1ST HALF 2023

REPORT

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MANAGEMENT REPORT

CONSOLIDATED AND INDIVIDUAL FINANCIAL STATEMENTS

This document is a translation from the Portuguese original "Relatório e Contas 1S 2023". In the event of any inconsistency the Portuguese version shall prevail.

MANAGEMENT REPORT

1ST HALF 2023 OVERVIEW

- **Support to Families and Businesses** loans grew by 4% yoy
- **Financial strength and low risk** NPE of 1.6%, with 150% coverage CET1 and total capital ratios of 14.3% and 18.2%
- **Efficiency improved** to 43.6%
- **Cost of credit risk s**table (0.23%)
- **199 M.€ net profit in Portugal** and **256 M.€ consolidated net profit**
- **Digital Transformation** 903 thousand digital channel users 112 thousand new users of BPI App
- **Commitment to sustainability**

  Endorsement of United Nations' Principles for Responsible Banking (UNEP-FI)

  460 M.€ financing in 1H23 to support sustainable transition

  Three out of four employees are registered on the BPI Volunteering platform.

The robustness of the Portuguese economy

Persistently high levels of inflation warranted further increases in key policy rates by the major central banks in the first half of 2023. In Europe, the ECB raised benchmark rates by a cumulative 400 basis points, to between 3.5% and 4.0% at the end of June 2023.

Euribor rates reached levels not seen since 2007, with the 12-month Euribor surpassing 4% in June.

The Portuguese economy's adjustment to the tight monetary policy cycle was a positive surprise. GDP grew by 1.6% quarter-on-quarter in 1Q23 and 2.5% year-on-year, and employment stands close to historical highs. In 2023, the Portuguese economy is expected to register GDP growth of 2.7%, according to Bank of Portugal estimates.

Consolidated net profit of 256 M.€

BPI reported a consolidated net profit of 256 M.€ in the 1st half of 2023, a 26% increase compared with the same period last year.

The contribution from the activity in Portugal grew by 130%, to 199 M.€, underpinned by commercial activity growth and the increase in market interest rates, while efficiency improved to 43.6% and the cost of credit risk remained stable. The recurrent ROTE in Portugal improved by 5.1 p.p. (yoy), to 11.6%.

The equity holdings in BFA and BCI contributed 41 M.€ and 17 M.€, respectively, to the half year's consolidated results.

Reinforcing its attention and support to Clients, BPI recorded year-on-year growth of 4% in loans, with market share gains in the individual and corporate segments.

Taking a forward-looking approach, BPI bolstered investment in technology and innovation, to meet the expectations and evolving needs of its Clients.

BPI maintains a sound financial position with a low risk profile and comfortable capitalisation. The Bank boasts a non-performing exposures (NPE) ratio of 1.6%, the best in the Portuguese financial sector, a coverage ratio by impairments and collaterals of 150% and capital ratios well above the requirements set by regulators - CET1 of 14.3% and total capital of 18.2%.

The investment grade ratings assigned to BPI by the international rating agencies attest to the Bank's performance and financial strength. In the 1st half of 2023, Fitch Ratings and Moody's upgraded BPI's ratings to BBB+ and Baa1, respectively.

Customer Experience

In the first half of the year, BPI opened in Lisbon the largest commercial banking space in the country - BPI All in One. Spanning an area of 2300 m2, this facility hosts 100 account managers and offers an extensive range of services as well as specialised zones, to offer Customers a unique and personalised banking experience.

The digital channels maintained a growth trajectory, underpinned by increases in the number of Customers and usage levels, together with new developments to improve the experience of Individual and Corporate Customers.

The number of digital channel users reached 903 thousand at the end of June 2023, with a significant take-up rate in the mobile channel: regular users of the BPI App rose to 686 thousand (+20% yoy). Approximately 31% of sales of focus products to individual clients were started on the net and mobile digital channels.

Commitment to sustainability

During the first half of 2023, BPI continued to strengthen its commitment to sustainability, under the guidelines of the 2022-2024 Sustainability Plan. In line with its commitment to a carbon-neutral economy, BPI has set targets to reduce its operational carbon footprint and is in the process of establishing targets for the decarbonisation of its loan portfolio.

BPI has become an official signatory of the United Nations Principles for Responsible Banking (UNEP-FI) and participated in the UN Global Compact’s Business & Human Rights Accelerator.

BPI continued to stand out in the support provided to families and businesses' sustainable transition. Sustainable finance granted in the 1st half of 2023 amounted to 460 M.€, which includes the structuring and underwriting of 285 M.€ corporate ESG bonds and, in the individual clients segment, 149 M.€ in energy efficiency mortgage loans.

In the first half of 2023, the Bank further enhanced its commitments through the introduction of new sustainability policies and principles.

The joint action of BPI | ”la Caixa" Foundation under their commitment to society has a budget allocation of 50 M.€ for 2023 (+10 M.€ than in 2022).

