS 12, measurements of uncertain tax treatments (corporate income tax) are recognised as current tax liabilities. At 31 December 2022, this amount was increased by 6 555 th.euros after periodic reassessment of the judgements and estimates of the processes concerned.

24.2. Income taxes

At 31 December 2022 and 2021, the cost of income tax recognised in the income statement, as well as the tax burden, measured as the ratio of the tax charge to the Profit or loss (-) from before tax [1], were as follows:

	Consolidated		Individual	
	31-12-2022	**31-12-2021**	**31-12-2022**	**31-12-2021**
Profit or loss before tax	**460 785**	**378 375**	**426 900**	**362 394**
Profit or loss (-) of equity accounted companies	(67 347)	(47 762)		
Profit or loss (-) for the period subject to tax	**393 438**	**330 613**	**426 900**	**362 394**
Current taxes	(34 469)	(1 737)	(32 244)	(628)
Deferred taxes	(52 174)	(69 948)	(51 476)	(68 493)
Recognition and reversal of temporary differences	(13 694)	(69 948)	(12 996)	(68 493)
Tax loss carry forwards	(38 480)		(38 480)	
Corrections of previous years	(2 541)	133	(2 541)	95
Current taxes reassessment (IFRIC 23)	(6 555)		(6 555)	
Taxes in profit or loss	**(95 739)**	**(71 552)**	**(92 816)**	**(69 026)**
Average tax rate [2]	**22.7 %**	**21.6 %**	**20.2 %**	**19.0 %**

[1] Excluding results of companies accounted for using the equity method.

[2] Corresponds to the amount of current and deferred taxes on taxable income for the year

In 31 December 2022 and 2021, BPI on a consolidated and individual basis, recorded directly in other comprehensive income, income tax of (24 549) th.euros and 4 253 th.euros, respectively, resulting from actuarial deviations in pensions and other Post-employment benefits of defined benefit and from fair value changes in equity instruments and debt securities.

The Bank will deduct 1 152 th.euros from the 2022 taxable corporate income, corresponding to tax benefits under SIFIDE (corporate research and development tax benefits scheme), as provided in article 38 of the Investment Tax Code. In addition, 1 000 th.euros will also be deducted from taxable income in respect of CFEI II (Extraordinary Tax Credit for Investment II), as provided in Article 16 and annex V of Law no. 27-A/2020, of 24 July.

The reconciliation between the nominal income tax rate and the average tax rate, in accordance with IAS 12, at 31 December 2022 and 2021, as well as the reconciliation between the tax cost/gain and the product of multiplying the accounting profit by the average tax rate, are as follows:

	Consolidated				Individual			
	31-12-2022		31-12-2021		31-12-2022		31-12-2021	
	Tax rate	Value	Tax rate	Value	Tax rate	Value	Tax rate	Value
Net income before income tax[1]		**393 438**		**330 613**		**426 900**		**362 394**
Income tax computed based on the nominal tax rate	30.9 %	121 755	27.3 %	90 376	31.0 %	132 339	27.4 %	99 296
Capital gains and impairments in equity holdings, net	0.4 %	1 739	0.1 %	327	0.4 %	1 739	0.1 %	327
Non-taxable dividends	(7.2)%	(28 221)	(8.0)%	(26 329)	(9.3)%	(39 859)	(10.0)%	(36 137)
Taxable temporary differences (BCI)	1.4 %	5 458	0.4 %	1 170	0.7 %	2 777	(0.3)%	(925)
Tax benefits			(0.2)%	(666)			(0.2)%	(666)
Impairment and provisions for loans			0.3 %	889			0.2 %	889
Correction of previous years	0.9 %	3 649	0.3 %	1 110	0.9 %	3 649	0.3 %	1 110
Autonomous taxation	0.2 %	713	0.2 %	628	0.2 %	713	0.2 %	628
Banking sector contribution	2.0 %	7 784	1.9 %	6 129	1.8 %	7 784	1.7 %	6 129
Remuneration of AT1 instruments issue	(1.4)%	(5 557)	(1.5)%	(4 911)	(1.3)%	(5 557)	(1.4)%	(4 911)
State surtax	(0.4)%	(1 473)			(0.3)%	(1 473)		
Deferred tax rate change (reference 1 January 2022)	(3.2)%	(12 726)			(3.0)%	(12 726)		
Other non-taxable income and expenses	(1.0)%	(3 936)	0.9 %	2 830	(0.7)%	(3 124)	0.9 %	3 286
	22.7 %	**89 185**	**21.6 %**	**71 552**	**20.2 %**	**86 262**	**19.0 %**	**69 026**

[1] Excluding results of companies accounted for using the equity method.

24.3. 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 rates applied to the 2022 and 2021 deferred taxes are 31% and 27.4%, respectively. 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.

The movement in deferred tax assets in 2022 was as follows:

	Consolidated / Individual			
	31-12-2021	Increases	Decreases	31-12-2022
Tax losses	41 370		(38 419)	2 951
Application of Art. 4 of the regime set forth in Law 61/2014	9 017		(9 018)	(1)
Taxed provisions and impairments	49 663	12 780	(16 239)	46 204
Tax deferral of the impact of the partial transfer of pension liabilities to the Social Security	12 143	1 595	(1 715)	12 023
Early retirements	23 963	8 084	(7 452)	24 595
Actuarial deviations	44 591	5 859	(573)	49 877
Voluntary terminations programme	3 866	248	(922)	3 192
End-of-career bonus	2 589	517	(675)	2 431
Financial instruments at fair value	851	29 778	(62)	30 567
Other	9 370	36 210	(39 050)	6 530
	197 423	**95 071**	**(114 125)**	**178 369**

The movement in deferred tax assets in 2021 was as follows:

	Consolidated			
	31-12-2020	Increases	Decreases	31-12-2021
Tax losses	41 514		(144)	41 370
Application of Art. 4 of the regime set forth in Law 61/2014	51 801		(42 784)	9 017
Taxed provisions and impairments	66 080	2 031	(18 448)	49 663
Tax deferral of the impact of the partial transfer of pension liabilities to the Social Security	13 659		(1 516)	12 143
Early retirements	24 582	6 154	(6 773)	23 963
Actuarial deviations	53 736		(9 145)	44 591
Voluntary terminations programme	3 903	859	(896)	3 866
End-of-career bonus	2 594	203	(208)	2 589
Dividends	925		(925)	
Financial instruments at fair value	633	342	(124)	851
Other	6 178	5 241	(2 049)	9 370
	265 605	**14 830**	**(83 012)**	**197 423**

The movement in deferred tax assets in 2021 was as follows:

	Individual			
	31-12-2020	Increases	Decreases	31-12-2021
Tax losses	41 514		(144)	41 370
Application of Art. 4 of the regime set forth in Law 61/2014	51 801		(42 784)	9 017
Taxed provisions and impairments	66 080	2 031	(18 448)	49 663
Tax deferral of the impact of the partial transfer of pension liabilities to the Social Security	13 659		(1 516)	12 143
Early retirements	24 582	6 154	(6 773)	23 963
Actuarial deviations	53 736		(9 145)	44 591
Voluntary terminations programme	3 903	859	(896)	3 866
End-of-career bonus	2 594	203	(208)	2 589
Dividends	925		(925)	
Financial instruments at fair value	633	342	(124)	851
Other	6 168	5 241	(2 039)	9 370
	265 595	**14 830**	**(83 002)**	**197 423**

At 31 December 2022, BPI's consolidated and individual balance sheet included deferred tax assets in the amount of 178 369 th.euros, of which:

i. 32 571 th.euros are eligible to benefit from the Special Regime applicable to Deferred Tax Assets approved by Law no.61/2014, of 26 August;
ii. 145 798 th.euros depend on the existence of future taxable profits (not eligible for the Special Regime), including:
    - 15 727 th.euros related to impairments for loans and guarantees;
    - 24 964 th.euros relating to other taxed impairments and provisions;
    - 102 157 th.euros related to Employee benefits (actuarial deviations, transfer to Social Security, early retirements, end-of-career premium and compensations and other benefits payable under the voluntary termination programme);
    - 2 950 th.euros in respect of tax losses carried forward (2016: 1 311 th.euros; 2020: 12 741 th.euros), including tax losses transmitted due to merger of Banco Banco Português de Investimento, S.A. into Banco BPI. Under Law no. 24-D/2022, of 30 December, the use of tax losses carried forward in future taxation periods cannot exceed 65% of taxable income in each of those periods, there being no defined time limit for the use of such tax losses. The same provision applies to losses prior to 2023 not yet used. In addition, Law no. 27-A/2020 of 24 July continues to apply in respect of the increase of the annual limit for deduction of losses in 2020 and 2021. The use of these tax losses cannot exceed 75% of the taxable income for the period. Based on projections made by the Bank, taxable profit in the coming years should permit to fully recover the deferred tax assets originated by those tax losses.

The movement in deferred tax liabilities in the year of 2022 was as follows:

	Consolidated			
	31-12-2021	**Increases**	**Decreases**	**31-12-2022**
Taxable temporary differences in subsidiaries and associated companies (BCI)	11 235	639		11 874
Financial instruments at fair value	5 798	762	(5 373)	1 187
Pension fund		61 886		61 886
Other	1 264	166	(302)	1 128
	18 297	**63 453**	**(5 675)**	**76 075**

	Individual			
	31-12-2021	**Increases**	**Decreases**	**31-12-2022**
Financial instruments at fair value	5 799	762	(5 373)	1 188
Pension fund		61 886		61 886
Other	1 264	166	(302)	1 128
	7 063	**62 814**	**(5 675)**	**64 202**

Profits distributed to Banco BPI by subsidiaries and associated companies are not taxed in Banco BPI as a result of application of the regime established in article 51 of the Corporation Income Tax Code, which provides for the elimination of double taxation of profits distributed.

In this context, Banco BPI does not recognise deferred tax assets or liabilities for deductible or taxable temporary differences relating to investments in associated companies, since the stake held by BPI has exceeded 10% and been held for more than one year, which enables it to be considered in the Participation Exemption regime, except for Banco Comercial e de Investimentos, in which the deferred tax liabilities relating to taxation in Mozambique, of all the distributable profits, are recognised.

BPI does not recognise deferred tax assets or liabilities for deductible or taxable temporary differences relating to investments in subsidiaries as it is unlikely that such differences will be reversed in the foreseeable future.

25. OFF-BALANCE SHEET ITEMS

This caption is made up as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Loan commitments given		
Irrevocable credit lines	750	374
Securities subscribed	780 997	518 771
Revocable commitments	2 914 536	2 757 693
	3 696 283	**3 276 838**
Financial guarantees given		
Financial guarantees and sureties	135 009	138 702
Financial standby letters of credit	10 546	518
	145 555	**139 220**
Other commitments given		
Non-financial guarantees and sureties	1 716 144	1 437 593
Non-financial standby letters of credit	11 534	10 411
Documentary credits	205 184	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	9 679	9 711
Other irrevocable commitments	2 440	13 961
Other commitments given		298
	1 999 202	**1 704 382**
	5 841 040	**5 120 440**
Assets pledged as collateral		
European System of Central Banks	7 082 372	6 648 736
Deposit Guarantee Fund	44 952	43 472
Investors Compensation Scheme	4 481	5 071
European Investment Bank	579 619	548 968
	7 711 424	**7 246 247**
Securities deposit and custody responsibilities [1]	**28 101 605**	**29 128 503**

[1] At and from 31 December 2021, this item includes participation units and deposit certificates deposited in the custody of Banco BPI by non-resident Customers.

In 2022, Banco BPI derecognised non-financial guarantees provided in the amount of 36 604 th.euros, booked under "Other commitments given - Non-financial guarantees and sureties", which, following an analysis (application of certain criteria and also case-by-case analysis) of their characteristics - such as age, insolvency, not having been enforced (or claimed) in recent years, works completed, partial enforcement a long time ago - were considered as having low probability of execution.

At 31 December 2022 and 2021, the detail of securities delivered as collateral is as follows:

	31-12-2022			31-12-2021		
	Nominal amount	Appreciation	Fair value	Nominal amount	Appreciation	Fair value
Securities delivered as collateral	7 699 708	2 440	7 702 148	7 158 962	82 117	7 241 079

The breakdown by stage of the exposure and impairment in guarantees and commitments at 31 December 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	3 587 565	99 508	9 210	3 696 283	423	1 817	4	2 244
Financial guarantees given	143 397	1 856	302	145 555	343	49	302	694
Other commitments given	1 863 703	45 113	26 486	1 935 302	1 706	867	6 888	9 461
	5 594 665	**146 477**	**35 998**	**5 777 140**	**2 472**	**2 733**	**7 194**	**12 399**

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.

BPI is only obliged to pay the sum of guarantees and contingent liabilities if the counterparty guaranteed fails to comply with its obligations, at the moment of default. The Bank believes that most of these commitments will reach maturity without materialising.

With respect to contingent commitments given for loans, BPI has undertaken to facilitate funds to Customers through drawdowns on credit lines and other commitments, whenever it is requested to do so and subject to compliance with certain conditions. The Bank believes that a large portion of them will expire prior to drawdown, either because they will not be requested by Customers or because the necessary conditions will not be met by the Customers.

The detail of "Loan commitments given" is as follows:

	Consolidated / Individual			
	31-12-2022		31-12-2021	
	Available	Limits	Available	Limits
Credit institutions	35 113	235 300	47 751	195 300
Public sector	263 762	375 584	137 960	250 826
Other sectors	3 397 408	9 001 186	3 091 128	7 168 294
	3 696 283	**9 612 070**	**3 276 839**	**7 614 420**

The table below details the contractual maturities of the loan commitments given at 31 December 2022 :

	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years
Drawable by third parties	1 274 649	305 986	482 328	906 691	726 629

The table below details the contractual maturities of the loan commitments given at 31 December 2021 :

	< 1 month	1-3 months	3-12 months	1-5 years	> 5 years
Drawable by third parties	1 151 503	395 104	611 935	513 077	605 220

26. NET INTEREST INCOME

This caption is made up as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Interest income				
Financial assets held for trading	27 414	19 951	27 414	19 951
Non-trading financial assets mandatorily at fair value through profit or loss	180	1 459	180	1 459
Financial assets at fair value through other comprehensive income	4 820	3 195	4 820	3 195
Financial assets at amortised cost				
Debt securities	51 986	36 119	51 986	36 119
Loans and advances - central banks and other credit institutions	12 299	3 037	12 299	3 037
Loans and advances - Customers	465 777	383 586	465 777	383 586
Derivatives - Hedge accounting, interest rate risk				
Asset hedging operations	(7 368)	(15 491)	(7 368)	(15 491)
Demand deposits at Central Banks	20 088		20 088	
Interest on deposits - Central Banks (liabilities)	30 388	48 288	30 388	48 288
Interest on loans and advances to credit institutions (liabilities)	**5 842**		**5 842**	
Interest on pension liabilities net of the amount of the fund	8 360		8 360	
Other1	12 258	5 269	12 257	5 478
Commissions received relating to amortised cost	24 653	22 575	24 653	22 542
	656 697	**507 988**	**656 696**	**508 164**
Interest expense				
Financial liabilities held for trading	(25 514)	(18 567)	(25 514)	(18 567)
Financial liabilities at amortised cost				
Deposits - Central Banks	(964)	(16)	(964)	(16)
Deposits - Credit Institutions	(11 853)	359	(11 853)	404
Deposits - Customers	(12 328)	(5 511)	(12 328)	(5 511)
Debt securities issued	(30 993)	(22 287)	(30 993)	(22 287)
Interest on lease liabilities (IFRS 16)	(170)	(970)	(170)	(970)
Other financial liabilities				
Derivatives - Hedge accounting, interest rate risk				
Asset hedging operations				
Liability hedging operations	2 216	19 730	2 216	19 730
Interest on deposits at Banco de Portugal (assets)	(16 468)	(19 899)	(16 468)	(19 899)
Interest on deposits at Credit Institutions and other (assets)	(464)	(67)	(464)	(67)
Other	(439)	(1)	(417)	(68)
Commissions paid relating to amortised cost	(326)	(294)	(325)	(294)
	(97 303)	**(47 523)**	**(97 280)**	**(47 545)**
Net interest income	**559 394**	**460 465**	**559 416**	**460 619**

[1] At 31 December 2022 and 2021 includes 10 937 th.euros and 4 095 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).

In 2021, interest on pension liabilities net of the amount of the fund were booked under the headings of Staff expenses (Note 31).

The detail of the average return on assets and liabilities is as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Average return on assets				
Demand deposits at Banco de Portugal	0.05%	(0.36%)	0.05%	(0.36%)
Financial assets at fair value through other comprehensive income - debt securities	0.39%	0.26%	0.39%	0.26%
Financial assets at amortised cost				
Loans and advances - Credit Institutions	0.78%	0.20%	0.78%	0.20%
Loans and advances - Customers[1]	1.62%	1.42%	1.62%	1.42%
Average return on liabilities				
Financial liabilities at amortised cost				
Deposits - Central Banks	(0.67%)	(1.01%)	(0.67%)	(1.01%)
Deposits - Credit Institutions	0.20%	(0.03%)	0.20%	(0.03%)
Deposits - Customers	0.04%	0.02%	0.04%	0.02%
Debt securities issued [2]	0.79%	0.42%	0.79%	0.42%
Subordinated liabilities	3.85%	5.30%	3.85%	5.30%

[1] Includes debt securities.

[2] Does not include subordinated liabilities.

27. DIVIDEND INCOME

The detail of this heading is as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
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	638	426	638	426
Investments in joint ventures and associates				
BPI (Suisse)				9 253
Banco Comercial e de Investimentos, S.A.			19 292	6 097
Companhia de Seguros Allianz Portugal, S.A.			11 599	10 500
Cosec - Companhia de Seguros de Crédito, S.A.			2 966	2 356
Unicre - Instituição Financeira de Crédito, S.A.			3 685	7 589
	91 489	**99 837**	**129 031**	**135 632**

In 2022, the amount of BFA dividends (gross) corresponds to the dividend on the 2021 results.

In 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	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Fee and commission income				
On guarantees provided	13 168	12 001	13 168	12 001
On commitments to third parties	3 849	3 496	3 849	3 496
On insurance brokerage services	81 828	76 408	81 828	76 408
On other banking services provided	198 458	189 111	191 611	180 773
On operations performed on behalf of third parties	14 099	15 522	14 099	15 522
Other	715	549	715	549
Refund of expenses	4 510	4 208	4 510	4 208
Income from provision of sundry services	6 677	6 890	6 677	6 890
	323 304	**308 185**	**316 457**	**299 847**
Fee and commission expenses				
For guarantees received	(26)	(43)	(27)	(39)
On financial instruments transactions	(356)	(289)	(356)	(289)
On banking services provided by third parties	(8 652)	(10 205)	(8 643)	(10 202)
On operations performed by third parties	(2 241)	(1 774)	(2 241)	(1 774)
Commission-equivalent expenses	(5 064)	(6 588)	(5 064)	(6 588)
Other	(11 221)	(1 112)	(11 221)	(1 112)
	(27 560)	**(20 011)**	**(27 552)**	**(20 004)**

At 31 December 2022 and 2021, income from insurance or reinsurance brokerage services provided is broken down as follows:

	Consolidated / Individual	
	31-12-2022	31-12-2021
Life		
Savings	20 720	17 255
Housing	22 255	22 206
Consumer	3 031	2 251
Other	12 418	10 033
	58 424	**51 745**
Non-life		
Housing	7 957	7 004
Consumer	5 574	8 021
Other	9 873	9 638
	23 404	**24 663**
	81 828	**76 408**

At 31 December 2022 and 2021, remunerations for insurance brokerage services were fully received in cash, and more than 99% of the fee and commission income relates to insurance brokerage services for Allianz and BPI Vida e Pensões.

29. GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES

The detail of this heading is as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	**740**	**223**	**740**	**223**
Debt securities	692		692	
Financial liabilities at amortised cost	28	10	28	10
Other	20	213	20	213
Gains or (-) losses on financial assets and liabilities held for trading, net	**14 843**	**5 420**	**14 843**	**5 420**
Trading derivatives	9 662	(20 763)	9 662	(20 763)
Debt securities	4 991	1 245	4 991	1 245
Equity instruments	190	24 938	190	24 938
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**(3 051)**	**(5 169)**	**(3 051)**	**(5 169)**
Debt securities	(4)	6 348	(4)	6 348
Equity instruments	(3 047)	(11 517)	(3 047)	(11 517)
Gains or (-) losses from hedge accounting, net	**(3 021)**	**(2 125)**	**(3 021)**	**(2 125)**
Hedging derivatives	(9 568)	18 615	(9 568)	18 615
Hedged items	6 547	(20 740)	6 547	(20 740)
Exchange differences [gain or (-) loss], net	**28 147**	**28 192**	**28 114**	**28 257**
	37 658	**26 541**	**37 625**	**26 606**

At 31 December 2022 and 2021, the caption “Gains / (losses) on financial assets and liabilities held for trading – Hedging derivatives includes (184) th.euros and (24 997) th.euros, respectively, concerning equity swaps contracted with Clients, which are hedged through a portfolio of equity instruments, in the caption “Gains / (losses) on financial assets and liabilities held for trading - Equity instruments”.

At 31 December 2022 and 2021, the caption foreign exchange differences includes 12 031 th.euros and 16 515 th.euros resulting from the revaluation of the exposure in kwanzas 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	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Other operating income				
Service provision agreements with CaixaBank Group companies	8 373	11 990	8 373	11 990
Gains on finance leases	15 089	9 151	15 089	9 151
Other operating income	4 670	8 163	4 670	8 158
	28 132	**29 304**	**28 132**	**29 299**
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	(14 198)	(8 605)	(14 198)	(8 605)
Other operating expenses	(6 088)	(6 481)	(6 088)	(6 481)
Taxes on dividends and interest	(7 028)	(7 857)	(8 957)	(8 465)
	(75 834)	**(64 575)**	**(77 763)**	**(65 183)**

At 31 December 2022 and 2021, the caption “Taxes on dividends and interest” includes 6 987 th.euros and 7 834 th.euros, respectively, referring to taxes withheld in Angola on dividends from BFA.

31. STAFF EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	31-12-2022	31-12-2021	31-12-2022	31-12-2021
Staff expenses				
Remuneration	(192 988)	(187 482)	(190 096)	(184 679)
Other mandatory social costs	(47 797)	(47 708)	(47 546)	(47 464)
Pension costs				
Current service cost	5 899	5 969	5 899	5 969
Interest on the pension fund surplus/(shortfall)		1 176		1 176
Other	(671)	(673)	(390)	(417)
Other staff costs	(2 818)	(2 343)	(2 813)	(2 343)
	(238 375)	**(231 061)**	**(234 946)**	**(227 758)**
Costs with early retirements and terminations				
Early retirements	(20 758)	(28 766)	(20 758)	(28 766)
Voluntary terminations	(444)	(1 066)	(444)	(1 066)
	(21 202)	**(29 832)**	**(21 202)**	**(29 832)**
	(259 577)	**(260 893)**	**(256 148)**	**(257 590)**

In 2022, interest on pension liabilities net of the amount of the fund started to be booked under the headings of Interest income or Interest expense (Note 26).

In 2022, Banco BPI recognised costs with early retirements and voluntary terminations totalling 21 202 th.euros, under agreements accepted by and entered into with around 105 Employees.

In 2022 e 2021, the average headcount is broken down as follows:

	Consolidated					
	31-12-2022			31-12-2021		
	Men	**Women**	Of which: With disability above 33%	**Men**	**Women**	Of which: With disability above 33%
Directors[1]	5			5		
Senior management	471	294	18	358	211	14
Other management staff	1 361	2 074	103	1 562	2 285	104
Other employees	93	170	11	53	92	7
	1 930	**2 538**	**132**	**1 978**	**2 588**	**125**

[1]Executive Directors of Banco BPI.

	Individual					
	31-12-2022			31-12-2021		
	Men	**Women**	Of which: With disability above 33%	**Men**	**Women**	Of which: With disability above 33%
Directors[1]	5			5		
Senior management	466	294	18	354	211	14
Other management staff	1 356	2 070	103	1 556	2 279	104
Other employees	92	169	11	52	91	7
	1 919	**2 533**	**132**	**1 967**	**2 581**	**125**

[1]Executive Directors of Banco BPI.

In 2022 e 2021, the headcount is broken down as follows:

	Consolidated					
	31-12-2022			31-12-2021		
	Men	**Women**	Of which: With disability above 33%	**Men**	**Women**	Of which: With disability above 33%
Directors[1]	5	0	0	5	0	0
Senior management	454	293	20	484	302	17
Other management staff	1 350	2 034	109	1 388	2 162	97
Other employees	95	173	11	49	88	8
	1 904	**2 500**	**140**	**1 926**	**2 552**	**122**

[1] Executive Directors of Banco BPI.

	Individual					
	31-12-2022			31-12-2021		
	Men	**Women**	Of which: With disability above 33%	**Men**	**Women**	Of which: With disability above 33%
Directors[1]	5	0		5	0	0
Senior management	448	293	20	480	302	17
Other management staff	1 345	2 030	109	1 383	2 157	97
Other employees	94	172	11	48	87	8
	1 892	**2 495**	**140**	**1 916**	**2 546**	**122**

[1] Executive Directors of Banco BPI.

32. OTHER ADMINISTRATIVE EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	31-12-2022	**31-12-2021**	**31-12-2022**	**31-12-2021**
General administrative expenses				
Supplies				
Water, energy and fuel	(3 811)	(5 103)	(3 799)	(5 092)
Consumables	(1 924)	(1 103)	(1 901)	(1 078)
Other	(445)	(346)	(445)	(346)
Services				
Rents and leases	(10 513)	(7 955)	(9 974)	(7 454)
Communications and IT	(46 740)	(46 395)	(46 646)	(46 329)
Travel, lodging and representation	(2 733)	(1 730)	(2 613)	(1 653)
Advertising and publishing	(10 683)	(8 375)	(10 683)	(8 375)
Maintenance and repairs	(10 043)	(11 635)	(10 029)	(11 627)
Insurance	(1 183)	(1 023)	(1 176)	(1 016)
Fees	(1 610)	(1 881)	(1 468)	(1 649)
Legal expenses	(1 997)	(2 364)	(1 974)	(2 291)
Security and cleaning	(5 970)	(5 288)	(5 969)	(5 286)
Information services	(3 134)	(2 918)	(2 946)	(2 704)
Studies, consultancy and auditing	(9 406)	(14 280)	(9 358)	(14 225)
Clearing and ATM system	(2 633)	(2 633)	(2 633)	(2 633)
Outsourcing	(16 265)	(13 173)	(16 265)	(13 173)
Subscriptions and donations	(1 100)	(920)	(1 096)	(916)
Other taxes	(1 639)	(1 034)	(1 601)	(996)
Other	(7 855)	(7 426)	(7 855)	(7 425)
	(139 684)	**(135 582)**	**(138 431)**	**(134 268)**

The detail of remunerations paid to auditors and respective network[1], according to the nature of the services provided and the company providing them, in 2022, is as follows:

31 December 2022	Banco BPI	Other companies	Total
PwC - SROC fees			
Audit	775		775
Other services			
Other non-audit services required by law	187		187
Other non-audit services	226		226
	1 188		**1 188**
Fees of other companies of the PwC network			
Statutory limited review		52	52
Other services	122		122
	122	**52**	**174**
CMVM fees	**32**		**32**
	1 342	**52**	**1 394**

[1] In accordance with the definition of network given by the European Commission in its Recommendation no. C(2002) 1873, of 16 May 2002.

The detail of remunerations paid to auditors and respective network[1], according to the nature of the services provided and the company providing them, in 2021, is as follows:

31 December 2021	Banco BPI	Other companies	Total
PwC - SROC fees			
Audit	650		650
Other services			
Other non-audit services required by law	116		116
Other non-audit services	327		327
	1 093		**1093**
Fees of other companies of the PwC network			
Statutory limited review		47	47
Other services	3		3
	3	**47**	**50**
CMVM fees	**29**		**29**
	1 125	**47**	**1 172**

[1] In accordance with the definition of network given by the European Commission in its Recommendation no. C(2002) 1873, of 16 May 2002.

The breakdown of payments to suppliers, relating to goods and services acquired in 2022 e 2021 is as follows:

	31-12-2022	31-12-2021
Amounts outstanding	4 092	4 622
Amount of payments made	341 771	326 498
	345 863	**331 120**
Average supplier payment period in days	40	30

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	
	31-12-2022	**31-12-2021**
Financial assets at amortised cost		
Loans and advances		
Net allowances		
Credit Institutions	18	(29)
Customers	(78 600)	(73 426)
Recovery of loans written off from assets	14 077	33 086
Expenses associated with recovery of loans	(1 112)	(977)
Debt securities		
Net allowances	(717)	(4 235)
	(66 334)	**(45 581)**

In 2022, Banco BPI sold a portfolio of non-performing loans for a global amount of 71 million euros, of which 51 million euros in written-off loans (recognised in off-balance sheet items), 2 million euros in other off-balance sheet balances and 18 million euros in loans net of impairments (87 million euros in loans and 69 million euros in impairments, recognised in the balance sheet). This operation generated a result of 27 284 th.euros, of which 17 566 th.euros corresponding to the reversal of impairments, 9 023 th.euros to the recovery of written-off loans, net of expenses associated with this operation, and 695 th.euros to capital gains on the sale (Note 12).

In 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 (30 million euros in loans and 20 million euros in impairments, recognised in the balance sheet). This operation generated a result of 23 376 th.euros corresponding to the recovery of written-on loans, net of expenses associated with this operation (Note 12).

34. IMPAIRMENT OR (-) REVERSAL OF IMPAIRMENT ON NON-FINANCIAL ASSETS

The movement in this caption in 2022 e 2021 was as follows:

	Consolidated / Individual
	31-12-2022
Other assets	
Balance at beginning of year	(904)
Repositions / Reversals	904
Balance at end of year	

35. GAINS OR (-) LOSSES ON DERECOGNITION OF NON-FINANCIAL ASSETS, NET

The detail of these captions is as follows:

	Consolidated / Individual	
	31-12-2022	**31-12-2021**
Gains in non-financial assets		
Gains in other tangible assets	79	142
Losses in non-financial assets		
Losses in other tangible assets	(852)	(141)
	(773)	**1**

36. PROFIT OR (-) LOSS FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS

This caption is made up as follows:

	Consolidated / Individual	
	31-12-2022	**31-12-2021**
Profit or (-) loss on assets received in settlement of defaulting loans		
Real Estate	950	957
Equipment	(90)	(289)
Impairments on assets received in settlement of defaulting loans		
Real Estate	(1 212)	(56)
Equipment and other	(16)	(117)
Other profit/(loss)	85	47
	(283)	**542**

37. PROFIT

In 2022 e 2021, the contribution of Banco BPI and its subsidiaries and associates to the consolidated net income was as follows:

	31-12-2022	**31-12-2021**
Banks		
Banco BPI, S.A.	304 483	258 298
Banco Comercial e de Investimentos, S.A.R.L.	34 208	22 553
Asset management		
BPI (Suisse), S.A.	1 811	3 066
Venture / development capital		
Inter-Risco - Sociedade de Capital de Risco, S.A. [1]		(365)
Insurance		
Cosec - Companhia de Seguros de Crédito, S.A.	5 852	4 137
Companhia de Seguros Allianz Portugal, S.A.	13 487	15 283
Other		
BPI, Inc [2]		(7)
Unicre - Instituição Financeira de Crédito, S.A.	5 205	3 858
	365 046	**306 823**

[1] In 2022, the equity holding in Inter-Risco was sold.

[2] In the first semester of 2022, the liquidation of BPI Inc was concluded.

38. INFORMATION ON FAIR VALUE

The fair value of financial instruments is estimated, whenever possible, on the basis of prices in an active market. A market is considered active, and therefore liquid, when it is accessed by equally knowledgeable counterparties and where transactions are carried out on a regular basis. For financial instruments for which there is no active market, due to lack of liquidity or regular transactions, valuation methods and techniques are used to estimate fair value.

38.1. Fair value of financial instruments recorded in the balance sheet at fair value

Financial instruments on the balance sheet at fair value are classified into levels using the hierarchy defined in IFRS 13.

Debt securities and equity instruments

- **Level 1:** This category includes, in addition to financial instruments listed on regulated markets, bonds and participating units in harmonised funds, valued based on prices / quotations in active markets, published in trading platforms, taking into account also the liquidity and quality of the prices.

  The classification of fair value in level 1 is made automatically by SIVA ("Asset Valuation Integrated System") whenever the financial instruments are traded in an active market, considering, for this purpose, that this is the case when:

  i. financial instruments are priced daily by at least 6 contributors, at least three of them with firm offers, or there is a multi-contributed price (price formed by several firm offers from contributors available in the market) (active market), or;
  ii. such financial instruments have been classified as level 1, in accordance with the rule referred to in the preceding paragraph, in at least 50% of the last 30 calendar days.

  For financial instruments that do not have a history in the 30 days calendar available in the system, allocation of fair value level will be carried out taking into account the history available in SIVA.

- **Level 2:** Financial instruments that have not been traded on an active market or that are valued by reference to valuation techniques based on market data for financial instruments having the same or similar characteristics in accordance with the rules referred to below are considered as level 2. Level 2 fair value classification is determined automatically by SIVA in accordance with the following rules:

  a) Financial instruments are classified daily in Level 2 if they are:

  i. Quoted by less than 6 contributors, regardless of the type of price, or;
  ii. valued based on models using inputs which are mainly observable in the market (such as interest rate curves or exchange rates), or;
  iii. valued based on third party indicative purchase prices, based on observable market data, and
  iv. have been classified as level 1 and level 2, in accordance with the rules mentioned above, in at least 50% of the last 30 calendar days.

  b) For financial instruments that do not have a history in the 30 days calendar available in the system, allocation of fair value level will be carried out taking into account the history available in SIVA.

- **Level 3:** Financial instruments are classified as Level 3 when they do not meet the criteria to be classified as Level 1 or Level 2, or if their value is the result of inputs not based on observable market data, namely:

  a) financial instruments not admitted to trading on a regulated market, which are valued based on valuation models for which there is no generally accepted market consensus as to the inputs to be used, namely:

  i. valuation based on Net Asset Value of non-harmonized funds, updated and disclosed by their managing companies;
  ii. valuation based on indicative prices disclosed by the entities involved in the issue of certain financial instruments, without an active market; or
  iii. valuation based on impairment tests, using indicators of the performance of the underlying operations (degree of protection by subordination of notes held, delinquency rates of the underlying assets, evolution of ratings, among others).

  b) financial instruments valued at indicative purchase prices based on theoretical models, disclosed by specialized third parties.

  Automatic classification proposed by SIVA relating to the level of fair value is made on the day of measurement, being supervised by a specialized team, in order to ensure that the classification of the fair value level is considered the most appropriate, according to the principles set forth herein.

Derivative financial instruments

Financial derivative transactions in the form of foreign exchange contracts, interest rate contracts, contracts on shares or share indices, inflation contracts or a combination of these, are carried out in over-the-counter (OTC) markets and in organized markets (mainly stock exchanges). For the over-the-counter derivatives (swaps and options) the valuation is based on generally accepted methods, always giving priority to values from the market.

- **Level 1:** This category includes futures and options and other derivative financial instruments traded on regulated markets.

- **Level 2:** Level 2 includes derivatives, traded on over-the-counter markets, without an optional component.

  Valuation of these derivatives is made by discounting the cash flows of the operations, using interest rate market curves deemed appropriate for the currency concerned, prevailing at the time of calculation. The interest rates are obtained from reliable sources of information (e.g. Bloomberg or Reuters). The same interest rate curves are used in the projection of non-deterministic cash flows such as interest calculated from indices. The rates for required specific periods are determined by appropriate interpolation methods.

- **Level 3:** Level 3 includes options and derivatives traded in the over-the-counter market, with embedded optional elements.

  The valuation of options is carried out using statistical models that consider the market value of the underlying assets and their volatilities (considering that the latter are not directly observable in the market). The theoretical models used to value derivatives classified in Level 3 are of two types:

  i. For simpler options the Black-Scholes model and their derivatives is used (commonly used models by the market in the valuation of this type of operation). The unobservable market inputs (implied volatility of the underlying assets) are collected from Bloomberg.

  ii. For exotic options or complex derivatives incorporating optional elements for which there are no valuation models available, the Bank contracts specialized entities that perform the valuation of these operations based on specific models that they develop using criteria and methodologies generally accepted by the sector for these types of instruments. On 31 December 2012 and 2021, there were no outstanding operations of this type, therefore the Bank did not use valuations prepared by these entities.

In accordance with the policy defined by the Banco BPI as regards the management of exposures in options, significant open positions are not maintained, the risk being managed mainly through "back-to back" hedges and portfolio hedges. Thus, the impact of possible changes in the inputs used in the valuation of the options, in terms of the Bank's income statement, tends to be negligible.

Valuations thus obtained are, in the case of interbank transactions, valued against those used by the counterparties and whenever there are significant differences, the models or assumptions are reviewed.

The valuation of the non-optional components, not adjusted for credit risk (cash flows from operations), is made based on discounted cash flows, using a methodology similar to that used for derivatives without an optional component. Nevertheless, the derivative instrument is classified (as a whole) in level 3.

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									
	31-12-2022					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	**96 071**	**96 071**		**37 687**	**58 384**	**103 838**	**103 838**	**1 523**	**73 151**	**29 164**
Derivatives	91 886	91 886		37 687	54 199	98 057	98 057		73 151	24 906
Equity instruments						1 163	1 163	1 163		
Debt securities	4 185	4 185			4 185	4 618	4 618	360		4 258
Non-trading financial assets mandatorily at fair value through profit or loss	**73 509**	**73 509**	**1 238**		**72 271**	**113 509**	**113 509**	**908**		**112 601**
Equity instruments	67 806	67 806	1 238		66 568	108 155	108 155	908		107 247
Debt securities	5 703	5 703			5 703	5 354	5 354			5 354
Financial assets at fair value through other comprehensive income	**1 443 572**	**1 443 572**	**954 388**		**489 184**	**1 666 764**	**1 666 764**	**1 236 887**		**429 877**
Equity instruments	490 133	490 133	949		489 184	431 389	431 389	1 512		429 877
Debt securities	953 439	953 439	953 439			1 235 375	1 235 375	1 235 375		
Derivatives - Hedge accounting	**35 726**	**35 726**		**35 726**		**25 174**	**25 174**		**25 174**	
Total	**1 648 878**	**1 648 878**	**955 626**	**73 413**	**619 839**	**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									
	31-12-2022					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	**87 113**	**87 113**		**34 387**	**52 726**	**103 937**	**103 937**		**82 372**	**21 565**
Derivatives - Hedge accounting	**21 909**	**21 909**		**21 909**		**15 859**	**15 859**		**15 859**	
Total	**109 022**	**109 022**		**56 296**	**52 726**	**119 796**	**119 796**		**98 231**	**21 565**

The main valuation techniques, assumptions and inputs used in fair value estimation for levels 2 and 3 by type of financial instruments are as follows:

Valuation methodologies and inputs

		Instrument type	Valuation method	Main assumptions
Financial assets and liabilities held for trading	Derivatives [1]	Swaps	Discounted cash flow method [2]	Interest rate curves
		Exchange rate options	Black-Scholes model	Implicit volatilities
		Interest rate options	Normal method	Probability of default for calculation of CVA and DVA
	Debt securities		Discounted cash flow method [2]	Interest rate curves Risk premiums Comparable assets[3] Prices observed on the
Non-trading financial assets mandatorily at fair value through profit or loss	Equity instruments		Net asset value	Equity book value
	Debt securities		Discounted cash flow method [2]	Interest rate curves Risk premiums Comparable assets[3] Prices observed on the
Financial assets at fair value through other comprehensive income	Equity instruments		Discounted Cash Flow (DCF) Dividend Discount Model Net asset value Equity book value	Risk free interest rate Risk premiums Beta coefficients Market comparables Perpetuity growth rates
	Debt securities		Discounted cash flow method [2]	Interest rate curves Risk premiums Comparable assets[3] Net asset value (NAV) Nominal Amount
Derivatives - Hedge accounting	Swaps[1]		Discounted cash flow method [2]	Interest rate curves Implicit volatilities Probability of default for calculation of CVA and DVA

[1] The valuation of derivatives is adjusted to consider the counterparty credit risk when the exposure lies with the Bank, and the Bank's credit risk when the exposure lies with the counterparty (CVA - Credit Valuation Adjustment and DVA - Debit Valuation Adjustment).

[2] Discounted cash flow method (net present value): this model uses the cash flows of each instrument, which are established in the different contracts, and discounts them to calculate the present value.

[3] Comparable assets (similar asset prices): comparable financial instrument prices, or market benchmark indices are employed to calculate return from purchase price to current valuation, making subsequent adjustments to take into account the differences between the measured asset and the one taken as reference. It can also be assumed that the price of an instrument is equivalent to the price of another instrument.

Credit Risk Valuation Adjustments
Credit Valuation Adjustments (CVA) and Debit Valuation Adjustment (DVA) are incorporated in the valuation of over-the-counter (OTC) derivatives due to the risk associated to the counterparty's and own credit risk exposure, respectively.

The CVA is calculated bearing in mind the expected exposure with each counterparty in each future maturity. The CVA for an individual counterparty is equal to the sum of the CVA for all maturities. Adjustments are calculated by estimating the counterparty's exposure at default (EAD), probability of default (PD) and loss given default (LGD) for all derivatives traded under the same contract with Banco BPI with close-out netting (under the same netting set). Similarly, DVA is calculated by multiplying the expected negative exposure by the probability of default and by the LGD of Banco BPI.

To calculate PD and LGD, counterparty credit market data are used (Credit Default Swaps), when such information is available. Where such information is not available, PD and LGD are calibrated through market data, using for the purpose the counterparty's rating and sector, or historical PD data.

Changes in the value of the CVA and DVA adjustments are recognised in “Gains/(losses) on financial assets and liabilities held for trading” in the income statement. The table below shows the changes to these adjustments.

CVA/FVA and DVA/FVA changes

	Consolidated / Individual			
	31-12-2022		31-12-2021	
	CVA/FVA	DVA/FVA	CVA/FVA	DVA/FVA
Opening balance	**7 252**	**326**	**8 885**	**353**
Additions/changes in derivatives	(5 024)	1 085	(1 539)	(17)
Cancellation or maturity of derivatives	(376)	(134)	(94)	(10)
Closing balance	**1 852**	**1 277**	**7 252**	**326**

The movement in level 3 financial assets at fair value and financial liabilities held for trading, in 2022 and 2021, was as follows:

	Consolidated / Individual									
	31-12-2022					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	(73)	(1 850)	(6 539)	349	68 265	(20)	772	(11 914)	(744)	(4 222)
Losses or gains	(73)	(1 850)	(6 539)	349		(20)	772	(11 914)	(744)	
Adjustments to equity					68 265					(4 222)
Purchases	0	0	0	0	406	2 075				198
Liquidations and other		(19)	(34 140)		(9 364)	(2 749)	(2 594)	(4 922)	(46 216)	(1 284)
Balance at end of the period	**4 185**	**1 473**	**66 568**	**5 703**	**489 184**	**4 258**	**3 342**	**107 247**	**5 354**	**429 877**

[1] Net value

38.2. Fair value of financial instruments recorded in the balance sheet at amortized cost

The fair value of financial instruments recorded in the balance sheet at amortized cost is determined by Banco BPI through valuation techniques.

The valuation techniques used are based on market conditions applicable to similar operations as of the date of the financial statements, such as the value of their discounted cash flows based on interest rates considered as most appropriate, namely:

- the cash flows relating to Financial assets at amortised cost - Loans and advances to Central Banks and Credit Institutions, and Financial liabilities at amortised cost - deposits from Central Banks and Credit institutions, were discounted based on interest rate curves for interbank operations on the date of the financial statements, except for medium and long term resources, the cashflows of which were discounted based on the interest rate curve used by the Bank for senior issuances;
- in operations with Customers (Financial assets at amortised cost - loans and advances to Customers and Financial liabilities at amortised cost - Customer deposits), the weighted average of the reference rates used by the Bank in the previous month to contract similar operations is considered;
- for bonds issued (Financial liabilities at amortised cost - debt securities issued), the Bank considered the reference interest rates and spreads available in the market, considering the residual maturity and degree of subordination of the issuances. For subordinated debt, the Bank used issuance proposals submitted to the Bank by other credit institutions, as the basis for the construction of subordination spread curves, also considering the senior debt curve, the Portuguese public debt curve and the evolution of the spread between the Portuguese and German public debts.

For on demand operations (namely Cash and cash balances at central banks and other demand deposits, deposits included in Financial liabilities at amortised cost) and on the balance sheet's captions Other assets and Other liabilities, fair value corresponds to the respective balance-sheet value.

Note that the fair value presented for these financial instruments may not correspond to their realizable value in a sale or liquidation scenario, as it was not determined for that purpose.

The fair value of the financial assets at amortised cost on the consolidated balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	31-12-2022					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	7 466 754	7 061 753			7 061 753	6 845 126	6 891 574			6 891 574
Loans and advances	26 285 968	27 406 563		811 382	26 595 181	25 292 693	25 547 500		996 578	24 550 922
Central Banks and Credit Institutions	819 149	811 382		811 382		1 002 843	996 578		996 578	
Customers	25 466 819	26 595 181			26 595 181	24 289 850	24 550 922			24 550 922
Total	**33 752 722**	**34 468 316**		**811 382**	**33 656 934**	**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									
	31-12-2022					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	31 819 970	31 853 069		419 365	31 433 704	34 698 404	34 623 712		4 747 673	29 876 039
Central Banks	436 633	419 365		419 365		4 823 269	4 747 673		4 747 673	
Credit Institutions	1 057 050	1 107 290			1 107 290	1 002 995	993 698			993 698
Customers	30 326 287	30 326 414			30 326 414	28 872 140	28 882 341			28 882 341
Debt securities issued	2 339 450	2 497 298			2 497 298	2 206 299	2 347 764			2 347 764
Other financial liabilities	276 462	276 462			276 462	295 911	295 911			295 911
Total	**34 435 882**	**34 626 829**		**419 365**	**34 207 464**	**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									
	31-12-2022					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	31 819 970	31 853 069		419 365	31 433 704	34 698 404	34 623 713		4 747 673	29 876 040
Central Banks	436 633	419 365		419 365		4 823 269	4 747 673		4 747 673	
Credit Institutions	1 057 050	1 107 290			1 107 290	1 002 995	993 698			993 698
Customers	30 326 287	30 326 414			30 326 414	28 872 140	28 882 341			28 882 341
Debt securities issued	2 339 450	2 497 298			2 497 298	2 206 299	2 347 764			2 347 764
Other financial liabilities	276 462	276 462			276 462	296 442	296 442			296 442
Total	**34 435 882**	**34 626 829**		**419 365**	**34 207 464**	**37 201 145**	**37 267 919**		**4 747 673**	**32 520 245**

38.3. Fair value of assets received in settlement of defaulting loans

The detail of this heading is as follows:

	31-12-2022	31-12-2021
Gross amount	5 590	8 367
Impairment	3 192	4 035
Book value (Note 18)	2 398	4 332
Fair value	7 675	10 326

In the particular case of real estate assets repossessed from loans recovery, their fair value is obtained by requesting the appraisal value from external appraisal experts. These appraisers maximise the use of observable market data and other factors that market participants would consider when pricing, limiting the use of subjective considerations and unobservable or non-checked data. The fair value of these assets, based on the fair value hierarchy, is therefore classified as Level 2.

39. 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 accordance with these criteria, BPI's related parties at 31 December 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%
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	5.5%	
Fundo de Pensões Aberto BPI Valorização	Portugal	29.5%	
Fundo de Pensões Aberto BPI Segurança	Portugal	14.9%	
Fundo de Pensões Aberto BPI Garantia	Portugal	6.2%	
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.

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. representada por José Manuel Henriques Bernardo e por Cláudia Sofia Parente Gonçalves da Palma			

[1] Transactions with fully consolidated companies are only shown in the tables for Banco BPI - individual basis.

At 31 December 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	1 647				182
Financial assets held for trading	48 169				
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	1 238				
Financial assets at fair value through other comprehensive income - equity instruments	560				59 400
Financial assets at amortised cost					
Debt securities					280 231
Loans and advances - central banks and other credit institutions	223 535	28 927			
Loans and advances - Customers	53 565	147		265	16 848
Derivatives - Hedge accounting	9 122				
Tangible assets	330				2 778
Other assets	47 015	22 902		1	706
	385 181	**51 976**		**266**	**360 145**
Liabilities					
Financial liabilities held for trading	5 306				
Financial liabilities at amortised cost					
Deposits - Credit Institutions	44 833	9 578			55
Deposits - Customers	287 741	22 962	47 815	6 552	38 565
Debt securities issued	1 588 398				
Other financial liabilities	(212)	25			524
Derivatives - Hedge accounting	13 768				
Provisions - Commitments and guarantees given					101
Other provisions		7 297			
Other liabilities	11 448	52		4 920	1 428
				57	
	1 951 282	**39 914**	**47 815**	**11 529**	**40 673**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(17 926)				
	(17 926)				
Results					
Net interest income	(20 392)	41		117	72
Fee and commission income	43 500	52 941		2	219
Fee and commission expenses	(13 403)				(2 908)
Gains or (-) losses on financial assets and liabilities held for trading, net	39 767				
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	(5 593)				
Other operating income	8 314				
Other operating expenses	10 055	(55)		(0)	(3 600)
Administrative expenses					
Staff expenses				(7 268)	
Other	(32 937)	(1 112)	(11 090)	(1 659)	(2 948)
Provisions or (-) reversal of provisions - Commitments and guarantees given					(9)
Other provisions or (-) reversal of other provisions		(7 297)			
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					339
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	85				
	29 554	**44 518**	**(11 090)**	**(8 808)**	**(8 835)**
Off-balance sheet items					
Loan commitments given					
Revocable commitments	51 966	5 000		353	17 213
Financial guarantees given					
Guarantees and sureties given	389	13 416			40 075
Other commitments given					
Guarantees received				19 481	
Liabilities for services provided					
Deposit and safekeeping of valuables	8 429 627	1 043 660	1 796 002	1 450	70 353
Other	9 073				
Foreign exchange transactions and derivative instruments					
Purchase	2 017 037				
Sale	(1 396 135)				
Other				103 270	
	9 111 957	**1 062 076**	**1 796 002**	**124 554**	**127 641**

[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 CaixaBank Group [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	1 647				182
Financial assets held for trading	48 169				
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	1 238				
Financial assets at fair value through other comprehensive income - equity instruments	560				59 400
Financial assets at amortised cost					
Debt securities					280 231
Loans and advances - central banks and other credit institutions	223 535	28 927			
Loans and advances - Customers	53 565	147		265	16 848
Derivatives - Hedge accounting	9 122				
Investments in joint ventures and associates		94 232			
Tangible assets	330				2 778
Intangible assets					
Other assets	47 015	22 902		1	706
	385 181	**146 208**		**266**	**360 145**
Liabilities					
Financial liabilities held for trading	5 306				
Financial liabilities at amortised cost					
Deposits - Credit Institutions	44 833	9 578			55
Deposits - Customers	287 741	22 962	47 815	6 552	38 565
Debt securities issued	1 588 398				
Other financial liabilities	(212)	25			524
Derivatives - Hedge accounting	13 768				
Provisions - Commitments and guarantees given					101
Other provisions		7 297			
Other liabilities	11 448	52		4 920	1 428
	1 951 282	**39 914**	**47 815**	**11 472**	**40 673**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(17 926)				
	(17 926)				
Results					
Net interest income	(20 392)	41		117	72
Dividend income		37 542			
Fee and commission income	43 500	52 941		2	219
Fee and commission expenses	(13 403)				(2 908)
Gains or (-) losses on financial assets and liabilities held for trading, net	39 767				
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	(5 593)				
Other operating income	8 314				
Other operating expenses	10 055	(55)			(3 600)
Administrative expenses					
Staff expenses				(7 268)	
Other	(32 937)	(1 112)	(11 090)	(1 610)	(2 948)
Provisions or (-) reversal of provisions - Commitments and guarantees given					(9)
Other provisions or (-) reversal of other provisions		(7 297)			
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					339
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	85				
	29 554	**82 060**	**(11 090)**	**(8 759)**	**(8 835)**
Off-balance sheet items					
Loan commitments given					
Revocable commitments	51 966	5 000		353	17 213
Financial guarantees given					
Guarantees and sureties given	389	13 416			40 075
Other commitments given					
Guarantees received				19 481	
Liabilities for services provided					
Deposit and safekeeping of valuables	8 429 627	1 043 660	1 796 002	1 450	70 353
Other	9 073				
Foreign exchange transactions and derivative instruments					
Purchase	2 017 037				
Sale	(1 396 135)				
Other				103 270	
	9 111 957	**1 062 076**	**1 796 002**	**124 554**	**127 641**

[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 CaixaBank Group [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 - Credit Institutions	18 391	955			53
Deposits - Customers	239 774	34 797	21 382	6 255	48 070
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				
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(17 925)				
	(17 925)				
Results					
Net interest income	(14 271)	37			25
Dividend income					1 476
Fee and commission income	35 185	54 920		3	260
Fee and commission expenses	(3 357)	(14)			
Gains or (-) losses on financial assets and liabilities held for trading, net	1 346				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	134				
Gains or (-) losses from hedge accounting, net	(2 916)				
Other operating income	11 867				
Other operating expenses	14 246				
Administrative expenses					
Staff expenses				(7 220)	
Other	(31 084)	(982)	(12 055)	(1 198)	
Depreciation	(2 923)				
Provisions or (-) reversal of provisions - Commitments and guarantees given					(53)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through	691			1	(675)
	8 918	**53 961**	**(12 055)**	**(8 414)**	**1 033**
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 CaixaBank Group [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]
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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 - Credit Institutions	18 391	955			53
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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				
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(17 925)				
	(17 925)				
Results					
Net interest income	(14 271)	37			25
Dividend income		35 795			1 476
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Fee and commission expenses	(3 357)	(14)			
Gains or (-) losses on financial assets and liabilities held for trading, net	1 346				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	134				
Gains or (-) losses from hedge accounting, net	(2 916)				
Other operating income	11 867				
Other operating expenses	14 246				
Administrative expenses					
Staff expenses				(7 220)	
Other	(31 084)	(982)	(12 055)	(1 151)	
Depreciation	(2 923)				
Provisions or (-) reversal of provisions - Commitments and guarantees given					(53)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through	691			1	(675)
	8 918	**89 756**	**(12 055)**	**(8 367)**	**1 033**
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
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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.

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 31 December 2022 and 2021 the unused amount of the credit was 15 653 th.euros and 31 780 th.euros, respectively.
- 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 31 December 2022 and 2021 amounts to 452 514 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', and at 31 December 2022 and 2021 amounts to 704 588 th.euros and 700 716 th.euros, 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', and at 31 December 2022 and 2021 amount to 428 862 th.euros and 303 235 th.euros, respectively (Note 19.3).

40. SUBSEQUENT EVENTS

Banco BPI approved the sale of all the shares representing its 50% stake in Cosec - Companhia de Seguros de Crédito, S.A. to Allianz Trade, the holder of the remaining 50%. The completion of this transaction, which is expected to take place in the first half of 2023, is subject to regulatory approvals, including in competition matters.

In addition, on completion of the transaction, Cosec and Banco BPI will renew their partnership by entering a new distribution agreement. This new agreement will give continuity to the partnership between Allianz Trade and Banco BPI.

41. 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.

Statutory Audit Report and Auditors' Report

(Free translation from a report originally issued in Portuguese language. In case of doubt, the Portuguese version will always prevail)

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Banco BPI S.A. ("Group", "Banco BPI" or "Bank"), which comprise the consolidated balance sheet as at December 31, 2022 (which shows total assets of Euros 38.904.553 thousand and total shareholders' equity of Euros 3.864.575 thousand including a net profit of Euros 365.046 thousand), the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of Banco BPI, S.A. as at December 31, 2022, and its consolidated financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Impairment losses on financial assets at amortized cost – Loans and Advances to Customers *Measurement and disclosures related to impairment losses on loans and advances to customers presented in notes 2.7, 12.2 and 33 attached to the consolidated financial statements of the Bank* The constitution of this key matter for the purposes of our audit is justified by the significant expression of financial assets at amortized cost and impairment losses. This process requires a set of complex assumptions and judgments, in particular the adaptation to complex macroeconomic scenarios, from the Bank's management in relation to the identification of clients with a significant increase in credit risk or in default, as well as the determination of impairment losses amount. As at December 31, 2022, the gross balance amount of loans and advances to customers amounted to Euros 25.986.083 thousand and the corresponding impairment losses recognized at that date amounted to Euros 519.264 thousand. Impairment losses on loans and advances to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the loans portfolio, and for the remaining portfolio those losses are determined through a collective analysis. For the most significant exposures, evaluated in terms of the total amount of responsibilities to the Bank and the possible existence of signs of default, the Bank performs an individual staging analysis, in order to corroborate the indicative allocation of automatic stage (stages 1, 2 and 3), and an individual impairment measurement analysis. The individual impairment analysis is only performed for exposures classified as stage 3, in which the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as reference (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities; and/or (ii) the evaluation attributed to the collateral	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Bank for the impairment losses on the loans and advances to customers portfolio determination process as well as the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses. On a sample basis, we have analysed a group of clients within the Bank's individual analysis perimeter, based on the criteria defined in internal normative, with the objective of: (i) reviewing the conclusions and results obtained by the Bank in the individual staging analysis and in the impairment measurement; (ii) obtain our own judgment over the existence of situations of significant increase in credit risk and default; and (iii) assess how the impairment losses were timely identified, measured and recognized by management. In this process, it was also confirmed that the perimeter of individual analysis included all the exposures that met the criteria defined by the Bank in its internal normative. For a sample of exposures representative of the credit population subject to individual analysis classified in stage 3 by the Bank as of December 31, 2022, the procedures we have developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verify the adequacy of the clients' cash flows used to determine impairment with those reflected in the client contractual support; (iii) analysing the contractual support and the most relevant collaterals and confirming the registration of them in favour of the Bank; (iv) analysing the most recent appraisals of collaterals when available; (v) to examine the criteria for determining the significant increase in credit risk (stage 2) and classification under impairment (stage 3) on an individual basis;

Key Audit Matter	Summary of the Audit Approach
received in the scope of the loan granted, whenever the recovery is anticipated through the lieu, foreclosure and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual analysis, the Bank developed collective analysis models to determine expected impairment losses, in light of the requirements of IFRS 9, which include namely the classification of exposures in different stages according to the evolution of their credit risk since the date of its recognition, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These internal models are based on the internal historical information of defaults and recoveries. In order to be representative of the current economic context and simultaneously to incorporate a perspective of future economic evolution, these models use available forward looking prospective information such as (i) the expected GDP growth rate; (ii) the expected unemployment rate; (iii) the evolution of Euribor and the treasury bonds spread; and / or (iv) the prospects for the real estate market. Considering these macroeconomic data, potential scenarios are developed that allow estimating the expected loss for each segment of the Bank loan portfolio based on a probability of occurrence. The specificity and uncertainty of the current macroeconomic and geopolitical situation led to an increase in the complexity of determining impairment losses. In these circumstances, the internal models developed by the Bank were adapted in order to incorporate new criteria and other assumptions, in particular the updating of prospective information, through models adjustment (post model adjustments), in order to reflect the potential economic effects of the current adverse macroeconomic context, deeply marked by the impacts and restrictions still arising from the COVID-19 pandemic and exacerbated by the war in Europe, as well as the expected impact of this information on the bank risk parameters related to the collective analysis models. In this context, changes in the assumptions or methodologies used by the Bank in the analysis and in the quantification of impairment losses of	(vi) review the incorporation of forward looking information; (vii) analysing the discounted cash flows underlying the impairment determination; (viii) assessing the evolution of exposures; and (ix) understanding the views of the Bank's responsible regarding the economic and financial situation of the clients, as to the predictability of expected cash flows of the respective businesses, as well as the prospects of collectability of credits. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Bank, in order to assess the existence of possible material significant divergences. For the portfolio whose impairment is assessed through the collective model, we developed specific procedures with the objective of evaluating how the assumptions considered by management include all the risk variables, considering the available historical information regarding the performance and recoveries of the Bank's loan portfolio. We have performed namely the following: (i) review of the methodological documentation for the development and validation of the models; (ii) analysis of the documentation regarding the risk parameters backtesting exercise when available; (iii) review and testing of portfolio segmentation; (iv) analysis of the Bank's definition of default and the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters, as well as the available forward looking information and its update through the estimated economic effects including the analysis of the methodologies defined by the Bank for the determination of post model adjustments arising from the current adverse macroeconomic context; ; (vi) critical analysis of the main assumptions and sources of information used in the future recoveries incorporated in the LGD (Loss Given Default), including the test of historical recoveries incorporated in this calculation, on a sampling basis; and (vii) recalculation of Expected Credit Loss (ECL) for the loan portfolio, with reference to December 31, 2022. Our audit procedures included the review of the disclosures regarding loans and advances to customers, as well as their respective impairment

Key Audit Matter	Summary of the Audit Approach
loans and advances to customers, as well as different recovery strategies, may condition the estimation of recovery flows and timing of their receipt and may have a material impact on the impairment losses amount recognized in each moment.	losses, presented on the Bank's accompanying notes to the consolidated financial statements, considering the applicable accounting standards.
Recoverability of deferred tax assets *Measurement and disclosures related to deferred tax assets presented in notes 2.12 and 24.3 attached to the consolidated financial statements of the Bank* In the Bank's balance sheet as of December 31, 2022, the deferred tax assets amounted to Euros 178.369 thousand, of which the recoverability of Euros 145.798 thousand depends on the ability to generate future taxable income, namely: i. Euros 15.727 thousand related to the impairment losses for loans and guarantees; ii. Euros 24.964 thousand related to other taxed impairment losses and provisions; iii. Euros 102.157 thousand due to employee benefits and securities revaluation; iv. Euros 2.950 thousand related to reportable tax losses related to the individual activity of Banco BPI, originated in 2016 and 2020. According to ISA 12 – Income Taxes, the recognition of deferred tax assets assumes the existence of future taxable profits to allow its recoverability. Management performed the analysis of the recoverability of the deferred tax assets based on Bank's business plan for the period from 2023 to 2025. This estimate required the application by management of a set of judgments, namely: (i) estimation of future taxable income, depending on the Bank's future strategy and the markets in which it operates, considering the economic consequences of the current macroeconomic situation; (ii) long-term growth rates; (iii) investments' rates of return;	The audit procedures developed included the identification and understanding of key controls established by the Bank. Those controls relate to (i) identification of deductible temporary differences in accordance with the applicable tax legislation; (ii) the analysis of the recoverability of deferred tax assets recognized in the consolidated financial statements and (iii) identification of the main assumptions considered by the management to estimate the generation of future taxable profits that allow the recovery of deferred tax assets recognized in the balance sheet. We performed an understanding and analysis of the main assumptions considered relevant to the elaboration of the projections, in order to assess the recoverability of the deferred tax assets recognized on the Bank's consolidated financial statements on December 31, 2022. The reasonableness of the projections used was also analyzed based on pre-tax results presented in previous years, the future taxable income in the Bank's projections for 2023-2025, prospects presented by the Board of Directors at those dates and other available information on this matter, namely the potential adverse effect of the current macroeconomic context. Our audit procedures have also included a review of disclosures related to the deferred tax assets in the accompanying notes to the Bank's consolidated financial statements, taking into account applicable and current accounting standards.

Key Audit Matter	Summary of the Audit Approach
and (iv) discount rates, etc. Any changes in the assumptions used in the estimation of future results or in the interpretation of tax legislation may have relevant impacts on the recoverability of deferred tax assets recognized in the Bank's consolidated financial statements as of December 31, 2022. As a result, for the purposes of our audit this was considered as a key matter.	
Fair value of financial instruments at fair value not listed in an active market – level 3 of the fair value hierarchy *Measurement and disclosures related to the fair value of financial instruments not listed in an active market, classified as level 3 of the fair value hierarchy and presented in notes 2.2 and 38.1 attached to the consolidated financial statements.* Due to its relevance on the Bank's consolidated financial statements context and its degree of judgement, the assessment of the fair value of financial instruments not listed in an active market was considered a key matter in our audit. As of December 31, 2022, the financial assets and liabilities measured based on techniques that use variables which are not observable on the market (level 3 of the fair value hierarchy) amounts to Euros 619.839 thousand and Euros 52.726 thousand, respectively. For these financial instruments classified at level 3 of the fair value hierarchy, when observable market data is not available, the Bank determines fair value using estimates, namely through the use of valuation models based on discounted cash flows techniques, which usually involve a high degree of judgment by the management in defining the assumptions and data to be used. As of December 31,2022, the financial instruments thus classified as are composed by (i) debt securities; (ii) trading or hedging derivatives, (iii) equity instruments. From the mentioned assets, Banco de Fomento Angola, S.A. stands out, being classified as a "financial assets at fair value through other comprehensive	Our audit procedures included the identification and comprehension of key controls implemented by the Bank underlying the fair value assessment methodologies and the selection and determination of the main assumptions and inputs used in the fair value assessment for financial instruments not quoted in an active market and classified as level 3 of the fair value hierarchy. For a sample of financial instruments whose measurement was substantially based on non-observable data (level 3 of the fair value hierarchy), our procedures included (i) the understanding of methodologies, main assumptions and inputs used by the Bank; (ii) a reasonableness evaluation whether the models developed by the Bank, assumptions and inputs used are reasonable in the circumstances, by comparing the observed data with market information collected from external and independent sources, when available, and (iii) the analytical review of the fair value of those financial instruments, comparing it with the previous period and with the latest financial information and the respective audit reports, whenever available. Our audit procedures also included the review of the disclosures regarding financial instruments not listed in an active market and classified as level 3 of the fair value hierarchy,presented on the notes attached to the consolidated financial statements,

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income – equity instruments” and its fair value, determined with the dividend discount methodology, amounted for Euros 410.800 thousand, as of December 31, 2022. In this context, any change in the assumptions and measurement techniques used by the management may have material impacts on the assessment of financial instruments’ fair value recognized on the consolidated Bank’s financial statements.	taking into account the applicable accounting standards.
Employees post-employment benefits *Measurement and disclosures related to employees’ post-employment benefits presented in notes 2.11, 17, 22, and 31 attached to the Bank's consolidated financial statements* As of December 31, 2022, the liabilities resulting from past services of the Group in relation to its directors, employees and pensioners amounted to Euros 1.561.837 thousand, mainly covering retirement and survivors' pensions, disability, health care and death benefit, in particular those foreseen in the Collective Bargaining Agreement (“Acordo Coletivo de Trabalho”) for the banking sector. These liabilities are mostly financed by the Pension Fund, whose asset value at the end of the 2022 financial year amounts to Euros 1,760,709 thousand. These liabilities are estimated based on actuarial valuations performed by an actuary certified by the Insurance and Pension Funds Supervisory Authority ("ASF"). These valuations incorporate a set of financial and actuarial assumptions, such as the discount rate, inflation rate, mortality and disability tables, pension and wages growth rates, among others, defined by management and adjusted to the characteristics of the benefits and to the population of administrators, employees and bank pensioners, and to the current and future behaviour of these variables. In the specific case of the discount rate used in the actuarial studies, it is determined based on the market rates for high-quality entities in terms of credit risk, denominated in the currency in which the benefits will be paid (euros) and with a similar maturity to the duration of the payment of	The audit procedures developed included the identification and understanding of the key controls instituted by the Bank to ensure that the information collected and provided to the independent actuary is correct and complete to calculate the plan's liabilities and funding needs, as well as the adequacy of the plans’ assets fair value estimation process. The audit work included the analysis of the actuarial study prepared by the independent actuary with reference to December 31, 2022 and holding meetings with the management and the independent actuary in order to identify the methodologies and options considered in the definition of the main financial and actuarial assumptions adopted. Given the relevance of the judgments required from management, we proceeded to evaluate the reasonableness of the main assumptions, comparing them with the data that we obtained independently, when available. Moreover a compliance review was performed on: (i) the beneficiaries historical information used for the purpose of calculating responsibilities; (ii) the accounting recognition of plan cuts or liquidations, of costs related to past services and of other changes in assumptions and estimates that occurred during the year; (iii) the fair value of the funds’ assets, calculating it independently for a sample of assets; and (iv) variation over the year coming from the registered pension fund surplus

Key Audit Matter	***Summary of the Audit Approach***
the plan's benefits. In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on net liabilities related to pensions and other benefits as well as on the assets held to meet these liabilities. This subject was considered a key matter for the purposes of our audit.	and analysis of the conclusions obtained by the Bank for the recognition of this value. The audit procedures also included the review of the disclosures on the pensions and other benefits of directors, employees and pensioners in the notes to the consolidated financial statements of the Bank, taking into account applicable and current accounting standards.
Contingent Liabilities *Measurement and disclosures related to contingent liabilities presented in notes 2.18 and 20.3 attached to the Bank's consolidated financial statements* From the contingent liabilities disclosed in note 20.3 attached to the Bank's consolidated financial statements as of December 31, 2022, we would like to highlight the following ones: *Resolution Fund* The resolution measures applied in 2014 to Banco Espírito Santo, S.A. – process that originated the creation of Novo Banco S.A. ("Novo Banco") - and in 2015 to Banif – Banco Internacional do Funchal, S.A. ("Banif) created uncertainty regarding the eventual lack of the Resolution Fund's resources to ensure the fulfilment of its responsibilities, particularly the short-term redemption of the loans contracted to meet this purpose. Those uncertainties have highlighted a greater significance underlying the assumed responsibilities and contingent liabilities, namely: (i) of the effects of the application of the principle that any creditor of the financial institution under resolution can assume a loss higher than the one it would assume if such institution went into liquidation; (ii) of the legal proceedings initiated against the Resolution Fund; (iii) of the negative impacts of responsibilities or additional contingencies to Novo Banco and Banif, resulting from the resolution process, that must be neutralised by the Resolution Fund and (iv) of the contingent capitalisation mechanism related to the Novo Banco's sale process to Lone Star, under the terms in which the Resolution Fund, as a Novo Banco's shareholder, may be called to	The audit procedures developed for this matter included the identification and understanding of the processes and key controls implemented by the Bank, regarding the identification and monitorization of the contingent liabilities. Given the relevance and complexity of the judgements required to management, we performed in our audit, among others, the following procedures regarding the Resolution Fund: (i) analysis of the evolution of Bank's exposures to Resolution Fund; (ii) understanding of the perception Bank's responsible bodies regarding the Resolution Fund's financial and economic situation and the predictability of the expected cashflows of its regular revenue; (iii) analysis of the last available Resolution Fund financial information; and (iv) appreciation of any relevant public communications on the responsibilities and contingent liabilities assumed by the Resolution Fund and/or the Portuguese State. About the proceedings initiated by the Competition Authority, our work included (i) analyzing the Bank's assessment of the nature and status of the said proceedings, which justifies the non-recording of provisions, and (ii) assessing the information obtained from the Bank external lawyers of who accompany the process. We also analyzed the available information regarding the developments on these matters that occurred as from December 31, 2022. Our audit procedures also included the review of

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perform capital injections, if certain conditions regarding to the performance of a group of Novo Banco's assets and the evolution of its capitalisation levels are verified. _Competition Authority_ In 2012, the Competition Authority initiated an administrative infraction proceeding against a group of banks, including Banco BPI, due to alleged competition restrictive practices. On September 9 2019, the Competition Authority notified the banks of its decision, in which it is decided for their conviction, resulting in a penalty attributed to Banco BPI of Euros 30 million. The Bank considers that it did not commit this infringement, having appealed against the aforementioned decision to the Competition, Regulation and Supervision Court (CRSC) on October 23, 2019. In May 2020, by decision of the aforementioned Court, Banco BPI provided a guarantee of part of the penalty attributed, which is provisional in nature, providing that it is pending a decision on the judicial impugnation presented by the Bank. On April 28, 2022, the CRSC issued a decision in which it examined the facts that were proven but did not rule on any sanctions, suspending the process and proceeding with a preliminary ruling to the Court of Justice of the European Union ("CJEU"), to which raised the question of knowing whether the facts given as proven gather the necessary characteristics to be able to constitute the infraction of the rules of competition called "by object" imputed to the banks. As of this date, the decision of the CJEU is still unknown. The consolidated financial statements as of December 31, 2022, reflect the expectation of management that special contributions or any type of extraordinary contributions to finance the resolution matters applied to BES and Banif or any other liability or contingent liability assumed by the Resolution Fund will not be demanded to Banco BPI, as a participating entity of the Resolution Fund. Additionally, the Board of Directors believes that the probabilities of the process ending without the Bank having to pay a penalty are higher than the alternative scenario. The contingent liabilities may evolve differently from the originally expected, given that they are	the disclosures regarding contingent liabilities, presented on the Bank's attached notes to the consolidated financial statements, taking into account the applicable accounting standards.

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subject to a continuous revision in order to assess if the possibility of a cash outflow became probable. In these circumstances, the assessment of these contingent liabilities implies that the Bank's management uses estimates and complex judgements regarding the probability of materialisation and measurement of the responsibilities that may arise from the litigations and contingencies in which the Bank is involved and, therefore, this matter was considered relevant to our audit.	

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the consolidated financial position, the consolidated financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material

if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may be perceived as threats to our independence and, where applicable, actions taken to eliminate threats or the safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law and verifying that the non-financial statement was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 29.º-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and l) of the No.1 of that article.

Non-financial information

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Bank included in its Director's report the non-financial statement set forth in article No. 508-G of the Portuguese Company Law.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Banco BPI, S.A. in the Shareholders' General Meeting of April 26, 2017 for the period from 2018 to 2020. Our latest appointment occurred at the General Meeting of April 15, 2021 for the period from 2021 to 2024.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. In the planning and execution of our audit in accordance with ISAs, we have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board on this same date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 and that we remain independent of the Group in conducting our audit.

March 8, 2023

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

Cláudia Sofia Parente Gonçalves da Palma, ROC (no. 1853)
Registered in CMVM with the no. 20180003

Statutory Audit Report and Auditors' Report

(Free translation from a report originally issued in Portuguese language. In case of doubt, the Portuguese version will always prevail)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Banco BPI S.A. ("Banco BPI" or "Bank"), which comprise the balance sheet as at December 31, 2022(which shows total assets of Euros 38.720.717 thousand and total shareholders' equity of Euros 3.694.268 thousand including a net profit of Euros 334.084 thousand), the statement of income, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of Banco BPI, S.A. as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of Banco BPI and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Impairment losses on financial assets at amortized cost – Loans and Advances to Customers	
Measurement and disclosures related to impairment losses on loans and advances to customers presented in notes 2.7, 12.2 and 33 attached to the financial statements of the Bank	
The constitution of this key matter for the purposes of our audit is justified by the significant expression of financial assets at amortized cost and impairment losses. This process requires a set of complex assumptions and judgments, in particular the adaptation to complex macroeconomic scenarios, from the Bank's management in relation to the identification of clients with a significant increase in credit risk or in default, as well as the determination of impairment losses amount. As at December 31, 2022, the gross balance amount of loans and advances to customers amounted to Euros 25.986.083 thousand and the corresponding impairment losses recognized at that date amounted to Euros 519.264 thousand. Impairment losses on loans and advances to customers are determined by management on an individual basis, through a case-by-case analysis of a significant component of the loans portfolio, and for the remaining portfolio those losses are determined through a collective analysis. For the most significant exposures, evaluated in terms of the total amount of responsibilities to the Bank and the possible existence of signs of default, the Bank performs an individual staging analysis, in order to corroborate the indicative allocation of automatic stage (stages 1, 2 and 3), and an individual impairment measurement analysis. The individual impairment analysis is only performed for exposures classified as stage 3, in which the amount of impairment is determined through a detailed analysis of the economic and financial position of each customer, having as reference (i) the estimated cash flows that may be generated in the future for the fulfilment of their responsibilities; and/or (ii) the evaluation attributed to the collateral received in the scope of the loan granted,	The audit procedures developed included the identification, understanding and evaluation of policies and procedures established by the Bank for the impairment losses on the loans and advances to customers portfolio determination process as well as the key controls related to the approval, recording and monitoring of credit risk, and to the timely identification, measurement and recording of impairment losses. On a sample basis, we have analysed a group of clients within the Bank's individual analysis perimeter, based on the criteria defined in internal normative, with the objective of: (i) reviewing the conclusions and results obtained by the Bank in the individual staging analysis and in the impairment measurement; (ii) obtain our own judgment over the existence of situations of significant increase in credit risk and default; and (iii) assess how the impairment losses were timely identified, measured and recognized by management. In this process, it was also confirmed that the perimeter of individual analysis included all the exposures that met the criteria defined by the Bank in its internal normative. For a sample of exposures representative of the credit population subject to individual analysis classified in stage 3 by the Bank as of December 31, 2022, the procedures we have developed consisted of: (i) reviewing the available documentation on credit processes; (ii) verify the adequacy of the clients' cash flows used to determine impairment with those reflected in the client contractual support; (iii) analysing the contractual support and the most relevant collaterals and confirming the registration of them in favour of the Bank; (iv) analysing the most recent appraisals of collaterals when available; (v) to examine the criteria for determining the significant increase in credit risk (stage 2) and classification under impairment (stage 3) on an individual basis; (vi) review the incorporation of forward looking

Key Audit Matter	Summary of the Audit Approach
whenever the recovery is anticipated through the lieu, foreclosure and/or sale of the collateral, less the costs inherent to its recovery and sale. For exposures not covered by the individual analysis, the Bank developed collective analysis models to determine expected impairment losses, in light of the requirements of IFRS 9, which include namely the classification of exposures in different stages according to the evolution of their credit risk since the date of its recognition, and not according to the credit risk at the reporting date (stages 1, 2 or 3). These internal models are based on the internal historical information of defaults and recoveries. In order to be representative of the current economic context and simultaneously to incorporate a perspective of future economic evolution, these models use available forward looking prospective information such as (i) the expected GDP growth rate; (ii) the expected unemployment rate; (iii) the evolution of Euribor and the treasury bonds spread; and / or (iv) the prospects for the real estate market. Considering these macroeconomic data, potential scenarios are developed that allow estimating the expected loss for each segment of the Bank loan portfolio based on a probability of occurrence. The specificity and uncertainty of the current macroeconomic and geopolitical situation led to an increase in the complexity of determining impairment losses. In these circumstances, the internal models developed by the Bank were adapted in order to incorporate new criteria and other assumptions, in particular the updating of prospective information, through models adjustment (post model adjustments), in order to reflect the potential economic effects of the current adverse macroeconomic context, deeply marked by the impacts and restrictions still arising from the COVID-19 pandemic and exacerbated by the war in Europe, as well as the expected impact of this information on the bank risk parameters related to the collective analysis models. In this context, changes in the assumptions or methodologies used by the Bank in the analysis and in the quantification of impairment losses of loans and advances to customers, as well as	information; (vii) analysing the discounted cash flows underlying the impairment determination; (viii) assessing the evolution of exposures; and (ix) understanding the views of the Bank's responsible regarding the economic and financial situation of the clients, as to the predictability of expected cash flows of the respective businesses, as well as the prospects of collectability of credits. Whenever we concluded for the need to review some assumption used by management, we recalculated the estimated amount of impairment and compared the results obtained with those calculated by the Bank, in order to assess the existence of possible material significant divergences. For the portfolio whose impairment is assessed through the collective model, we developed specific procedures with the objective of evaluating how the assumptions considered by management include all the risk variables, considering the available historical information regarding the performance and recoveries of the Bank's loan portfolio. We have performed namely the following: (i) review of the methodological documentation for the development and validation of the models; (ii) analysis of the documentation regarding the risk parameters backtesting exercise when available; (iii) review and testing of portfolio segmentation; (iv) analysis of the Bank's definition of default and the criteria applied in the classification of staging, on a sample basis; (v) review and testing of the main risk parameters, as well as the available forward looking information and its update through the estimated economic effects including the analysis of the methodologies defined by the Bank for the determination of post model adjustments arising from the current adverse macroeconomic context; (vi) critical analysis of the main assumptions and sources of information used in the future recoveries incorporated in the LGD (Loss Given Default), including the test of historical recoveries incorporated in this calculation, on a sampling basis; and (vii) recalculation of Expected Credit Loss (ECL) for the loan portfolio, with reference to December 31, 2022. Our audit procedures included the review of the disclosures regarding loans and advances to customers, as well as their respective impairment losses, presented on the Bank's accompanying

Key Audit Matter	*Summary of the Audit Approach*
different recovery strategies, may condition the estimation of recovery flows and timing of their receipt and may have a material impact on the impairment losses amount recognized in each moment.	notes to the financial statements, considering the applicable accounting standards.
Recoverability of deferred tax assets *<u>Measurement and disclosures related to deferred tax assets presented in notes 2.12 and 24.3 attached to the financial statements of the Bank</u>* In the Bank's balance sheet as of December 31, 2022, the deferred tax assets amounted to Euros 178.369. thousand, of which the recoverability of Euros 145.798 thousand depends on the ability to generate future taxable income namely: i. Euros 15.727 thousand related to the impairment losses for loans and guarantees; ii. Euros 24.964 thousand related to other taxed impairment losses and provisions; iii. Euros 102.157 thousand due to employee benefits and securities revaluation; iv. Euros 2.950 thousand related to reportable tax losses related to the individual activity of Banco BPI, originated in 2016 and 2020. According to ISA 12 – Income Taxes, the recognition of deferred tax assets assumes the existence of future taxable profits to allow its recoverability. Management performed the analysis of the recoverability of the deferred tax assets based on Bank's business plan for the period from 2023 to 2025. This estimate required the application by management of a set of judgments, namely: (i) estimation of future taxable income, depending on the Bank's future strategy and the markets in which it operates, considering the economic consequences of the current macroeconomic situation (ii) long-term growth rates; (iii) investments' rates of return; and (iv) discount rates, etc. Any changes in the assumptions used in the	The audit procedures developed included the identification and understanding of key controls established by the Bank. Those controls relate to (i) identification of deductible temporary differences in accordance with the applicable tax legislation; (ii) the analysis of the recoverability of deferred tax assets recognized in the financial statements and (iii) identification of the main assumptions considered by the management to estimate the generation of future taxable profits that allow the recovery of deferred tax assets recognized in the balance sheet. We performed an understanding and analysis of the main assumptions considered relevant to the elaboration of the projections, in order to assess the recoverability of the deferred tax assets recognized on the Bank's financial statements on December 31, 2022. The reasonableness of the projections used was also analyzed based on pre-tax results presented in previous years, the future taxable income in the Bank's projections for 2023-2025, prospects presented by the Board of Directors at those dates and other available information on this matter, namely the potential adverse effect of the current macroeconomic context. Our audit procedures have also included a review of disclosures related to the deferred tax assets in the accompanying notes to the Bank's financial statements, taking into account applicable and current accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
estimation of future results or in the interpretation of tax legislation may have relevant impacts on the recoverability of deferred tax assets recognized in the Bank's consolidated financial statements as of December 31, 2022. As a result, for the purposes of our audit this was considered as a key matter.	
Fair value of financial instruments at fair value not listed in an active market – level 3 of the fair value hierarchy *Measurement and disclosures related to the fair value of financial instruments not listed in an active market, classified as level 3 of the fair value hierarchy and presented in notes 2.2 and 38.1 attached to the financial statements.* Due to its relevance on the Bank's financial statements context and its degree of judgement, the assessment of the fair value of financial instruments not listed in an active market was considered a key matter in our audit. As of December 31, 2022, the financial assets and liabilities measured based on techniques that use variables which are not observable on the market (level 3 of the fair value hierarchy) amount to Euros 619.839 thousand and Euros 52.726 thousand, respectively. For these financial instruments classified at level 3 of the fair value hierarchy, when observable market data is not available, the Bank determines fair value using estimates, namely through the use of valuation models based on discounted cash flows techniques, which usually involve a high degree of judgment by the management in defining the assumptions and data to be used. As of December 31,2022, the financial instruments thus classified as are composed by (i) debt securities; (ii) trading or hedging derivatives, (iii) equity instruments. From the mentioned assets, Banco de Fomento Angola, S.A. stands out, being classified as a "financial assets at fair value through other comprehensive income – equity instruments" and its fair value, determined with the dividend discount methodology, amounted for Euros 410.800 thousand, as of December 31, 2022.	Our audit procedures included the identification and comprehension of key controls implemented by the Bank underlying the fair value assessment methodologies, and the selection and determination of the main assumptions and inputs used in the fair value assessment for financial instruments not quoted in an active market and classified as level 3 of the fair value hierarchy. For a sample of financial instruments whose measurement was substantially based on non-observable data (level3 of the fair value hierarchy), our procedures included (i) the understanding of methodologies, main assumptions and inputs used by the Bank; (ii) a reasonableness evaluation whether the models developed by the Bank, assumptions and inputs used are reasonable in the circumstances, by comparing the observed data with market information collected from external and independent sources, when available, and (iii) the analytical review of the fair value of those financial instruments, comparing it with the previous period and with the latest financial information and the respective audit reports, whenever available. Our audit procedures also included the review of the disclosures regarding financial instruments not listed in an active market and classified as level 3 of the fair value hierarchy, presented on the notes attached to the financial statements, taking into account the applicable accounting standards.

Key Audit Matter	Summary of the Audit Approach
In this context, any change in the assumptions and measurement techniques used by the management may have material impacts on the assessment of financial instruments' fair value recognized on the Bank's financial statements.	
Employees post-employment benefits <u>*Measurement and disclosures related to employees' post-employment benefits presented in notes 2.11, 17, 22, and 31 attached to the Bank's financial statements*</u> As of December 31, 2022, the liabilities resulting from past services of the Bank in relation to its directors, employees and pensioners amounted to Euros 1.561.837 thousand, mainly covering retirement and survivors' pensions, disability, health care and death benefit, in particular those foreseen in the Collective Bargaining Agreement ("Acordo Coletivo de Trabalho") for the banking sector. These liabilities are mostly financed by the Pension Fund, whose asset value at the end of the 2022 financial year amounts to Euros 1,760,709 thousand. These liabilities are estimated based on actuarial valuations performed by an actuary certified by the Insurance and Pension Funds Supervisory Authority ("ASF"). These valuations incorporate a set of financial and actuarial assumptions, such as the discount rate, inflation rate, mortality and disability tables, pension and wages growth rates, among others, defined by management and adjusted to the characteristics of the benefits and to the population of administrators, employees and bank pensioners, and to the current and future behaviour of these variables. In the specific case of the discount rate used in the actuarial studies, it is determined based on the market rates for high-quality entities in terms of credit risk, denominated in the currency in which the benefits will be paid (euros) and with a similar maturity to the duration of the payment of the plan's benefits. In this context, future changes in the assumed financial and actuarial assumptions may give rise to material impacts on net liabilities related to	The audit procedures developed included the identification and understanding of the key controls instituted by the Bank to ensure that the information collected and provided to the independent actuary is correct and complete to calculate the plan's liabilities and funding needs, as well as the adequacy of the plans' assets fair value estimation process. The audit work included the analysis of the actuarial study prepared by the independent actuary with reference to December 31, 2022 and holding meetings with the management and the independent actuary in order to identify the methodologies and options considered in the definition of the main financial and actuarial assumptions adopted. Given the relevance of the judgments required from management, we proceeded to evaluate the reasonableness of the main assumptions, comparing them with the data that we obtained independently, when available. Moreover a compliance review was performed on: (i) the beneficiaries historical information used for the purpose of calculating responsibilities; (ii) the accounting recognition of plan cuts or liquidations, of costs related to past services and of other changes in assumptions and estimates that occurred during the year; (iii) the fair value of the funds' assets, calculating it independently for a sample of assets; and (iv) variation over the year coming from the registered pension fund surplus and analysis of the conclusions obtained by the Bank for the recognition of this value. The audit procedures also included the review of the disclosures on the pensions and other benefits

Key Audit Matter	Summary of the Audit Approach
pensions and other benefits as well as on the assets held to meet these liabilities. This subject was considered a key matter for the purposes of our audit.	of directors, employees and pensioners in the notes to the financial statements of the Bank, taking into account applicable and current accounting standards.
Contingent Liabilities *Measurement and disclosures related to contingent liabilities presented in notes 2.18 and 20.3 attached to the Bank's financial statements* From the contingent liabilities disclosed in note 20.3 attached to the Bank's financial statements as of December 31, 2022, we would like to highlight the following ones: *Resolution Fund* The resolution measures applied in 2014 to Banco Espírito Santo, S.A. – process that originated the creation of Novo Banco S.A. ("Novo Banco") - and in 2015 to Banif – Banco Internacional do Funchal, S.A. ("Banif) created uncertainty regarding the eventual lack of the Resolution Fund's resources to ensure the fulfilment of its responsibilities, particularly the short-term redemption of the loans contracted to meet this purpose. Those uncertainties have highlighted a greater significance underlying the assumed responsibilities and contingent liabilities, namely: (i) of the effects of the application of the principle that any creditor of the financial institution under resolution can assume a loss higher than the one it would assume if such institution went into liquidation; (ii) of the legal proceedings initiated against the Resolution Fund; (iii) of the negative impacts of responsibilities or additional contingencies to Novo Banco and Banif, resulting from the resolution process, that must be neutralised by the Resolution Fund and (iv) of the contingent capitalisation mechanism related to the Novo Banco's sale process to Lone Star, under the terms in which the Resolution Fund, as a Novo Banco's shareholder, may be called to perform capital injections, if certain conditions regarding to the performance of a group of Novo Banco's assets and the evolution of its capitalisation levels are verified. *Competition Authority*	The audit procedures developed for this matter included the identification and understanding of the processes and key controls implemented by the Bank, regarding the identification and monitorization of the contingent liabilities. Given the relevance and complexity of the judgements required to management, we performed in our audit, among others, the following procedures regarding the Resolution Fund: (i) analysis of the evolution of Bank's exposures to Resolution Fund; (ii) understanding of the perception Bank's responsible bodies regarding the Resolution Fund's financial and economic situation and the predictability of the expected cashflows of its regular revenue; (iii) analysis of the last available Resolution Fund financial information; and (iv) appreciation of any relevant public communications on the responsibilities and contingent liabilities assumed by the Resolution Fund and/or the Portuguese State. About the proceedings initiated by the Competition Authority, our work included (i) analyzing the Bank's assessment of the nature and status of the said proceedings, which justifies the non-recording of provisions, and (ii) assessing the information obtained from the Bank external lawyers of who accompany the process. We also analyzed the available information regarding the developments on these matters that occurred as from December 31, 2022. Our audit procedures also included the review of the disclosures regarding contingent liabilities, presented on the Bank's attached notes to the financial statements, taking into account the applicable accounting standards.

Key Audit Matter	*Summary of the Audit Approach*
In 2012, the Competition Authority initiated an administrative infraction proceeding against a group of banks, including Banco BPI, due to alleged competition restrictive practices. On September 9 2019, the Competition Authority notified the banks of its decision, in which it is decided for their conviction, resulting in a penalty attributed to Banco BPI of Euros 30 million. The Bank considers that it did not commit this infringement, having appealed against the aforementioned decision to the Competition, Regulation and Supervision Court ("CRSC") on October 23, 2019. In May 2020, by decision of the aforementioned Court, Banco BPI provided a guarantee of part of the penalty attributed, which is provisional in nature, providing that it is pending a decision on the judicial impugnation presented by the Bank. On April 28, 2022, the CRSC issued a decision in which it examined the facts that were proven but did not rule on any sanctions, suspending the process and proceeding with a preliminary ruling to the Court of Justice of the European Union ("CJEU"), to which raised the question of knowing whether the facts given as proven gather the necessary characteristics to be able to constitute the infraction of the rules of competition called "by object" imputed to the banks. As of this date, the decision of the CJEU is still unknown. The financial statements as of December 31, 2022 reflect the expectation of management that special contributions or any type of extraordinary contributions to finance the resolution matters applied to BES and Banif or any other liability or contingent liability assumed by the Resolution Fund will not be demanded to Banco BPI, as a participating entity of the Resolution Fund. Additionally, the Board of Directors believes that the probabilities of the process ending without the Bank having to pay a penalty are higher than the alternative scenario. The contingent liabilities may evolve differently from the originally expected, given that they are subject to a continuous revision in order to assess if the possibility of a cash outflow became probable. In these circumstances, the assessment of these contingent liabilities implies that the Bank's management uses estimates and complex judgements regarding the probability of	

Key Audit Matter	Summary of the Audit Approach
materialisation and measurement of the responsibilities that may arise from the litigations and contingencies in which the Bank is involved and, therefore, this matter was considered relevant to our audit.	

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Bank in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Bank's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Bank's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Bank's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate to them all relationships and other matters that may be perceived as threats to our independence and, where applicable, actions taken to eliminate threats or the safeguards applied.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law and verifying that the non-financial statement was presented.

Report on other legal and regulatory requirements

Director's report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Director's report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Bank, no material misstatements were identified. As set forth in paragraph 7 of article No. 451 of the Portuguese Company Law, this opinion is not applicable to the non-financial statement included in the Director's report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 29.º-H of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and l) of the No.1 of that article.

Non-financial information

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the Bank included in its Director's report the non-financial statement set forth in article No. 66-B of the Portuguese Company Law.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of Banco BPI, S.A. in the Shareholders' General Meeting of April 26, 2017 for the period from 2018 to 2020. Our latest appointment occurred at the General Meeting of April 15, 2021 for the period from 2021 to 2024.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. In the planning and execution of our audit in accordance with ISAs, we have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Bank's supervisory board on this same date.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 1 of article No. 5 of the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 and that we remain independent of the Bank in conducting our audit.

March 8, 2023

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

Cláudia Sofia Parente Gonçalves da Palma, ROC (no. 1853)
Registered in CMVM with the no. 20180003

REPORT AND OPINION OF THE AUDIT COMMITTEE

- 2022 –

(This report is a free translation to English from the original Portuguese version.
In case of any inconsistency the Portuguese version shall prevail.)

For compliance with the provisions of Article 423-F 1-g) of the Commercial Companies Code (CCC), the Audit Committee (AuC) of Banco BPI, S.A. (Banco BPI or Bank), as the supervisory body, hereby issues:

- the Report on its supervision activity conducted during 2022; and
- the Opinion on the Report, Accounts and Proposals presented by the Board of Directors (BD) of Banco BPI relative to the 2022 financial year.

I. Report on the supervision activity conducted during 2022

1. Introduction

2022 signalled the end of the COVID-19 health crisis restrictions and the resumption of Banco BPI's governing bodies' in-person activities, albeit now leveraging the functionalities developed during the pandemic, namely telematic means, in what is currently known as the "new normal".

In this context, the Audit Committee held a total of 12 meetings in 2022, of which 11 were ordinary and 1 extraordinary, the latter held jointly with the Risk Committee, for detailed consideration of matters of common interest. These meetings were all held in person, although there was the possibility of resorting to videoconferencing, on a case-by-case basis.

In addition to its members, the heads of the Control Functions (Risk Management Division - RMD), Compliance Division (CD) and Internal Audit Division (IAD)) also participated in all the meetings of the Audit Committee as permanent guests, although without the right to vote.

In addition, the following were regularly invited to the meetings of the Audit Committee:

- The Chairman of the Board of Directors;
- The Chief Executive Officer (CEO);
- Depending on the topics under discussion, members of the Executive Committee of the Board of Directors (ECBD), namely the Chief Financial Officer and the Chief Risk Officer;
- The partners of PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. (PwC) responsible for the audit team allocated to Banco BPI, as well as some members of this team;

- The heads of several divisions of Banco BPI, namely: Accounting and Budget Management Division (ABMD), Financial Division (FD), People and Organisation Division (POD) and Legal Division (LD).

In accordance with Banco BPI's governance model, the members of the Audit Committee are part of the Board of Directors, though without executive functions, and therefore attend all the meetings of the Board of Directors, including those in which Banco BPI's periodic financial statements are especially considered and submitted for resolution.

On another level, we note that the Chairman of the Audit Committee participated, in November 2022, in the annual supervisory meeting with the Joint Supervisory Team (JST) of the European Central Bank (ECB) and the Bank of Portugal (BoP). At this meeting, the Chairman of the Audit Committee provided explanations to the Supervisors on the operation and activity of this body, namely about its monitoring of the internal control functions across their various activities and compliance with the recommendations of the Supervisors and the external auditor, and also with the other internal control recommendations issued by the Bank's control functions. The Chairman of the Audit Committee also shared with the JST the forward-looking expectations of the Committee regarding emerging risks, and challenges and opportunities for BPI Banco in 2023 in the context of a new macroeconomic framework marked by the rising of inflation and interest rates.

2. Powers and responsibilities of the Audit Committee

The Audit Committee is Banco BPI's supervisory body, exercising the powers and responsibilities conferred on it by the Bank's Articles of Association, its Terms of Reference and the applicable law, namely Article 423-F of the Commercial Companies Code (CSC).

In particular, pursuant to its Terms of Reference, the Audit Committee is responsible for:

- supervising the Company's management;
- watching over compliance with legal and regulatory provisions, the Company's articles of association and the rules issued by the supervision authorities, as well as with the general policies, standards and practices instituted internally;
- defining the terms under which it coordinates with the Risk Committee, among others, the works to be developed and the latter's reporting to assist the Audit Committee in the performance of its duties;
- monitoring the status and evolution of all the risks to which the Bank is subject, for which it counts on the assistance of the Risk Committee, as also the works, analysis and recommendations submitted to it by the latter in this respect;

- overseeing the adequacy of accounting policies, criteria and practices adopted, supervising compliance therewith, and verifying that the supporting documents are in order;
- monitoring the statutory audit;
- issuing an opinion on the report and proposals presented by management;
- supervising the process of preparation and disclosure of financial information;
- monitoring the effectiveness of the internal control, internal audit, and risk management systems;
- assessing and overseeing the independence of the Statutory Auditor, namely whenever the latter provides additional services to the Company;
- receiving notice of irregularities occurred within the company, reported by shareholders, employees or others;
- performing all other duties assigned to it by law.

Therefore, of the various activities developed by the supervisory body during the 2022 financial year, the following deserve special mention:

a) Supervising the Company's management

During 2022, the Audit Committee monitored the activity developed by the Bank's executive management, namely reviewing, in its meetings, the minutes of the ECBD meetings, raising questions and requesting clarifications that, at each moment, appeared relevant to the exercise of its duties.

This supervisory work was also performed through the participation of the Audit Committee’s members in the meetings of the Board of Directors, of which they are non-executive members.

On the other hand, several members of the ECBD, namely its Chairman and the directors in charge of the Risk and Financial portfolios, regularly took part in the Audit Committee meetings throughout the year.

In this framework, the Audit Committee discussed and monitored certain specific matters presented by these directors, including not only the strategic transformation projects underway at Banco BPI, but also risk governance projects, benefiting in these meetings from the presence of the CEO and CRO, as referred.

The permanent articulation established by the Audit Committee with the other Committees of Banco BPI's Board of Directors, in particular the Risk Committee (RC) and the Nominations, Evaluation and Remuneration Committee (NERC), with which the AuC shares some of its Members, is also worth noting. This collaboration promoted greater interaction among the committees' members, deepened their knowledge of the matters under analysis, and facilitated a better preparation for the Audit Committee's meetings.

This collaboration was further demonstrated through the maintenance of a joint meeting between the Audit Committee and the Risk Committee, for an in-depth analysis of matters of mutual interest and responsibility, such as the Bank's ILAAP and ICAAP exercises.

It should also be noted that, throughout 2022, the Audit Committee requested and obtained all the information and clarifications it deemed relevant and necessary for the exercise of its duties, both statutory and legal, without any hindrances that could impede the effective discharge of its functions.

b) Watching over compliance with legal and regulatory provisions, the Company's articles of association and the rules issued by the supervision authorities, as well as with the general policies, standards and practices instituted internally

As part of this function, in 2022, the AuC monitored various areas of the Bank to ensure compliance with legal and regulatory provisions, articles of association, standards issued by the supervision authorities, as well as general policies and practices instituted internally. This was achieved through the submission and review of new proposals or revisions/updates for the Bank's internal policies, either in response to legal and regulatory changes or for alignment with the CaixaBank Group In this context, the following Policies deserve a note:

(i) Risk

- External Fraud Policy;
- Code of Conduct on the Use of Information Systems
- Technology Risk Management Policy
- Information Security Policy
- Information Governance General Policy
- Business Profitability Risk Management Policy
- Actuarial Financial Risks Policy
- Sustainability Risk Management Policy
- Outsourcing and Associated Risks Management Policy
- Financial and Actuarial Risks Management Policy
- Banco BPI Pension Fund Risk Management Policy
- ESG Risk Policy's Principles of Operation

(ii) Compliance

- Reputational Risk Policy
- Communication Policy
- Internal Code of Conduct on Securities Markets
- Code of Business Conduct and Ethics
- Code of Conduct for Suppliers
- AML&TF and Management of Sanctions and Restraining Measures Policy
- Criminal Compliance Policy
- Legal and Regulatory Risk Policy
- Anti-corruption Policy
- Whistleblowing Policy
- Conflicts of Interest Policy Regarding the Securities Market
- Policy on Competition Law

(iii) Remuneration

- BPI Long-term Dividend Policy
- General Remuneration Policy
- Identified Staff Remuneration Policy
- Corporate Bodies Remuneration Policy

(iv) Corporate Governance

- Selection and Assessment Policy for the BD, AuC and Key Function Holders
- Succession Policy for the members of the BD, AuC and Key Function Holders

Also as part of this function, the AuC took note of most of the reports generated by the IAD as a result of internal audits on various internal processes and procedures, which evaluate compliance with regulations, assess and question their content, and propose mitigation measures when necessary. During the corresponding meetings, the AuC conducted a more comprehensive analysis of the audit reports generated within the ongoing projects, as well as those resulting in high-risk level recommendations.

Finally, to fulfil this duty, the AuC regularly and systematically monitored the Bank's activities by reviewing various reports submitted to it by different areas of the Bank, particularly the Legal Division (LD) and the People and Organisation Division (POD).

c) Defining the terms under which the Audit Committee coordinates with the Risk Committee, among others, the works to be developed and the latter's reporting to assist it in the performance of its duties. Monitoring the status and evolution of all the risks to which the Bank is subject, for which it counts on the assistance of the Risk Committee, as also the works, analysis and recommendations submitted to it by the latter

Throughout 2022, the AuC maintained consistent communication and collaboration with the other committees within the Bank's governance model, especially with the Risk Committee with which the AuC shares some of its Members. As previously referred, this has allowed both committees to delve more deeply into the matters under review.

At this level, the AuC primarily focused on monitoring and following up on the second line of defence (2LoD) risk management function activities, assessing and providing opinions (whenever applicable) on the various risks in the Bank's Risks Catalogue, as well as on several documents prepared by the Risk Management Division (RMD) taking into account their different perspectives.

In this context, the AuC monitored Banco BPI's risk profile periodic self-assessment exercises ("risk assessment"), reviewing their results and main conclusions.

Moreover, it also monitored the evolution of the main risks comprised in the Bank's risks catalogue, including the following:

i) Credit risk

ii) Solvency and Capital Risk

iii) Liquidity and Funding Risk

iv) Financial Reporting Reliability Risk

iv) Operational Risk

Also as part of its aforementioned duties, the AuC, in coordination with the Risk Committee, monitored and appraised the 2022 annual ICAAP and ILAAP exercises and respective results, and also acknowledged Banco BPI's 2022 Recovery Plan, which includes, among others, the different risk scenarios assumed by the Bank and the corresponding projections.

d) Supervising the statutory audit and issuing an opinion on the report, accounts and proposals presented by management. Overseeing the adequacy of accounting policies, criteria and practices adopted, supervising compliance therewith, and verifying that the supporting documents are in order

As part of these responsibilities, the AuC monitored the financial information produced by the Bank and periodically reported to it by the ABMD, namely the annual accounts and the interim and quarterly financial statements.

The AuC also reviewed the periodic reports prepared by the ABMD on the main judgements and estimates used by the Bank in the preparation of its financial statements.

These documents, which were thoroughly reviewed by the AuC, include not only a comparative analysis of the evolution of the various headings of the financial statements, but also estimates, projections, judgements, accounting policies and critical assumptions that may be complex, subject to uncertainty or that depend on decisions taken that have a significant impact on the magnitudes and financial information disclosed by Banco BPI.

At the same time, during 2022, the AuC analysed the information periodically provided by PwC, as the Bank's Statutory Auditor, which allowed it to monitor the evolution of the services provided by PwC and to better understand situations that, in its opinion, should deserve greater attention from the Bank in the framework of the statutory audit.

In this context, and by way of example, the Audit Committee:

- took note of the conclusions of the full audit on the Group Reporting Forms - consolidated accounts as at 31/12/2021;
- monitored the closing process of Banco BPI's 2022 accounts - individual and consolidated -, having in this regard taken cognisance of the "Additional Report to the Supervisory Body" issued by PwC;
- took note of the limited review of the Group Reporting Forms as at 31/03/2022 and 30/09/2022;
- took note of the limited review of the Financial Statements as at 30/06/2022;
- received the "Additional Report to the Audit Committee" prepared by PwC in its capacity as Banco BPI's Statutory Auditor, for compliance with the applicable legislation; and
- monitored the preparation works of the audit of the accounts for the 2022 financial year, through periodic presentations made by PwC, in which PwC highlighted the main themes and issues relevant for the audit.

In short, throughout 2022, the AuC closely monitored PwC's activities through regular progress reports and presentations made at Committee meetings. These updates allowed the AuC to stay informed about the mapping and scheduling of planned audit work, the progress made on ongoing tasks, and the preliminary and final conclusions reached by PwC.

In this context, and in compliance with the applicable internal regulations, specifically the Policy on the Relationship with Banco BPI's External Auditor, the Audit Committee received the ABMD's evaluation of the Statutory Auditor's performance during the 2022 fiscal year, assessing their contribution to both the quality of the audit and the integrity of the financial information disclosed by the Bank.

Based on this evaluation and regular interactions with the Statutory Auditor throughout the year, the Audit Committee would like to highlight PwC's accurate planning and adequate and efficient execution of the audit procedures, and also the clarity with which the main conclusions of the work were presented to this Committee, allowing the AuC to remain informed at all times about the main themes analysed by PwC in the context of the audit procedures and of any potential risks that might arise during the audit process.

In this context, the AuC was informed of several reports issued by PwC, including the following:

- Report on the process of quantification of the loan impairment portfolio with reference to 31/12/2021 and 30/06/2022;
- TLTRO Report, issued as part of the reporting to the ECB on Targeted Longer-term Refinancing Operations;
- Report viewing the certification of the information for the contribution to the Single Resolution Fund in 2022;
- Annual independent limited assurance report on compliance with legal and regulatory requirements applicable to public sector bonds;
- Annual independent limited assurance report on compliance with legal and regulatory requirements applicable to mortgage covered bonds;
- Annual independent limited assurance report on the safeguarding of assets;
- Audit report on the portfolio of loans granted by Banco BPI under the Financial Instrument for Urban Rehabilitation and Revitalisation (IFFRU 2021) in 2021.

In addition, the AuC issued an opinion on Banco BPI's 2021 annual report. It also issued opinions on the proposals submitted by Management with effects on the Bank's accounts, including the sale of BPI Suisse and the issuance of Tier 2 bonds.

Finally, the Audit Committee reviewed the reports prepared by the Bank's Legal Division (LD) on the calculation of Income Tax and Deferred Taxes, as well as on the review of the corporate income tax returns (Income tax form 22).

e) Supervising the process of preparation and disclosure of financial information

As regards the processes of preparation of prudential and financial reports, we note the updating of Banco BPI's Internal Control Framework, which formalises the procedures that the teams responsible for managing and controlling Information Reliability Risk must implement, a process that was monitored by the Audit Committee.

These procedures put into practice the duties and responsibilities set forth in Banco BPI's Internal Control Policy, which transposes for the Bank the requirements of the Guidelines on Internal Governance in this area.

Following the 3 lines of defence model, the teams accountable for the first line are responsible for implementing controls that are monitored and validated by the second line of defence (2LoD). The 2LoD prepares periodic validation reports based on their certification. In addition, the third line of defence (3LoD) is responsible for carrying out periodic audits of the main prudential reports, including FINREP and COREP.

In this context, the Information Governance Policy, as well as the Financial Information Reliability Policy, the latter revised in June 2022, also deserve a note. The first establishes the principles, functions and responsibilities related to information governance and establishes the 2 LoD for Data Integrity. The second lays down the principles, functions and responsibilities regarding financial information reliability, establishing the control and verification criteria that must be followed, and specifying the criteria necessary for a proper functioning of the Financial Information Internal Control System.

In addition, the Information Security Policy, which underwent a complete overhaul in May 2022, aims to define how information should be treated throughout its life cycle to guarantee its confidentiality, integrity, and availability.

The reliability risk in the information (individual and consolidated) shared by Banco BPI with its Clients, shareholder, and the market is mitigated through the following:

(i) an Information Reliability Risk Management Policy, approved by the Board of Directors, which establishes the perimeter of the information subject to the policy, the governance and control framework based on the 3 Lines of Defence model and the criteria for control and verification of the financial information to be disclosed; and

(ii) a formally established Financial Information Internal Control System (FIICS) to ensure the sufficiency and effectiveness of the established controls and allow for timely correction of any identified weaknesses;

The SCIIF is a set of processes carried out to provide reasonable assurance regarding the reliability of information. It encompasses various procedures such as identifying risks and controls, conducting self-assessment exercises for controls, and certifying the effectiveness of existing controls. During the 2022 financial year, the detailed results of the periodic certification of these controls were reported quarterly to the AuC.

It is worth noting that after the aforementioned certifications, no significant incidents were found that had (or could have had) a significant impact on Banco BPI's individual or consolidated financial statements during the relevant periods.

In light of the SCIIF certification results, it was possible to conclude at the end of each period that the process of preparing financial information was robust and functioned effectively.

f) Monitoring the effectiveness of the internal control, internal audit, regulatory compliance and risk management systems

The supervisory body paid particular attention to the guidelines issued by the Supervisor on internal control and risk control issues, having reviewed the corresponding procedures in place at Banco BPI. This assessment was based on the close monitoring of the work carried out by the three internal control functions - Risk Management Division (RMD), Compliance Division (CD) and Internal Audit Division (IAD).

Concerning issues relating to Banco BPI's Internal Control System, the Audit Committee ensured:

- the following up of the supervisory activities carried out by the European Central Bank (ECB) and the Bank of Portugal (BoP), including through the Joint Supervisory Team (JST), monitoring the degree of implementation of the recommendations ensuing therefrom;
- the analysis of the information made available by the RMD, particularly with regard to the follow-up, monitoring and control of risks, benefiting in this case from the fact that some members of the AuC are also members of the RC, which enables synergies and better knowledge and preparation of the various risk issues and respective control;
- the monitoring and analysis of the information provided by the CD, namely concerning the evolution of compliance gaps and respective remediation processes implemented throughout the year with a view to their resolution and closure;
- the review of the reports issued by the IAD following its audits to various areas and processes of the Bank, monitoring the status of the recommendations issued as a result of these actions and the respective degree of implementation.

The Audit Committee also closely monitored the evolution and activities of the three internal control functions (i.e., Risk Management, Compliance and Internal Audit), namely as regards their teams' resizing processes, implementation of new controls and gradual alignment of their operations with the corresponding corporate functions of CaixaBank, S.A. (CaixaBank).

This monitoring activity benefited from the regular attendance of the heads of the Internal Control Functions in all AuC meetings (as they are now permanent guests at the meetings of this Committee, although without voting rights), where they were frequently asked to respond to questions from members of the Audit Committee on matters under discussion.

In this respect, reference should also be made to PwC's assessment of Banco BPI's conduct and values, which specifically focused on the management and supervisory bodies, as well as their committees, thus fulfilling the duty set out in Article 3(2) and (3), of Notice no. 3/2020. The objective of this external evaluation was to portray the conduct and values instituted at Banco BPI, identifying their degree of alignment with the applicable legal and regulatory requirements.

It should also be noted that within the scope of its powers and responsibilities under Notice no. 3/2020, the Audit Committee, as the supervisory body of Banco BPI, oversaw the monitoring of the implementation of internal control recommendations and also those issued by the External Auditor and the Supervisors, based on a framework created by the Bank to identify and follow up on open recommendations. This information is regularly reported to the AuC, as well as to the Bank's other governing bodies.

The following AuC interventions are also worth noting:

a. **Regarding the IAD**: during 2022, the AuC monitored the activity of the IAD, participating in the following processes:
   - analysis and issuance of an opinion on the Audit Plan for 2022 and its revisions, as well as on this Division's Objectives for that year;
   - presentation and follow-up of the periodic monitoring reports on the activity developed, as well as of the recommendations issued, during the reporting period;
   - review of the IAD Training Plan for 2022;
   - issuance of an opinion on the Internal Audit Function Report issued in accordance with the provisions of BoP Notice no. 3/2020;
   - consideration of the IAD report, which proposes a review of the Control Functions' methodology for classifying internal control deficiencies based on the requirements outlined in Notice 3/2020 for assessing the criticality of internal control findings.

Review of the main conclusions of the audits carried out by the IAD to various internal services and processes of the 1LoD and 2LoD and also to the Governing Bodies, monitoring the process of implementation of the ensuing recommendations within the deadlines defined for the purpose. The AuC also took note of the conclusions of the audits carried out by the IAD in connection to the implementation of the IRB Project.

b. Regarding the RMD: during 2022, the Audit Committee monitored the evolution of the activity carried out by this Division.

Firstly, it issued an opinion on the GRD's Annual Plan of Activities for 2022, also keeping abreast of the GRD's activity monitoring reports, including benchmarking against the approved objectives.

It also issued an opinion on the Risk Management Function Report, issued in compliance with the provisions of BoP Notice no. 3/2020.

In addition, it monitored the activities of this function, assessing and whenever applicable issuing an opinion on the various risks of the Bank's Risk Catalogue, as well as on various documents prepared by the GRD on these risks. In particular, the AuC monitored the evolution of the loan portfolio risk, in line with BPI's proactive approach to the management of this risk amid the evolving scenario in 2022 of a fast and sharp rise in inflation and interest rates.

Accordingly, on a half-yearly basis, the GRD delivered to the Audit Committee detailed analyses of the evolution of the Bank's major credit exposures, and also other analyses of the loan portfolio, specifically on the exposure to Russia and Ukraine, in March and, at the end of the year, already in the context of rising rates, on the evolution of the Mortgage and Personal Loans portfolios' risk.

Also as part of its supervisory function, the Audit Committee also monitors issues related to the other risks in Banco BPI's Risks Catalogue.

Solvency and Capital Risk:

- ICAAP 2021
- ICAAP quarterly monitoring
- 2LoD Activity Report on Solvency
- Recovery Plan (which also includes liquidity and funding risk)

Liquidity and Funding Risk:

- ILAAP 2021
- 2LoD half-yearly Activity Report on liquidity and funding risk
- Review of the Structural Rates Risk Management Policy

Operational Risk:

- OR annual management report
- Annual OR and Security Report in the scope of PSD2

Other risks:

- 2LoD activity reports on technological risk, outsourcing risk, product control risk, market risk, model risk, Pension Fund actuarial risk
- 2LoD assessment reports on technological risk, outsourcing risk, product control risk, market risk, model risk, Pension Fund actuarial risk

During the reporting period, the Audit Committee kept a close watch on the implementation of Notice 3/2020, assessing the periodic implementation monitoring reports issued by the working group responsible for this process.

c. **With regard to the CD**: the Audit Committee monitored the evolution of the activity carried out by this Division during 2022, and kept abreast with the strategic planning of its future activity, namely by reviewing the Compliance Plan for the following year (2023) and the Strategic Compliance Plan for 2022/2024, which outlines the Division's strategic vision for this period.

It also monitored the implementation of new risk control systems under the aegis of this Division - conduct, legal and regulatory and reputational risks - and the gradual revision of the Bank's internal regulatory framework viewing corporate convergence with CaixaBank, and/or compliance with the legislation and regulations in force. As regards the latter, the AuC appraised and, when necessary, issued its prior opinion on internal policies and regulations, as detailed in b).

Finally, the AuC reviewed the following documents prepared by the Compliance Division, in its role as 2LoD:

- Annual Compliance Report on the activity developed during 2021
- Quarterly monitoring reports of the activity developed by the Division in the 1st, 2nd and 3rd quarters of 2022
- Report on the application of the Code of Conduct on Securities Markets in 1H2022
- Reports on the management and monitoring of irregularities and on the management and monitoring of complaints
- Compliance Function annual report on the Internal Control System of Banco BPI
- Reports and recommendations issued following inspections of Banco BPI by Supervisory or Regulatory entities

The Audit Committee, along with the risk management and compliance functions, has expressed its opinion on various transactions prior to their approval by the Board of Directors, in accordance with the "Related-Party Transactions Policy" that introduces a new governance model for approving transactions involving related parties in which the Bank participates.

g) Assessing and overseeing the independence of the Statutory Auditor, namely whenever the latter provides additional services to the Company

The Audit Committee approved the proposed fees for the annual renewal of PwC's services as Banco BPI's Statutory Auditor for 2022, in accordance with its powers and responsibilities under the law and regulations and the mandate approved for the years 2021-2024. This process took place in February 2022 and the fees include "Audit Services", "Non-audit services required by law to the Statutory Auditor", as well as "Non-audit services not required by law to the Statutory Auditor".

Pursuant to the applicable legal provisions, namely Article 423-F 1-o) of the CCC, the Audit Committee verified the conditions of independence of Banco BPI's Statutory Auditors to provide "Non-audit services not required by law of the Statutory Auditor" and approved the contracting of such services from the Statutory Auditor or members of its network, controlling the relative weight of the fees due in this context in order to ensure compliance with the established regulatory limits. In September the AuC approved a proposal submitted by the ABMD to adjust the method for calculating the ratio of Non-Audit Services. The purpose of this adjustment was to align the Bank's approach on this issue with that of its statutory auditor, in accordance with the CMVM's guidelines, which are more restrictive than the European standards.

The amount of fees for "Non-audit services not required by law of the Statutory Auditor" (and naturally not prohibited) approved in 2022 by the AuC represented:

- 29% of the total Statutory Auditor fees in 2022; and
- 38% of the average Statutory Auditor fees for Audit Services in the three previous years, which is below the maximum legal limit of 70%.

h) Receiving notice of irregularities occurred within the Company and reported by shareholders, employees or others

Throughout 2022, the supervisory body took note and followed up on the communications addressed to it through the Bank's designated channels, in accordance to the newly established management model for this process.

Banco BPI has established a specific, independent and self-governing procedure to receive, handle and file reports of irregularities, which is defined in its internal regulations, specifically in "Banco BPI's Whistleblowing Policy". This procedure is in strict compliance with the provisions of Article 35 (1) of Notice no. 3/2020.

Overall, the purpose of this Policy is to establish and regulate the principles and procedures that Banco BPI must adhere to when managing the entire process of reporting any irregularities for which there is compelling evidence of violations committed within the Bank's activity and which, due to their severity, may potentially cause financial imbalances. Such irregularities may concern the behaviour of its management and/or supervisory bodies, employees, or accounting organisation.

Pursuant to Article 116.AA (7) of the General Law on Credit Institutions and Financial Companies ("RGICSF"), detailed information on the communications received by this means and their processing is presented in a specific report, the minimum content of which complies with the provisions of Article 8 of Bank of Portugal Instruction no. 18/2020.

i) Fulfilling all other duties assigned to it by law

During 2022, the Audit Committee performed its duties and responsibilities under the law and the Company's Articles of Association.

The AuC faced no hindrances while performing its duties and was able to acquire all the essential information and clarifications it deemed necessary from the Bank's governing bodies and respective services, from which it received full cooperation.

II. Opinion on the Report, Accounts (individual and consolidated) and Proposals presented by the Board of Directors of Banco BPI relative to the 2022 financial year

Under the terms of the applicable legal provisions, namely Article 423-F 1-g) of the CCC, the Audit Committee:

- Oversaw the preparation throughout 2022 of the financial statements' supporting documents, namely meeting with the heads of the ABMD in order to obtain detailed information about the preparation and closing of the annual accounts, as well as to request relevant clarifications for the discharge of its functions;
- Regularly met with the heads of the Bank's Internal Control Functions (Risk Management Division, Compliance Division and Internal Audit Division), having, whenever appropriate, requested relevant information and clarifications as necessary for the proper performance of its duties, particularly with regard to compliance with applicable legislation and regulations;
- Regularly met with the Statutory Auditor, monitoring the progress of their work throughout the year, and whenever necessary, and requesting relevant clarifications as necessary for the performance of its duties, which enabled it to obtain an assessment of the annual accounts as at their closing date and a progress report on the audit works;
- Analysed the Statutory Auditors' Additional Report to the Audit Committee, drafted under the terms of Article 11 of Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April on specific requirements for the statutory audit of public interest entities;
- Examined the following documents prepared with reference to financial year 2022, which deserved its agreement:
  - The Management Report;
  - The proposed application of the results determined for financial year 2022, included in the Management Report;
  - The Bank's Financial Statements - which include the year-end Balance Sheet, the Income Statements, the Statements of Changes in Shareholders' Equity and the Cash Flow Statements – and the respective Notes;
  - Banco BPI's Corporate Governance Report; and
  - The Statutory Certification of Accounts and the Auditors Report, both concerning Banco BPI's individual financial statements, issued by PwC with no reservations or qualifications.

Upon examination of the referred documents, each of the members of the Audit Committee hereby declares that, to the best of their knowledge, the aforementioned financial information was prepared in conformity with the applicable accounting standards and gives a true and fair view of the assets and liabilities, the financial position and the results of the Bank, and that the Management Report faithfully describes the evolution of the businesses and performance and position of the Bank and contains a description of the main risks and uncertainties faced by the Bank.

Accordingly, the Audit Committee is of the opinion that, with respect to the 2022 financial year, **Banco BPI's Management Report**, the **Proposed Application of Results** contained therein, the **Financial Statements**, the respective **Statutory Certification of Accounts** and also the **Corporate Governance Report**, are in conformity with the applicable legal, statutory and accounting requirements.

As such, and in view of the above, the Audit Committee recommends approval by the Shareholder of:

a) The Management Report and remaining individual and consolidated accounting documents of Banco BPI relative to 31 December 2022;

b) The Proposed Application of Banco BPI's individual results for financial year 2022, in the amount of 334 084 254.07 euros, in the following terms:

Net Profit in financial year 2022	*334 084 254.07 euros*
To Legal Reserve	33 408 425.41 euros
To Dividends:	284 000 000.00 euros
To Other Reserves	16 675 828.66 euros

8 March 2023

The Audit Committee,

Manuel Sebastião

António Lobo Xavier

Elsa Roncon Santos

Fátima Barros

Lluís Vendrell

Summary of Self-Assessment Report on the adequacy and effectiveness of the organisational culture and the governance systems of Banco BPI

(This report is a free translation to English from the original Portuguese version.
In case of any inconsistency the Portuguese version shall prevail.)

This chapter is presented under the terms and for the purposes of Article 60 of Notice no. 3/2020 (Notice) of the Bank of Portugal (BoP).

The self-assessment report on the adequacy and effectiveness of the organisational culture and the governance and internal control systems in force at Banco BPI (the "Report") was prepared under the terms of the Articles 54 and 55 of the aforementioned Notice and of BoP Instruction no. 18/2020 (the "Instruction").

Pursuant to Article 2 of the said Instruction, the Report was prepared with reference to 30 November 2022, and was approved by the Board of Directors on 20 December 2022. In compliance with the CMVM Regulation no. 9/2020, this Report was also submitted to this Entity.

As the sale of the entire share capital of BPI Suisse is currently being finalised, the self-assessment report on the adequacy and effectiveness of the organisational culture and the governance and consolidated internal control systems of BPI Group at consolidated level was not prepared for this reporting period.

The Report contains the results and conclusions of the assessment on the adequacy and effectiveness of Banco BPI's organisational culture and governance and internal control systems, including the remuneration practices and policies and all others dealt with in the Notice.

On the other hand, the Report provides a brief overview of Banco BPI's activities during the reference period, with a view to ensure full implementation and compliance with the provisions of the Notice, including the FAQs issued by the BoP in December 2021.

Banco BPI has been taking measures to ensure compliance with regulatory requirements, primarily through a dedicated working group responsible for assessing the level of compliance with the action plans set forth for implementing the Notice. Periodic reports on this assessment are submitted to the Governing Bodies.

The Report describes in detail the functions of the Governing Bodies, their regulations and composition, as well as the Selection and Assessment Policy for members of the Management and Supervisory Bodies and key function holders, and the Succession Plan.

The Report also sets out the organisational structure of the Governing Bodies and internal control functions, as well as the policies and other relevant internal regulations on various topics addressed by the Notice.

In the domain of conduct, values, and organisational and risk culture, the Report provides detailed information on the Policies related to Banco BPI's Code of Ethics and Principles of Conduct, as well as the training and awareness-raising initiatives undertaken. These initiatives aim to enhance the capacity of Banco BPI's human resources, particularly in areas such as customer orientation, risk management, and the reinforcement of a culture of internal control.

The Report specifically points out on the "Risk Culture" project, which aims to promote and strengthen the risk culture at Banco BPI across the organisation, ensuring that all employees take responsibility for identifying, managing, and delegating risks. During 2022 five modules of the Training and Communication component of this project were launched in the "Risk Culture Channel".

The Report highlights Banco BPI's annual training plan, which mandates training for all employees on values and rules of conduct. This training is a prerequisite for receiving variable remuneration. Training sessions were instituted in accordance with the type of function, aimed in particular at the members of the Board of Directors, heads of Divisions and key function holders.

The Report explains the independent assessment work conducted as part of the obligations outlined in the Notice. The aim is to evaluate the Bank's conduct and values, identifying the various relevant intervenients' perspective of the conduct and values instituted at Banco BPI and the degree of alignment with the applicable legal and regulatory requirements.

The Report describes the strategic risk management processes and the internal control framework, based on the 3 lines of defence model in place at Banco BPI, and how they address the requirements of the Notice. The internal control framework consists of a methodology for classifying the severity of all recommendations, whether issued by a control function or an external entity, in alignment with the requirements of the BoP Notice and Instruction.

The Report lists the existing internal control deficiencies as at 30 November 2022 and their evolution during the reporting period. The analysis of this evolution shows the Bank's growing commitment to strengthening its internal control system.

The Report also addresses the outsourcing of functions by the internal control areas, emphasizing that all outsourced functions are screened for compliance with the existing policy, classified in accordance with the evaluation methodology for assessing criticality and associated risks and adequately monitored in light of the risks involved.

The Report identifies the information production and treatment processes, as well as the model in place for the management of business continuity. With regard to the processes of obtaining, producing and processing information and information flows, the Report gives an account of the independent assessment that involved Policies, procedures and Governing Bodies, comprising several reports. The preliminary conclusions of these reports indicate that the requirements of the Notice have been generally complied with.

The Report sets out Banco BPI's treatment of related-party, conflicts of interest and whistleblowing issues, in line with the rules provided in the Notice.

In addition, the Report also describes Banco BPI’s Remuneration Policy for the Employees in general and also for the Management and Supervisory Bodies and Identified Staff.

The annual Reports of the three control functions - Risk Management, Compliance and Internal Audit -, were also issued as part of the preparation of the Report, as provided in Articles 27, 28 and 32, respectively, of the Notice.

Additionally, in compliance with the provisions of Article 55 (a) and Article 56, both of the Notice, Banco BPI's Audit Committee, based on the analysis and monitoring developed during the reference period, issued its assessment report on the adequacy and effectiveness of Banco BPI's organisational culture and governance and internal control systems.

As a result of the work performed, the Audit Committee concluded that (i) the Bank's actions during the reporting period to fully comply with Notice no. 3/2020 within its governance and internal control systems contributed to strengthening the adequacy and effectiveness of the Bank's organizational culture, as well as its governance and internal control systems. In this framework, the Audit Committee also concluded that: (ii) the internal control recommendations do not have a material impact on the aforementioned conclusion, notwithstanding which the Audit Committee continues to monitor their implementation deadlines; (iii) the methodology to classify the degree of severity of the recommendations has proven to be adequate; (iv) Banco BPI's organisational culture and its governance and internal control systems in place at 30 November 2022 are adequate, effective, complying with the applicable regulatory requirements, take into account Banco BPI's size and are aligned with the commercial strategy and risk appetite; (v) the internal control functions carry out their activity with adequate levels of performance and independence, (vi) Banco BPI has in place mechanisms that ensure the reliability of the process of preparation of prudential and financial reports and the process of preparation and disclosure of information, and that (vii) Banco BPI complies, in the materially relevant aspects, with the duties of public disclosure to which it is subject.

On the other hand, the Board of Directors of Banco BPI considered that the Bank's organisational culture and its governance and internal control systems in force in the period of 1 December 2021 to 30 November 2022, including the remuneration practices and policies, are adequate, effective, and ensure compliance with the applicable regulatory requirements, taking into account the Bank's size and alignment with the commercial strategy and risk appetite.

31 January 2023

Audit Committee

Statement of the Board of Directors

DECLARATION REFERRED TO IN ARTICLE 29-G (1) C)
OF THE SECURITIES CODE

Article 29-G (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 Banco BPI's Board of Directors, identified here by name, individually subscribe to the declaration transcribed as follows[1]:

"I declare in the terms and for the purposes of article 29-G (1) (c) of the Securities Code that, to the best of my knowledge, the directors' report, the annual accounts, the statutory audit certification and other documents forming part of Banco BPI, S.A.'s annual report, all relating to the 2022 financial year, 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 provides an accurate account of that company's and of the companies included in the consolidation perimeter business, performance and financial position, as well as containing a description of the principal risks and uncertainties which they confront."

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

23 February 2023

This is a translation from the Portuguese original. In the event of any inconsistency the Portuguese version shall prevail.

1) The Audit Committee members signed a statement with the same content. Within the scope of the documents for which they are responsible, the External Auditors have signed an equivalent declaration.

CORPORATE GOVERNANCE REPORT

This report is a free translation to English from the original Portuguese version.
In case of any inconsistency the Portuguese version shall prevail.

I - INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND GOVERNANCE OF THE COMPANY

This report was drawn up under the terms of Article 70-2-b) of the Portuguese Commercial Companies Code and Article 29-H of the Portuguese Securities Code.

1. Banco BPI's share capital is fully held by CaixaBank, S.A.

2. All the shares representing the share capital are of a single class and series, conferring identical rights on their holders, including voting and profit-sharing rights.
There are no restrictions of any nature whatsoever on the transferability of shares, which is fully free.
There is no system in place for employee participation in Banco BPI's share capital.

3. The Company has a single shareholder. There is no shareholders agreement.

4. Under the terms of the Company's Articles of Association, each share is entitled to one vote.

5. The company has not entered into any agreements the coming into force of which is dependent on a change in the Bank's shareholder structure, or which are amended or terminate as a result thereof.

There are no significant agreements to which BPI is a party which come into force, are amended or terminate in the event of a change of control in the Company. Six loans, for a total amount of 715.2 M.€, include clauses that, in case of change of control, provide for certain consequences, namely the obligation of early redemption in case certain circumstances are met.

There are no agreements between BPI and members of the management board or senior officers that make provision for compensation in case of resignation, dismissal without due cause or termination of the labour relationship following a change in the control of the company, save as provided for under the applicable general law.

6. 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", and its corporate bodies are the General Meeting, the Board of Directors and the Audit Committee, and there is also a Statutory Auditor (“*Revisor Oficial de Contas*”- “ROC”).

In accordance with Banco BPI's Articles of Association, the members of the corporate bodies are elected for periods of three years, except for the statutory auditor, which has a term of office of four years, and all of them, within the legal limits, may be re-elected one or more times.

The current members of Banco BPI's corporate bodies were appointed to serve a 3-year term of office expiring on 31 December 2022 (and remain in office until a new appointment, as provided for in Article 391(5) of the Commercial Companies Code), with the exception of the Statutory Auditor, which serves a 4-year term of office expiring on 31 December 2024.

Under the Company's Articles of Association, the Board of Directors is composed of a minimum of 9 and a maximum of 17 members, elected by the General Meeting, who shall appoint the Chairman from among them and, if deemed appropriate, one or more Vice-Chairmen.

The current Board of Directors, appointed to serve in the 2020-2022 term of office, is composed of 15 members - 5 executive and 10 non-executive. The number of non-executive members is considered to be adequate to the size of Banco BPI and the complexity of the risks inherent to its activity, allowing it to efficiently perform the functions entrusted to it.

It is the duty of the Board of Directors to exercise any and all powers to manage and represent the Company, as well as to define its major strategic lines and general policies.

In the performance of its duties, the Board of Directors is responsible for the following tasks (non-exhaustive list):
a) To define and approve the policies and codes required for Banco BPI's good governance;

b) To approve the strategic plan and operating plans and budgets, both annual and pluri-annual, and any changes thereto, and to periodically monitor their execution;
c) To prepare the accounting documents and the proposal for allocation of profit, to be submitted to the General Meeting.
d) To take the initiative to propose any amendments to the articles of association and capital increases, as well as to bond issues that do not fall within its powers, submitting the corresponding proposals to the General Meeting.

The Board of Directors is also responsible for carrying out any other actions as may be required or convenient for the pursuance of all businesses included in the Company's corporate object, namely:
a) To appoint proxies to perform certain acts or categories of acts, defining the extent of their mandates. To ensure that it operates in a proper manner, it is the responsibility of the Board of Directors:
b) To delegate to an Executive Committee the day-to-day management of the Company, subject to legal limits and the limits to be established in the resolution establishing such delegation;
c) To co-opt directors to fill any vacancies that may occur;
d) To appoint a Company Secretary and an alternate Secretary;
e) To adopt its own internal rules of procedure and to approve the rules of procedure for the Executive Committee of the Board of Directors appointed by it, as well as for the Risk Committee, the Nominations, Evaluation and Remuneration Committee ("CNAR"), and the Social Responsibility Committee, if one exists.

The Board of Directors meets at least every month, except in August, and whenever a meeting is convened by its Chair or by two Directors.

It is the duty of the Chairman of the Board of Directors to co-ordinate the activities of this body, presiding at its meetings and ensuring that its resolutions are implemented.

Under the terms of the Articles of Association, the Board of Directors may designate as Honorary Chairmen of the Company individuals who have served as Chairmen of the Board of Directors and who, in that position, have made an exceptional contribution to the pursuit of the Company's interests. Under this designation the Board of Directors may assign to the Honorary Chairmen, under such terms as it sees fit: (a) Duties involving the institutional representation of the company; b) Duties involving providing advice to the Board of Directors and its Chairman as well as collaboration on the maintenance of the best possible relations between the company bodies and between the latter and the shareholders.

In addition to the general rules provided for in the law, the rules defined in the Selection and Assessment Policy approved by the single shareholder CaixaBank on 10 March 2022 are applicable to the appointment and replacement of Directors.

It is the responsibility of the Nominations, Evaluation and Remuneration Committee ("CNAR") to assess the performance of the executive directors, pursuant to its Regulations and the aforementioned Policy. This assessment shall take into account not only the criteria set forth in this Policy, but also the achievement of corporate and individual objectives that have been established for the period under assessment.

Any changes to Banco BPI's Articles of Association require the approval by two thirds of the votes cast at a General Meeting expressly convened for the purpose, as set forth in article 29 thereof. BPI's Articles of Association (Articles 30(1) and 29(2), respectively) also provide that a qualified majority of seventy five percent of the votes cast at a General Meeting is required to approve the winding-up of the Company, and the change of the rule under which that special majority is required.

7. The Board of Directors comprises an Audit Committee composed of a minimum of 3 and a maximum of 5 non-executive members appointed under the same terms as the members of the Board. The Audit Committee currently comprises 5 members. Its composition is considered to be adequate to the size of Banco BPI and the complexity of the risks inherent to its activity, allowing it to efficiently perform the functions entrusted to it. The Audit Committee, which is the Bank's supervisory body, is responsible for the following tasks (non-exhaustive list):
a) To supervise the Company's management;
b) To watch over compliance with legal and regulatory provisions, the Company's articles of association and the rules issued by the supervision authorities, as well as with the general policies, standards and practices instituted internally;
c) To define the terms under which it coordinates with the Risk Committee, among others, the works to be developed

and the latter's reporting to assist the Audit Committee in the performance of its duties;

d) To monitor the situation and evolution of all the risks to which the Bank is subject, for which it counts on the assistance of the Risk Committee, and the works, analyses and recommendations submitted to it by the latter in this respect;
e) To watch over the adequacy of and supervise compliance with the accounting policies, criteria and practices adopted, and ascertain that the documents that support them are in order;
f) To monitor the statutory audit;
g) To issue an opinion on the Report, Accounts and Proposals presented by the Board;
h) To supervise the process of preparation and disclosure of financial information;
i) To monitor the effectiveness of the internal control, internal audit, and risk management systems;
j) To assess and watch over the independence of the statutory auditor, namely when the latter provides additional services to the Company;
k) To receive notice of irregularities occurred within the company and reported by shareholders, employees or others;
l) To perform all other duties assigned to it by law.

The Audit Committee may at any time request any document or information, written or oral, that it considers relevant for the exercise of its functions directly from the various structural units or from any employee of the institution, in particular from the Internal Control Functions (Risk Management Division, Compliance Division and Internal Audit Division), without the need for any prior request or communication to the Board of Directors, which cannot prevent the Audit Committee from having direct access to the information or document in question.

The Audit Committee meets every month, except in August, and, without prejudice to other activities carried out in the exercise of its powers, draws up an annual report on the supervisory action exercised, which supports the issuance of an Opinion on the Report and Accounts presented by Banco BPI's Board of Directors.

The Chair of the Board of Directors may participate, without the right to vote, in the Audit Committee meetings, whenever a matter is on the agenda for which discussion his or her presence is relevant and he or she has been invited by the Audit Committee Chairman.

The Members of the Executive Committee of the Board of Directors and other senior officers of Banco BPI may also take part in the meetings of the Audit Committee, without voting rights, whenever this is deemed necessary and is requested by the latter. The Audit Committee meetings are also attended by the heads of the internal control functions, who are permanent guests of the Audit Committee although without voting rights.

Additionally, the directors and managers responsible for the areas whose matters are being analysed may also be summoned to take part in the meetings of the Audit Committee, whenever this is convenient for the good progress of proceedings.

8. The Board of Directors comprises an Executive Committee composed of a minimum of 3 and a maximum of 11 members, to which the day-to-day management of the Company is delegated, with the broadest powers necessary or convenient for carrying out banking activities under the terms and to the extent established by law, subject to the following limitations:

The following operations shall not result in the financial involvement with any single entity (or if that entity forms part of a group that for internal risk analysis corresponds to a single risk group, then with respect to that group) corresponding to more than 15% of Banco BPI's consolidated shareholders' equity, as reported in the latest quarterly accounting information approved by the Board:

a) Lending or financing operations;
b) Remunerated personal guarantees provided;
c) Subscription, acquisition, disposal or encumbrance of shareholdings in any companies, other than shareholdings in Banks and Insurance Companies;
d) Acquisition, disposal or encumbrance of any other securities.

The above rule shall not apply to operations resulting in financial involvement exceeding 15% of the Bank's total consolidated shareholders' equity (such as defined in the Risk Appetite Framework - RAF at any time approved by the

Board of Directors), if the debtor is a Sovereign State or if, due to any other circumstance, the Bank is exposed to Sovereign risk as a result of such operations.

Such operations may therefore be decided by the Executive Committee, which in any case must obtain the favourable opinion of the Risk Committee prior to taking such decision.

For this purpose, sovereign risk shall be understood as the exposure to the credit risk of any entity under Direct Administration of a Sovereign State or to the risk of any other entity or transaction for which a Sovereign State is responsible, whether as a result of the legal regime of that entity or of the Sovereign State having provided a personal guarantee to that transaction.

The following shall also be excluded from the delegation of powers:

a) Decisions concerning debt relief or delivery in accord and satisfaction in lieu of payment, when concerning debts to the Bank of persons that are, under the applicable law, Politically Exposed Persons or holders of other political or public offices.
b) Without prejudice to the next paragraph, decisions to acquire equity holdings (i) in companies with assets exceeding 150 M.€ or (ii) when the equity holding to be acquired, by itself or together with previous acquisitions, involves an acquisition sum of 25 M.€ or more;
c) Decisions to encumber or dispose of shareholdings whose acquisition value exceeds 25 M.€.

Where the urgency or exceptional nature of the operation so require, and the acquisition amount of the equity holding does not exceed 50 M.€, the acquisition may be decided upon by the Executive Committee, which shall inform the Board of Directors about it as soon as possible.

As provided in its Rules of Procedure, the Executive Committee of the Board of Directors' decisions are taken by an absolute majority of votes, the Chairman having a casting vote. The Executive Committee meets weekly or whenever convened by its Chair or by two of its members, watching over the evolution of the corporate businesses on an ongoing basis.

Three specialised committees operate within the scope of the Board of Directors:

a) the **Risk Committee**, which, without prejudice to the attributions of the Audit Committee in these matters, is responsible for monitoring the management policy covering all the risks attaching to the company's activities, namely liquidity, interest rate, forex, market and credit risks, as well as for monitoring the Company Pension Fund management policy. The Risk Committee comprises a minimum of 3 and a maximum of 5 members of the Board of Directors who are not members of the Executive Committee. The Risk Committee currently comprises 4 member and its Chair does not chair any other Committee of the Board of Directors. The Risk Committee composition is considered to be adequate to the size of Banco BPI and the complexity of the risks inherent to its activity, allowing it to efficiently perform the functions entrusted to it. The current version of the Risk Committee's Rules of Procedure was approved at the Board of Directors meeting of 30 November 2020.

b) the **Nominations, Evaluation and Remuneration Committee** (CNAR), whose duties include issuing opinions on the filling of vacancies in the corporate bodies and on the choice of Directors to be appointed to the Executive Committee, and also on the assessment and setting of the latter's remuneration, as well as issuing opinions, amongst others, on the policies relating to the appointment and succession to positions on Banco BPI's corporate bodies and senior management and on the remuneration policies to be defined for these positions and for Banco BPI's other employees. The CNAR comprises a minimum of 3 and a maximum of 5 members of the Board of Directors who are not members of the Executive Committee. It currently comprises 3 members. The more recent version of the CNAR's Rules of Procedure was approved at the Board of Directors meeting of 26 March 2021.

c) the **Social Responsibility Committee**, which is responsible for supporting and advising the Board of Directors on matters related to the Bank's social responsibility, for issuing opinions on the social solidarity, education, science, innovation and cultural patronage policies pursued by the BPI Group, as well as on the design of specific initiatives within these policies, and for monitoring the prize awarding process of the BPI Capacitar, BPI Sénior, BPI Solidário, BPI Infância and BPI Rural awards. The Social Responsibility Committee comprises a minimum of 3 and a maximum of 5 members who are not necessarily members of the Board of Directors. The more recent version of the Social Responsibility Committee 's Rules of Procedure was approved at the Board of Directors meeting of 30 November 2020.

9. The company's corporate governance model * is as follows:

Corporate bodies of Banco BPI:

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
Lluís 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
Miguel Morais Leitão
Alternate
João Baptista da Silva

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

* As at 31 December 2022.

Positions held by the members of the Board of Directors and of the Audit Committee in other companies as at 31 December 2022

Name	Position	Positions in commercial companies	Other positions
Fernando Ulrich	Chairman of the Board of Directors	Non-executive Director of CaixaBank, S.A.	Does not hold any other positions
António Lobo Xavier	Deputy-Chairman of the Board of Directors Member of the Audit Committee	Non-executive Director at NOS SGPS, S.A. Non-executive Director at Riopele Têxteis, S.A. Non-executive Director at BA Glass – Serviços de Gestão e Investimentos, S.A.	Chairman of the Board of the General Meeting of Têxtil Manuel Gonçalves, S.A. Chairman of the Board of the General Meeting of Mysticinvest, Holding S.A. Chairman of the Board of the General Meeting of Greenvolt – Energias Renováveis S.A. Member of the Board of Curators of the Belmiro de Azevedo Foundation Member of the Board of Curators of the Francisco Manuel dos Santos Foundation Member of the Council of State
João Oliveira Costa	Chairman of the Executive Committee of the Board of Directors	Does not hold any positions in commercial companies	Does not hold any other positions
Francisco Artur Matos	Executive Director	Does not hold any positions in commercial companies	Does not hold any other positions
Cristina Rios Amorim	Non-executive Director Chairman of Risk Committee Member of the CNAR	Non-executive Director of Amorim, SGPS, S.A. Non-executive Chair of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A. Executive Director and CFO at Corticeira Amorim, SGPS, S.A.	Member of the Board of BCSD Portugal – Business Council for Sustainable Development
Elsa Roncon	Non-executive Director Member of the Audit Committee Member of the Risk Committee	Does not hold any positions in commercial companies	Does not hold any other positions
Fátima Barros	Non-executive Director Member of the Audit Committee Chairwoman of the CNAR	Non-executive Director at Brisa Concessão Rodoviária, S.A. Member of the Supervisory Board of Warta – Retail & Services Investments B.V.	Non-Executive Director at Francisco Manuel dos Santos Foundation
Francisco Barbeira	Executive Director	Non-executive Director at SIBS, SGPS, S.A. Non-executive Director at SIBS, Forward Payment Solutions, S.A.	Does not hold any other positions
Gonzalo Gortázar	Non-executive Director	CEO of CaixaBank, S.A.	Does not hold any other positions
Ignacio Alvarez-Rendueles	Executive Director		Does not hold any other positions
Javier Pano	Non-executive Director Member of the Risk Committee	Non-executive Vice-Chairman of the Board of Directors of CECABANK, S.A.	Chief Financial Officer of CaixaBank, S.A.
Lluís Vendrell	Non-executive Director Member of the Audit Committee Member of the CNAR		Corporate Manager of Corporate M&A at CaixaBank, S.A.

Manuel Ramos Sebastião	Non-executive Director Chairman of the Audit Committee Member of the Risk Committee	Non-executive Director and Chairman of the Audit Committee at REN, SGPS, S.A.	Chairman of the Supervisory Board of IPCG - Portuguese Corporate Governance Institute Chairman of the Board of Directors of the Ulisses Foundation (Lisbon MBA) Member of the Strategic Board of Instituto Superior de Contabilidade e Administração de Coimbra (ISCAC) Member of the Supervisory Board of AiR351-Art in Residence
Natividad Capella	Non-executive Director	Non-executive Director at VidaCaixa Non-executive Director at CaixaBank Wealth Management Luxembourg S.A.	Head of Global Risk at CaixaBank, S.A.
Pedro Barreto	Executive Director	Vice-Chairman of the Board of Directors of BCI – Banco Comercial e de Investimento, S.A.	Does not hold any other positions

Independence of the Members of the Board of Directors and Audit Committee

The following table lists the non-executive members of the Board of Directors and the Audit Committee who are considered independent according to the rules defined in the Portuguese Companies Code (article 414, no. 5) and in the joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (points 89 and 90):

	Board of Directors	Audit Committee	Risk Committee	Nominations, Evaluation and Remuneration Committee	Independence qualification
Fernando Ulrich	Chairman				-
António Lobo Xavier	Deputy-Chairman	Member			-
Cristina Rios Amorim	Member		Chairman	Member	Independent
Elsa Maria Roncon	Member	Member			Independent
Fátima Barros	Member	Member	Member	Chairman	Independent
Manuel Ramos Sebastião	Member	Chairman	Member		Independent
Javier Pano	Member		Member		-
Gonzalo Gortázar	Member				-
Lluís Vendrell	Member	Member		Member	-
Natividad Capella	Member				-

Transactions in CaixaBank shares and BPI or CaixaBank bonds made by the members of the Board of Directors and Audit Committee in 2022 (for compliance with art. 447 of the Commercial Companies Code)

The totality of the shares representing the share capital of Banco BPI are held by its single shareholder, CaixaBank, S.A., therefore no transactions on BPI shares were carried out by members of its Board of Directors or Audit Committee in 2022.

On 13 December 2022, the Executive Director Ignacio Alvarez-Rendueles acquired 200,000 "CaixaBank, S.A. Hybrid 04/06/2028 GBP" bonds, for a total amount of € 182,316.15.

No other member of the Board of Directors or Audit Committee holds or carried out transactions in Banco BPI or CaixaBank bonds.

The information on transactions with CaixaBank, S.A. shares is provided in the table below:

Members of the management and supervisory bodies appointed for the 2020-2022 term of office

	Position at 31 Dec 2021	Acquisitions 2022	Disposals 2022	Position at 31 Dec 2022
Fernando Ulrich	0	0	0	0
António Lobo Xavier	0	0	0	0
João Oliveira e Costa	32985	* 26 Apr. 3,793 / €1.58 * 26 Apr. 3,091 / €3.99 * 29 Apr. 5,101 / €2.88 * 13 May 8,787 / €3.08	31 Aug. 32,985 / €3.00	20772
Cristina Rios Amorim	0	0	0	0
Elsa Roncon	0	0	0	0
Fátima Barros	0	0	0	0
Francisco Artur Matos	0	* 24 Mar. 5,492 / €3,081	0	5492
Francisco Barbeira	7750	* 26 Apr. 2,213 / €1.58 * 26 Apr. 1,600 / €3.99 * 29 Apr. 3,937 / €2.88 * 13 May 7,908 / €3.08	0	23408
Gonzalo Gortázar	1164261	24 Feb. / 39,303 / €2,916 24 Feb. / 10,566 / €2,916 24 Feb. / 10,148 / € 2,916 24 Feb. / 5,085 / € 2,916 27 May / 8,809 / € 3,364	23 Dec. / 500,000 / €3,665	738172
Ignacio Alvarez-Rendueles	16392	* 26 Apr. 5,233 / €1.58 * 26 Apr. 2,673 / €3.99 * 29 Apr. 4,250 / €2.88 * 13 May 11,217 / €3.08	21 Jun. 4,250 / €3.64 21 Jun. 5,233 / €3.64 21 Jun. 2,673 / €3.64 21 Jun. 4,236 / €3.63	23373
Javier Pano	127684	25 Feb. 18,338 / €2.73 18 May 25,000 / €3.10 30 May 2,057 / €2.98	27 Dec. 75,000 / €3,653	98079
Lluís Vendrell	49338	24 Feb. 13,466 / €2,916 27 May 797 / €3,364	0	63601
Manuel Sebastião	0	0	0	0
Natividad Capella	105931	24 Feb. 1,342 / €2,916 27 May 10,108 / €3,364	0	117381
Pedro Barreto	50613	* 26 Apr. 3,663 / €1.58 * 26 Apr. 3,091 / €3.99 * 29 Apr. 4,775 / €2.88 * 13 May 8,035 / €3.08	0	70177

* Shares awarded for execution of the Remuneration Policy of the members of the Board of Directors of Banco BPI relative to Variable Remuneration ("VR") in 2017, 2018, 2019 and 2021.

Executive Committee	Main areas of responsibility
Chairman	
João Oliveira Costa	Compliance, People and Organisation, Communication and Brand, Company Secretariat
Members	
Francisco Artur Matos	Risk Management (RMF), Resilience and Operational Risk, Credit Risk (Credit Admission), Credit Recovery, Sustainability, and Legal
Francisco Barbeira	Retail Banking, Small Businesses and Premier, Business Development and Efficiency, Information Systems and Digital, Operations and Installations, AI/Innovation Excellence Centres
Ignacio Alvarez-Rendueles	Financial, Accounting and Budget Management, Capital and Planning, Procurement and Outsourcing Management
Pedro Barreto	Corporate and Institutional Banking, Corporate Banking, Private Banking

The Internal Audit Division (IAD) reports to the Audit Committee, without prejudice to its duty to report to the Chairman of the Board of Directors to enable the latter's adequate fulfilment of his functions.

In addition, there are a set of interdisciplinary Committees that monitor and control the whole activity of the institution, which may be grouped into the following categories:

- **Risk Committees**, including the **Global Risk Committee**:
  The Global Risk Committee is responsible for the overall management, control and monitoring of the risks that Banco BPI may incur, as well as for assessing the implications of these risks for liquidity management, solvency level and regulatory and economic capital consumption. To do so, it analyses the Bank's global risk positioning and establishes policies that optimise risk management, monitoring and control, in line with its strategic objectives. The Global Risk Committee also has as objectives to align Banco BPI's risk strategy to the guidelines established by the Board of Directors in the Risk Appetite Framework (RAF), to coordinate the measures taken to mitigate non-performance and the response to RAF early warning signals, and to keep the Board of Directors informed, through the Risk Committee, of the main activity lines and status of risks at BPI. Additionally, the Global Risk Committee is answerable to the Board of Directors and Corporate Bodies for the existence, design and effective application of the organisation's risk control policies and procedures, assessing Banco BPI's internal control system.

  The Global Risk Committee must also ensure that the group's corporate policies within its sphere of intervention are implemented and complied with at Banco BPI.

  The Global Risk Committee delegates to the following committees: Impairments Committee, Models Committee, Risk Policies Committee, Operational Risk Committee and Loan Recovery and NPL Committee.

- **Financial Risks Committees**, including the following:

  ALCO Committee, which is responsible for:

  - Managing, controlling and monitoring the Liquidity and Funding risks, Market risk, Interest Rate Risk on the Banking Book (IRRBB) and Exchange Rate risk within BPI;
  - Streamlining and making more profitable the financial structure of the balance sheet, including the Net interest income and Income from Financial Operations;
  - Determining the transfer rates for the various businesses, and monitoring the prices, maturities and volumes of asset- and liability-generating activities, in accordance with the policies, risk appetite framework and risk limits approved by the Board of Directors.

  In addition, the ALCO Committee is the sole body with decision-powers with regard to Banco BPI's wholesale funding - usually involving the issue of bonds, cash or synthetic securitisations, loans or equity instruments. Likewise, the ALCO Committee is BPI's only body with powers to approve investments in fixed income instruments and interest rate or inflation derivatives whose market valuation affects Net Worth and/or regulatory Solvency ratios.

  As a delegated body of the Executive Committee of the Board of Directors, the decisions of the ALCO Committee are binding. The ALCO Committee can also issue recommendations to the different business areas.
  All the members of the ALCO Committee must inform the Committee about any matters within their sphere of competence that are liable of affecting the management of risk under the responsibility of the Committee.

  Permanent Credit Committee, whose mission is to monitor and decide on loan granting and recovery, obligatorily analysing all loan exposures (including operations fully hedged by financial assets qualifying as mitigators) within its powers.

- **Non-Financial Risks Committees**, including the following:

  Information Governance Committee
  The main objective of the Information Governance Committee is to ensure compliance with the BCBS 239 Regulation, namely watching over the coherence, consistency and quality of the information and defining the data management strategy.

The Committee must also promote the value of information and data as a corporate asset and a critical and differentiating element, and put into practice BPI's Global Information Policy across the entire organisation, on the following fronts:

- Assignment of responsibilities for the information items, namely concepts and reportings;
- Standardisation of concepts;
- Data documentation principles that ensure the centralisation, integrity and consistency of all the information;
- Processes to assess and improve data quality;

The Committee is also responsible for supervising and ensuring the correct execution and monitoring of the Information Governance policy in Banco BPI.

Sustainability Committee
BPI's Sustainability Committee is responsible for approving and monitoring BPI's sustainability strategy and practices, as well as for proposing and submitting for the approval of the corresponding corporate bodies the relevant policies for the management of sustainability, for supervising the Sustainability Master Plan, and for promoting the integration of sustainability criteria into BPI's business management and different areas.
Its mission is to contribute to BPI being recognised for its excellent governance in terms of sustainability, and reinforcing its positioning through its Sustainable Banking model.

The Sustainability Committee reports to the Executive Committee of the Board of Directors in matters related to its functions, making decisions within the scope of its activity for which it is completely autonomous. The Sustainability Committee submits for approval of and keeps the Executive Committee of the Board of Directors regularly informed on the main topics under discussion in the field of sustainability.

- Compliance Committees, including the Money Laundering Prevention Committee
  The Money Laundering Prevention Committee is a PLM/TF internal control body of BPI, with deliberation and decision powers, created with the purpose of establishing and proposing the policy and the procedures to prevent money laundering and terrorist financing. It is the responsibility of the Money Laundering Prevention Committee to ensure compliance across BPI with the corporate policies that apply to its sphere of intervention.

- Structures and Resources Committees, including the Expenditure and Investment Committee
  The Expenditure and Investment Committee is the body responsible for managing BPI's expenditure and investment budget and for ensuring the efficient management of demand. Its duties include:
  - Questioning the need to implement expenditure and investment proposals;
  - Promoting improvements and savings;
  - Defining and managing alerts for the need to analyse expenditure and investment results.

  The Expenditure and Investment Committee reports to the Executive Committee of the Board of Directors and acts in accordance with the powers delegated to it by the Executive Committee of the Board of Directors, as defined in the Costs, Budget Management and Procurement Policy.

- Product and Business Committees, including the Business and Marketing Committee
  The mission of the Business and Marketing Committee is to coordinate the activities and businesses of the Corporate and Institutional, Private Banking, Individuals, Small Businesses and Premier networks, deciding on, or preparing for decision by other bodies, in line with the Bank's organic policies, standards and powers, all matters that are of common interest to the commercial networks, namely the organisation of the product offer, segment management, price positioning and commercial communication.

10. Main features of the company's internal control and risk management systems in relation to the financial reporting process Article 245-A (1-m) of the Securities Code

BPI's internal control model is based on the three lines of defence, as provided in the EBA's Guidelines on Internal Governance, and is established in the Internal Control Policy, where the Risk Management Function (RMF), Compliance function, and Internal Audit function stand out. This policy is deployed through the implementation of the 3LOD Model in the Institution and for all risks identified in the Risks Catalogue approved by the Board of Directors. Banco BPI's Internal Control Framework establishes functions and procedures that implement the policy across each of the risks and for each of the lines of defence identified.

With regard to the financial information disclosure process, BPI also has a General Information Governance Policy which establishes a multidisciplinary set of structures and systems, plans, policies, principles and guidelines, processes, procedures and controls that support the requirements stemming from the legal and regulatory framework and the established strategies.

The risk of reporting reliability is one of the risks in BPI's risks catalogue, and is defined as the risk of there being weaknesses in the accuracy and integrity of, and in the criteria for the preparation of the data required to assess BPI's financial situation and assets, or in the information made available to stakeholders and disclosed to the market. Associated to this risk and as established in the Internal Control Policy, the responsibilities of the first, second and third line of defence are clearly defined, as established and defined in the internal control framework.

The performance of the three lines of defence covers the processes of disclosure of BPI's annual and interim reports, quarterly results, prudential reports, Pillar 3 disclosures, prospectuses and leaflets, presentations to debt investors, strategic plan and disclosure of privileged information.

Complementing the work carried out by the control functions, BPI also regularly reviews the recommendations of external entities, including of the external auditor, reported to the governing bodies, with the objective of constantly strengthening the processes of disclosure of financial information.

At BPI, the Risk Management Division (RMD), which comprises the Risk Management Function (RMF), is responsible for ensuring the implementation of the Internal Control System and the 3LoD Model, as well as for designing and effectively implementing a risk management structure and for reporting on all the Bank's material risks.
The Global Risk Management Policy, approved in November 2021, aims to ensure the application of an effective risk management structure that is consistent with the achievement of Banco BPI's strategic objectives. Additionally, this policy is in line with the requirements of Bank of Portugal Notice 3/2020 to the effect that the institution's overall objectives and the specific objectives for each structural unit, in terms of the risk profile and risk tolerance level, are adequately established, and it must be revised at least annually.

11. The Bank's main business areas are the following:

Banco BPI focuses on the commercial banking business in Portugal, offering a broad range of services and financial products to individual, corporate and institutional Customers. The Commercial Banking business is structured into the following areas:

- Individuals, Businesses, Premier and InTouch Banking: commercial operations with individual Customers, entrepreneurs and small businesses, developed through a multi-channel distribution network comprising traditional branches (serving mass-market Customers, entrepreneurs and small businesses), Premier centres (serving high networth Customers or Customers with potential for wealth accumulation), Intouch centres (which offer individual Customers a dedicated account manager accessible by phone or digital channels, during an extended timetable) , AGE Centre (remote service to young Customers between the ages of 18 and 25) and Connect Centre (remote service to Customers with low commercial potential and involvement).
- Private Banking: serves individual Customers with sizeable financial assets, providing specialised discretionary management and advisory services.
- Corporate and Institutional Banking: provides a specialised service to companies and institutions, through Business Centres, Real Estate Business Centres and Corporate and Business Development commercial areas (which develop remote relationships with groups with turnover of up to 10 M.€) and Corporate and Institutional Banking Centres - CIB Centres (which address the needs of Institutional Customers and the largest national business groups).

12. Internal Governance and Control System

BPI's corporate governance model establishes a set of corporate bodies that carry out their activity under a system of delegated Committees and Operational Groups that ensure the formalisation of the Bank's principal decisions and the adequate monitoring of relevant matters. Each of these bodies and committees has established common procedures that comply with the best practices at this level, and each has its own regulations, which, among others, set their scope of action, the members that compose them, the decision-making mechanisms and the formalisation procedures. The governance structure is represented in an organisational chart that establishes the reporting lines of each Division and Structural Unit, as well as the mission and functions of each of these departments.

The internal control framework implemented at Banco BPI corresponds to the set of internally defined strategies, policies, systems, processes and procedures to be observed across its entire activity viewing the proper identification, evaluation, monitoring and control of the risks to which the Bank is or may come to be exposed. In this respect, BPI has in place an Internal Control Policy and an Internal Control Framework that formally establish the three lines of defence model and the main control mechanisms for each of the risks in BPI's catalogue. In this context, the responsibilities of the Board of Directors, Audit Committee, Risk Committee, Nominations, Evaluation and Remuneration Committee and Global Risk Committee, as well as of the various control functions, are of particular importance. A set of Policies are also established for each risk in BPI's catalogue that make up the mechanism used by the Governing Bodies to implement and disseminate their strategic decisions regarding each risk.

For compliance with the provisions of Bank of Portugal Notice no. 3/2020 and associated Instruction no. 18/2020, Banco BPI's Board of Directors prepares every year its self-assessment report on the adequacy and efficiency of the organisational culture and the governance and internal control systems. This report contains, in addition to the opinion of the Board of Directors, the response given by BPI to the requirements on these matters, including developments occurring over the reporting period. The internal control recommendations identified by the control functions or external entities are also reported and subject to monthly monitoring by the governing bodies.

13. Risk Management Function

The risk management, compliance, and audit functions are institutionally allocated in legal and regulatory terms to the Risk Management Division (RMD), the Compliance Division (CD) and the Internal Audit Division (IAD), respectively.

The broad lines that govern the organisation and functioning are described below:

a) Risk Management Division (RMD)

The Risk Management Division is responsible for BPI's Risk Management Function and comprises the second line of defence, acting independently from the business and support units that integrate the first line of defence. The mission of the Risk Management Function is to identify, measure, monitor and disclose risk at the level of the organisation, in a segregated manner. Its scope of action encompasses the entire organisation, and it plays a key instrumental role in the effective implementation of the Risk Management Structure and Policies, providing a global perspective over all the risks.

The functions performed by the various areas of the RMD are designed to fit in the second line of defence roles of follow-up, management and control of the financial activity specific risks, the business model risks and the protection against losses.

In this context, the RMD defines policies and methodologies relative to the Catalogue risks, which are executed by the first-line risk-taking units, and monitors compliance therewith.

In coordination with the first line, the 2LoD functions develop the overall risk management framework, advise on and critically validate the control activities performed by the first line of defence and issue their opinion on the risk control environment. Specifically:

- Policies and Rules
  – To draw up risk management and control policies, in coordination with the 1LoD, and aligned to the RAF;
  – To validate, in a critical manner, compliance with the internal rules and their alignment with the policies;
  - To advise on and/or define criteria for compliance with internal rules and regulations on risk management and control.
- Risks
  - To carry out and/or validate, taking a critical approach, the identification and assessment of risks, including emerging risks;
  - To define the methodology for measuring and quantifying risks;
  – To regularly review the results of the risk assessment;

– To make a periodic follow-up of the emerging risks;

– To coordinate and control the adequacy and integrity of the Bank's map of risks[1].

- Indicators and controls

  – To advise on and/or define criteria for the identification, measurement and implementation of indicators;

  – To validate, taking a critical approach, the identification of indicators by the 1LoD and their measurement criteria;

  – To advise on and define criteria for the identification, monitoring and assessment of the effectiveness of controls;

  – To advise on and/or define criteria for the implementation of controls;

  – To make a periodic follow-up of the 1LoD indicators and controls, as well as of the indicators and controls of the 2LoD itself.

- Control weaknesses and action plans

  – To critically validate the identification of weaknesses and the definition, implementation and monitoring of action plans by the 1LoD;

  – To support and/or define criteria for the production of action plans by the 1LoD;

  – To make a periodic follow-up of the weaknesses identified by the 1LoD, 2LoD or 3LoD and the implementation of action plans by the 1LoD;

  – To issue an opinion on the adequacy of the risk control environment.

In addition, the RMF:

- Ensures that all the risks to which the Bank is or may be exposed are properly identified, assessed, monitored and controlled;
- Provides the Governing Bodies with an aggregated view of all the risks to which the entity is or may be exposed;
- Coordinates the map of risks, which includes the management of the Risks Catalogue, the Risk Assessment process, the Risk Appetite Framework (RAF) and the other processes, tools or indicators that the 2LoD has considered critical to the definition and monitoring of the risks assumed by the Bank in the development of its activity.
- Monitors risk-generating activities, assessing their adjustment to the approved risk tolerance and ensuring the prospective planning of the corresponding capital and liquidity needs in normal and adverse circumstances;
- Monitors compliance with the risk appetite limits approved by the Board of Directors;
- Validates the correct functionality and governance of the risk models, checking their suitability against regulatory and management uses.

The structure of the RMD has remained unchanged, comprising the following macro areas:

- Credit Risk Policies, Monitoring and Control;
- Models and Impairments;
- Risk Information and Management;
- Structural and Market Risks;
- Control of Non-financial Risks;
- Model Validation and Risk.

The identification and monitoring of legal risks and Compliance risks are excluded from the scope of the Risk Management Division.

b) Compliance Division (CD)

The Compliance Division is responsible for the Compliance Function at BPI, acting as the second line of defence of the risk governance model; it develops an independent, ongoing, effective and cross-cutting action, in line with the legal framework of the Compliance function, monitoring, controlling and managing Conduct, Legal and Regulatory and Reputational risks, in accordance with the Bank's internal control framework.

Accordingly, the main mission of the Compliance Division is to manage conduct risk, applying to criteria to determine which actions run contrary to the interests and rights of customers or other stakeholders or actions of interest or omissions

[1] The coordination of the map of risks includes the management of the Risk Catalogue, the Risk Assessment process, the Risk Appetite Framework (RAF) and the other processes, tools or indicators that the 2LoD has considered critical to the definition and monitoring of the risks assumed by the Bank in the development its activity.

by the Bank and are out of line with the legal and regulatory framework, internal rules and procedures or codes of conduct, ethical standards and good practices.

In this manner, it seeks to prevent and minimise damages arising from potential sanctions applied to Banco BPI, as well as damages of a reputational nature.

Reflecting the importance of this function within the Group's internal control system and in accordance with best practices, the Compliance Division reports directly to the Chairman of the Executive Committee of Banco BPI. Likewise, the Compliance Division also drafts a set of periodic reports to the management and supervisory bodies.

In this context, conduct risk gains expression through a set of risk taxonomies:

- Client protection risk:
  Risk of non-compliance with regulations and standards on the protection of our Clients' rights and interests in connection to the provision of financial services.

- Market risk:
  Risk of non-compliance with regulations and standards on the proper functioning and transparency of the markets in which the Bank operates.

- Integrity Risk:
  Risk of non-compliance with regulations and standards on the integrity of both the markets in which the group operates and of the actions of its employees.

- Tax compliance risk:
  Risk of non-compliance with regulations and standards intended to prevent financial institutions from being used as an instrument for fraud and international tax evasion.

- Data protection and privacy risk:
  Risk of non-compliance with regulations and standards on the protection of personal data and the privacy of individuals.

- Criminal Risk:
  Risk of non-compliance with regulation and standards, namely the obligations contained in the regulation on criminal liability of legal persons.

- Risk of prevention of money laundering and terrorism financing and international sanctions:
  Risk of non-compliance with regulations and standards intended to prevent financial institutions from being used as an instrument for money laundering and terrorist financing, as well as with the regulations and standards concerning the imposition of economic sanctions or trade restrictions on certain countries, governments or individuals for reasons related to the violation of human rights, international law or the commission of certain serious crimes.

The Compliance Division is structured into seven areas:

- Prevention of Money Laundering and Terrorist Financing (AML/TF);
- Market, Conflicts and Incentives;
- Customer Protection;
- Ethics and Conduct;
- Projects and Communication
- MetRep;
- Data Analytics.

The AML/TF area comprises three teams with specific attributions, namely the onboarding, monitoring and discharge of Customers, investigations, alerts and communications, and, finally, international sanctions and correspondence relationships.

c) Internal Audit Division (IAD)

i) Positioning and reporting

The Internal Audit Function at BPI, S.A. (BPI, BPI Group or Institution) is performed by the Internal Audit Division (IAD), which reports to the Audit Committee, without prejudice to the duty to report to the Chairman of the Board of Directors to enable this body to adequately discharge its functions. This arrangement ensures the IAD's independence and authority within the institution, in compliance with the regulatory practices set forth in the EBA Guidelines on internal governance (EBA/GL/2021/05).

The mission, authority, position, responsibilities and powers of the Internal Audit Function, as well as the principles, rules and duties that govern its performance are set forth in the Internal Audit Function's Rules of Procedure, approved by the Board of Directors on 29 June 2022.

The IAD is included in the internal audit corporate perimeter of the CaixaBank Group. Therefore, the IAD, as an autonomous unit acting independently in the execution of its works, is aligned with the corporate governance framework, as well as with the audit policies and procedures established at CaixaBank Group's level.

ii) Composition

The IAD's team is composed of employees with adequate capabilities and the necessary expertise and skills for the performance of their functions. The IAD is structured into the following areas:

- Methodologies and Reporting (MetRep), Data Analytics, and Projects - supports the activity of other areas and of the Division, namely defining and formalising policies, methodologies and circuits or flows to be uniformly applied within the scope of the development of the work by the Division's areas, and ensuring the quality control of the work carried out, reports the IAD's information to the Corporate Bodies and produces management information. It also develops automated data analysis techniques and processes, and indicators.
- Commercial Networks and Business - among other functions, it performs audits to the activity of the Bank's Commercial Bodies and cross-cutting or thematic audits focused on business processes and sale of products and/or services;
- Markets and Risk - among others, it performs audits on regulatory compliance and compliance with internal policies on credit risk, model risk, liquidity and funding risk, interest rate risk on the banking book, market risk and capital and solvency risk. The regulatorily required exercises in the area of risk management and control stand out due to their mandatory and regular nature, as well as the exercises related to the implementation and monitoring of rating systems and their application to the use of advanced methods;
- IT and Digital Banking - among others, it performs audits related to technological risk, namely in aspects such as information (including data quality) and communications governance, IT governance processes, data privacy, information security (including cybersecurity) and physical security;
- Financial, Processes, Compliance and Sustainability - among others, performs audits on conduct and compliance, legal and regulatory, information reliability, reputational and actuarial risks. In particular, there stand out the processes related to human resources, prevention of money laundering and terrorist financing and sustainability (ESG). In addition, it audits companies with which there is a Group relationship or which are contracted by Banco BPI to provide internal audit services;
- Fraud and Special Investigations - it makes technical analyses, establishes responsibilities, detects procedural deficiencies and identifies losses, with regard to all irregularities coming to the IAD’s attention (namely through internal fraud detection indicators) that point to the practice of internal fraud, including Customer complaints directly addressed to the IAD, or referred to the IAD by other bodies of the Bank, with a view to initiating an investigation process. Where appropriate, it draws up an information report on the investigations carried out, to be submitted to the Labour Incidents Committee.

iii) Mission

The Internal Audit Function is an independent and objective assurance and advisory function designed to add value to and improve the Bank's operations. It contributes to the fulfilment of the Bank's strategic objectives, through a systematic and disciplined approach to the assessment and improvement of the effectiveness of the risk management, control and governance processes. In accordance with the three lines of defence model, Internal Audit

acts as the 3rd line of defence, supervising the performance of the first and second lines of defence, with the aim of ensuring a systematic and disciplined approach to the assessment and improvement of the risk and internal governance management/control processes.
As regards the entities of the BPI Group that have a local Internal Audit Function or have outsourced this function, the Internal Audit Function may use the internally developed works as a basis, being responsible for coordinating and supervising their quality and for assessing the coherence and consistency of the internal control systems in place at each entity.

iv) Scope of activity

The scope of activity of the Internal Audit Function covers all the entities at any time controlled by Banco BPI, and as such, comprised within the BPI Group.
In addition, it may provide Internal Audit services to entities other than those referred in the previous paragraph, providing there is an agreement therefor, and these entities are part of the CaixaBank Group.

v) Action principles

In accordance with the three lines of defence (LoD) model, Internal Audit acts as the 3rd LoD, supervising the performance of the 1st and 2nd LoD, with the aim of ensuring a systematic and disciplined approach to the assessment and improvement of the risk management/control and internal governance processes. Through its activity, the Internal Audit Division aims to provide reasonable assurance to the governing bodies about:

- The effectiveness and efficiency of the internal control system in the mitigation of the risks inherent to the Bank's activities;
- Compliance with the legislation in force, namely the regulatory requirements and the adequate implementation of the Internal Control Framework and Risk Appetite Framework;
- Compliance with the internal policies and regulations, including corporate guidelines from CaixaBank, and alignment with the sector's risk appetite and best practices; and
- The integrity, reliability and timeliness of financial, accounting and operational information.

Hence the scope of activity of this function includes assessing:

- The adequacy, effectiveness and implementation of Policies, Regulations and Standards;
- The effectiveness of controls;
- The adequate measurement and monitoring of the 1LoD and 2LoD indicators;
- The existence and correct implementation of action plans for control weaknesses;
- The validation, monitoring and assessment of control by the 2LoD.

The scope of activity of the Internal Audit Function covers all the entities, financial and non-financial, of the BPI Group except for those that are not in a control or parent-subsidiary relationship.

When performing audits, the IAD will inform in advance the bodies to be audited (except when the audits involve the safekeeping of assets, where such bodies will only be informed when the audit teams are at their premises), by email, or other means of communication which in each specific case is considered opportune and/or appropriate, addressed to the Manager primarily responsible for the audited body, or to the Employee who stand in for him/her in his/her absence.

In audits in the Area of Fraud and Special Investigations, the IAD is not obliged to provide any information prior to or during the investigations, either to the heads of the bodies in question, or to the line managers of the Employees under investigation.

In the pursuit of its objectives, the IAD must have an impartial attitude, avoiding the existence of conflicts of interest between auditees and auditors. Any limitation to the independence and objectivity of the IAD must be reported to Banco BPI's Board of Directors and Audit Committee.

For the proper performance of the functions entrusted to them, the members of the Division's staff, after obtaining the consent of the Head of the IAD, or of the Employee who stand in for him/her in his/her absence, have unrestricted access to all the places where the BPI Group carries out its business, as well as to all the documentation supporting any accounting movements, and also have the power to summon any of the BPI Group's Employees to be questioned at their places of work or at other Group premises.

Advisory works, if any, shall take place in accordance with the conditions contracted with the requesting body and always in accordance with the Internal Audit Function Regulations insofar as the terms of the provision of advisory services are concerned.

vi) Responsibilities

Without prejudice to the remaining responsibilities attributed to it under the law, the Internal Audit Function is responsible in particular, in the discharge of the mission entrusted to it, for the following:

a) Drawing up and keeping updated an Audit Plan aimed at examining and assessing the adequacy and effectiveness of the internal governance, of the various components of the internal control system of the Institution and of BPI Group, as well as of the internal control system as a whole;

b) Issuing recommendations based on the results of the assessments made, and monitoring on an ongoing basis any situations identified, with the regularity warranted by the associated risk, so as to ensure that the necessary corrective measures are adequate and timely implemented;

c) Monitoring market developments, legal and regulatory changes, the strategic planning process and respective decisions of the Institution and the BPI Group, namely when involving acquisitions, disposals, mergers, or the launch of new activities or products, in order to ensure a timely and appropriate response from the audit activity;

d) Developing its activity in line with the internationally recognised and accepted internal audit principles and with the sector's best practices in this area;

e) Preparing and submitting to the Board of Directors, the Audit Committee and the Risk Committee two annual reports with reference to 30 November, in accordance with Article 32, paragraphs 1c) and 1d) of Bank of Portugal Notice 3/2020, namely the Internal Audit Function Report and the Function's Internal Assessment Report;

f) Preparing, in accordance with point 1-e) of Article 2 of Bank of Portugal Instruction 18/2020, as a follow-up to the annual self-assessment report, a report with a validation of the classification of the i) deficiencies detected within the scope of the control actions and assessments carried out by the Institution and by its Statutory Auditor and of the ii) deficiencies detected by any supervisory authorities, taking into account the methodology defined in the Instruction.

g) Ensuring that Internal Audit staff have sufficient knowledge to assess the risk of internal fraud when carrying out their audits. Internal Audit integrates professionals with experience and specific knowledge of internal fraud to independently assess and analyse the management of the areas responsible for fraud in the Institution.

h) Immediately reporting to the Audit Committee any serious irregularity in management, accounting organisation and supervision, or indications of a breach of the duties set forth in the General Law on Credit Institutions and Financial Companies (RGICSF), which may have a material impact on the economic or financial situation or on the reputation of the Institution and of the BPI Group.

i) Attending, without voting rights, such Commissions/Committees, meetings and forums as it deems appropriate without assuming decision-making responsibilities to avoid potential conflicts of interest related to its primary role of assurance.

II – REMUNERATION

Information provided for compliance with the provisions of article 115-G of the RGICSF and article 47 of Notice 3/2020.

The full versions of the Remuneration Policy for the Management and Supervisory Bodies, Remuneration Policy for the Identified Collective, General Remuneration Policy, and Directors' Retirement Regulations, may be consulted on Banco BPI's website at www.bancobpi.pt

The tables below refer to remuneration amounts effectively paid in 2022.

a) Aggregate quantitative information on remuneration paid in 2022 to senior management and members of staff whose actions have a material impact on the risk profile of the institution, broken down by business area

Business area:	Total	Non-executive	Executive	Investment banking	Business[1]	Corporate Functions	Control Functions
Number of members	94	10	5	0	19	29	31
Total remuneration (Eur) (includes VR + Fixed Rem.)	15,963,998	1,870,440	3,328,495	0	3,805,911	3,946,250	3,012,902
Variable remuneration (Eur)	2,970,470	0	678,437	0	932,719	762,900	596,414

Note: One of the members of the Social Responsibility Committee receives an additional annual retainer of €240,000 for advisory services provided to the Board of Directors.

b) Aggregate quantitative information on remuneration paid in 2022, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the institution

i) **Amounts of remuneration attributed during the 2022 financial year, split into fixed remuneration including a description of the fixed components, and variable remuneration, and the number of beneficiaries**

Business area:	Total	Non-executive	Executive	Investment banking	Business[1]	Corporate Functions	Control Functions
Number of members	94	10	5	0	19	29	31
Fixed remuneration (Eur)	12,993,528	1,870,440	2,650,058	0	2,873,192	3,183,350	2,416,487
Variable remuneration (Eur)	2,970,470	0	678,437	0	932,719	762,900	596,414

Note: The Fixed Components are the following: 1) Basic remuneration according to the Collective Wage Agreement ("ACT") or remuneration policy; 2) Seniority payments according to the ACT; 3) Allowance for fixed working hours exemption according to the ACT; 4) Remuneration supplements according to the responsibilities inherent to each function.

ii) **Amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;**

Business area:	Total	Non-executive	Executive	Investment banking	Business[1]	Corporate Functions	Control Functions
Number of members	94	10	5	0	19	29	31
VR Cash paid in 2022 (Eur)	813,313	0	339,218	0	284,530	189,565	0
VR Shares paid in 2022 (Eur)	813,313	0	339,218	0	284,530	189,565	0
VR Upfront (Cash + Shares)	1,005,753	0	415,200	0	374,100	216,453	0
VR Deferred	620,874	0	263,237	0	194,960	162,677	0

iii) **Amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years**

Business area:	Total	Non-executive	Executive	Investment banking	Business[1]	Corporate Functions	Control Functions
Number of members	94	10	5	0	19	29	31
VR Cash Deferred (Eur)	923,818	0	570,825	0	197,323	155,670	0
VR Shares Deferred (Eur)	923,818	0	570,825	0	197,323	155,670	0

Note: Banco BPI acquires all the financial instruments, deferred or not, in the year in which the allocation occurs.

1) Includes Corporate Banking, Retail Banking, and Private Banking.

iv) Amounts of deferred remuneration due to vest and paid in the 2022 financial year, and that is reduced through performance adjustment;

There was no reduction through performance adjustments in the amounts of deferred remuneration awarded during the 2022 financial year.

v) Guaranteed variable remuneration awards during the 2022 financial year, and the number of beneficiaries of those awards;

In 2022 BPI did not pay Guaranteed Variable Remuneration Awards relative to 2021.

vi) Severance payments awarded in previous periods, that have been paid out during the 2022 financial year;

In 2022, Banco BPI paid a total of €2,121,587 as severance payments awarded in previous periods.

vii) Amounts of severance payments awarded during the 2022 financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;

No severance payments were awarded during the 2022 financial year.

viii) Number of Employees that have been remunerated €1 million or more per financial year, with the remuneration between €1 million and €5 million broken down into pay bands of €500 000 and with the remuneration of €5 million and above broken down into pay bands of €1 million;

In 2022 there were no employees with total remuneration between €1 million and €1.5 million.

ix) **Total remuneration for each member of the management body or senior management**

Members of the Board of Directors in office as at 31 December 2022

Amounts in euros

Board of Directors	Fixed remuneration	2021 Variable Remuneration [1]		Total	
		Attributed	Paid	Attributed	Paid
Fernando Ulrich	750,000	0	0	750,000	750,000
António Lobo Xavier	125,400	0	0	125,400	125,400
João Pedro Oliveira Costa	725,000	240,000	96,000	965,000	821,000
Cristina Rios Amorim	157,680	0	0	157,680	157,680
Elsa Roncon Santos	148,800	0	0	148,800	148,800
Fátima Barros	157,680	0	0	157,680	157,680
Francisco Manuel Barbeira	500,000	216,000	86,400	716,000	586,400
Francisco Artur Matos	425,058	150,000	60,000	575,058	485,058
Gonzalo Gortázar Rotaeche	60,000	0	0	60,000	60,000
Ignacio Alvarez-Rendueles	500,000	216,000	86,400	716,000	586,400
Javier Pano Riera	104,400	0	0	104,400	104,400
Lluís Vendrell	148,800	0	0	148,800	148,800
Manuel Ramos Sebastião	157,680	0	0	157,680	157,680
Natividad Capella Pifarre	60,000	0	0	60,000	60,000
Pedro Barreto	500,000	216,000	86,400	716,000	586,400

1 Total variable remuneration awarded in 2022 for performance in 2021.

III – RELATED-PARTY TRANSACTIONS

1. Mechanisms implemented by the company for the purpose of controlling related-party transactions

BPI's Board of Directors, upon the prior opinion of the supervisory body, approved in June 2021 the Related-Party Transactions Policy which defines BPI's action framework and the persons and entities included within the policy's scope of application for compliance with the legislation and/or regulations on related-party transactions.

All transactions in which BPI or other entities of its Group participate and which involve related parties, namely the direct or indirect granting of credit, are subject to the discipline defined in the Related-Party Transactions Policy.

To this end, a definition of i) related parties, ii) significant influence, iii) senior management position, iv) management or supervisory function, v) control, vi) credit, vii) children, viii) qualifying holding, and ix) management position, is provided as an annex to this Policy, with reference to the relevant regulatory or legal provision, where applicable.

As a general rule, this Policy establishes that: i) all transactions in which Banco BPI participates and which involve related parties must be carried out on market conditions and be approved by a minimum of 2/3 of the members of the management body, after obtaining the prior opinions of the risk management and compliance functions and of the supervisory body; and ii) the members of the management body, managers, other employees, consultants and BPI's proxies cannot intervene in the appreciation and decision of operations or transactions in which they or their related parties are directly or indirectly interested.

In exceptional cases where BPI, on a justified basis, considers that it is impossible to define the market conditions that apply to an operation, it must obtain an opinion from an independent specialised external entity of recognised value, to allow establishing a comparability benchmark between the operation in question and other similar operations, and hence avoid benefiting the related party vis-à-vis another entity which does not have this type of relationship with the institution.

In terms of specific rules, this Policies provides a definition for i) prohibited credit operations; ii) permitted credit operations; and establishes iii) the formalities to be followed in permitted credit operations.

With regard to its governance framework, this Policy sets out the responsibilities attributed to i) the Board of Directors; ii) the first line of defence units (commercial structure, risk management units and operational support units); iii) the Legal Division; iv) the Compliance Division; v) the Internal Audit Division; and vi) the Risk Management Division. This Policy is disclosed internally to all Employees and is also posted on Banco BPI's website at: https://www.bancobpi.pt/grupo-bpi/etica-e-deontologia/politica-de-transacoes-com-partes-relacionadas.

BPI compiles on a quarterly basis, with the explicit confirmation of the members of the Board of Directors, the Statutory Auditor and the Accounting and Budget Management Division, the list of entities that meet the requirements for classification as a "Related Party". This list is submitted to the Audit Committee, for acknowledgement, approved by the Board of Directors and disclosed to the relevant Divisions.

The most significant transactions carried out with CaixaBank in 2022 are described in point 39 of the Notes to the Financial Statements.

2. Indication of the transactions which were subject to control in the year under review

2.1 Lending operations

Information reported for compliance with Articles 85 and 109 of the RGICSF about credit used and guarantees provided by Banco BPI, S.A. at 31 December 2022.

Information reported for compliance with Article 85 of the RGICSF		Position at 31 December 2022
Amounts in € thousand	Credit used	Guarantees provided
Fernando Ulrich	0	0
Related Entities	9,493	77
António Lobo Xavier	0	0
Related entities	186,701	3,798
Cristina Rios Amorim	0	0
Related Entities	45,349	0
Fátima Barros	0	0
Related entities	75,363	23,846
Francisco Manuel Barbeira	0	0
Related entities	10,190	17
Ignacio Rendueles	0	0
Related Entities	40	245
Manuel Sebastião	0	0
Related entities	0	17,709

Note: "Related Entities" are deemed to be the legal persons controlled by the Director or in which the Director has a qualifying holding, as well as those where he/she is a manager.

Taking into account that Banco BPI is fully held by CaixaBank and is included in the same consolidation perimeter as CaixaBank, the discipline set forth in Article 109 of the RGICSF does not apply to the transactions with the Bank's sole shareholder.

2.2 Other related-party transactions

The following transactions with related parties were approved by the Board of Directors In 2022, after obtaining the positive opinions of the Compliance Function, Risk Management Function and the supervisory body - the Audit Committee:

Transactions 2022

Entity	Date	Nature of transaction
CaixaBank Tech	01-Feb	Software Licensing and Infrastructures
Pension Fund and Imofomento	01-Feb	Rental of Central buildings (Casal Ribeiro, Saudade and Boavista)
CaixaBank Operational Services	01-Feb	International Sanctions and Restrictive Measures
CaixaBank, S.A.	24-Feb	Windows 10 and Office Upgrade
CaixaBank, S.A.	29-Mar	Infrastructures Management
CaixaBank, S.A.	29-Mar	Whistleblowing/ Anti-corruption channel
SIBS - Forward Payment Solutions, S.A.	29-Mar	Acquisition of MDV/ATM equipment and ink kits
SIBS - Forward Payment Solutions, S.A.	05-May	Maintenance of ATMs and CDMs
SIBS - Forward Payment Solutions, S.A.	05-May	Acquisition of ATMs
Caixabank Payments & Consumer	05-May	Car Loans Service
SIBS - Forward Payment Solutions, S.A.	26-July	SW MB WAY Update
SIBS - Forward Payment Solutions, S.A.	26-July	Acquisition of Ink Kits
CaixaBank Wealth Management Luxembourg	26-July	Sale of 100% of BPI Suisse, S.A. share capital
CaixaBank, S.A.	30-Sep	Various Software Licensing
CaixaBank, S.A.	03-Nov	IT Security services and software licenses
COSEC Companhia de Seguros de Crédito	03-Nov	Internal and external credit insurance
CBK Payments & Consumer - Branch in Portugal	03-Nov	Sublease of the Monumental Building
CBK Equipment Finance - Branch in Portugal	03-Nov	Sublease of the Monumental Building
CBK - Branch in Portugal	03-Nov	Subletting of the Monumental Building
BPI Vida e Pensões	03-Nov	Subletting of the Monumental Building
BPI Gestão de Activos	03-Nov	Sublease of the Monumental Building
"la Caixa" Foundation	20-Dec	Subletting of the Casal Ribeiro Building
Companhia de Seguros Allianz Portugal	20-Dec	BPI Corporate Insurance

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