KEY INDICATORS IN JUNE 2023

39.9 Bn.€	29.8 Bn.€	37.5 Bn.€	1.9 million	4 378	318
Total assets	Loans	Customer resources	Clients	Employees	Commercial Units

Commercial performance

+3.8% (yoy)
loan portfolio

-4.4% (yoy)
Customer deposits

11.6% (+0.3 p.p. yoy) **Market share** in loans (May 23)

11.2% (-0.1 p.p. yoy) **Market share** in resources (May23)

Improved efficiency and profitability

256 M.€ Consolidated
199 M.€ in Portugal
Net Profit

43.6%
core efficiency in Portugal
(last 12 months)

11.6%
recurring ROTE in Portugal
(last 12 months)

Low risk profile and high capitalisation

1.6% **NPE ratio**
150% **NPE coverage**
(by impairments and collaterals)

18.2% total capital
14.3% CET1
Capital ratios, phasing-in
IRB adoption (mortgage loans)

24.5%
MREL ratio
(as % RWA)

Comfortable liquidity position

100%
transformation ratio
(Loans as % of deposits)

Rating
Investment grade

BBB+ Fitch
Baa1 Moody's
BBB+ S&P

BPI Grupo CaixaBank

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

	2018	2019	2020	2021	2022 [1]	Jun.23
Net profit	490.6	327.9	104.8	306.8	368.9	256.2
Activity in Portugal	396.3	230.2	66.2	178.6	238.5	198.7
Equity holdings in BFA and BCI	94.4	97.6	38.6	128.2	130.4	57.5
Return on tangible equity (ROTE) [2] (last 12 months)	16.3%	10.3%	3.0%	9.2%	10.1%	11.4%
Recurring ROTE in the activity in Portugal [2] (last 12 months)	8.8%	8.9%	2.7%	6.8%	8.1%	11.6%
Core efficiency ratio [3] in the activity in Portugal (last 12 months)	60.4%	60.2%	58.0%	54.2%	50.0%	43.6%
Return on assets (ROA) (last 12 months)	1.6%	1.0%	0.3%	0.8%	0.9%	1.0%
Total assets (net)	31 568	31 812	37 786	41 378	38 914	39 932
Loans to Customers (gross)	23 487	24 381	25 695	27 529	29 161	29 797
Total Customer resources	33 195	34 382	36 989	40 305	40 045	37 450
Loan to deposit ratio	100%	100%	93%	91%	92%	100%
NPE ratio (Non performing exposures; EBA criteria)	3.5%	2.5%	1.7%	1.6%	1.6%	1.6%
NPE coverage by impairments and collaterals	127%	124%	140%	149%	155%	150%
Cost of credit risk [4] (last 12 months)	(0.18%)	(0.17%)	0.57%	0.17%	0.20%	0.23%
Shareholders' equity attributable to BPI shareholders [5]	3 206	3 161	2 981	3 393	3 599	3 464
Common Equity Tier 1 ratio [6]	13.8%	13.4%	14.1%	14.2%	14.8%	14.3%
Total capital ratio [6]	15.5%	16.6%	17.3%	17.4%	18.9%	18.2%
Leverage ratio [6]	7.3%	8.4%	7.3%	6.8%	7.1%	7.1%
Distribution network (no. units) [7]	498	480	425	349	325	318
BPI Group employees (no.)	4 888	4 840	4 622	4 478	4 404	4 378

[1] Restated to reflect the impacts on equity holdings in insurance companies of the adoption of IFRS17, effective from 2023.
[2] In the calculation of ROTE it is considered the average shareholders' equity after deducting the average balance of AT1 instruments, intangible assets and goodwill of equity holdings.
[3] Operating expenses (excluding non-recurrent) as % of commercial banking gross income.
[4] 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.
[5] Excludes AT1 capital instruments (275 M.€ issued in September 2019).
[6] Fully loaded capital ratios until 2019 and phasing of impact of IFRS9 implementation in 2020 and 2023.
[7] Retail branches, mobile branch, Premier centres, Private Banking centres and Corporate and Institutional centres.


Multibanco e Depósitos
Caixa Self Service
ATM
Caixa Self Service

WHO WE ARE


ATM

BUSINESS MODEL

BPI, which is 100% held by CaixaBank, focuses its activity on commercial banking in Portugal, where it is the **fourth largest financial institution** by business volume (loans, guarantees and total Customer resources). In May, BPI had market shares of 11.6% in loans, 10.7% in deposits, and 14.3% 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 banks in Africa.

BPI Structure and Business Model

Banco BPI

ACTIVITY IN PORTUGAL

Commercial Banking

- Individuals and Premier
- Small businesses
- Private Banking
- Companies
- Corporate & Institutional Banking

Corporate centre

Financial Investments

Allianz Portugal [1]	**35.0%**

- Non-life insurance

Cosec [2]	**50.0%**

- Export credit insurance

Other financial investments, corporate costs and revenues

Investments in African Banks

BFA Angola	**48.1%**
BCI Mozambique	**35.7%**

% share capital held by Banco BPI

CAIXABANK GROUP COMPANIES

BPI Gestão de Ativos
- Mutual funds

CaixaBank Payments & Consumer
- 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 *research*

1 In partnership with Allianz, which holds 65% of the share capital.
2 In February 2023, Banco BPI entered an agreement to sell its holding in COSEC to Allianz Trade.

[1] Sources: 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 includes 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), **Connect Centre** (remote service to Customers with low commercial potential and involvement), and the new **Citizen Centre** (for foreign Customers).

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

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

PRIVATE BANKING AND WEALTH

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

BPI Private Banking continues to be a reference in Portugal, owing to its highly experienced teams, continuous product and service innovation and commitment to providing the utmost customer experience. With a differentiated value proposition and independent financial advisory service, the new **BPI Wealth** service caters to Clients with greater business potential and financial sophistication.

Distribution network and Customer segmentation

To provide products and services to all its Clients, BPI relies on a physical network of 318 commercial units, 12 remote centres/ commercial team areas, and a transversal homebanking service (BPI Net, BPI Net Empresas, BPIApp, BPI AGE App, BPI Empresas APP, BPI Broker and BPI Direto).

Since 2022, BPI also has a **Virtual Branch** in the metaverse, being the **first Bank in Portugal** to offer an immersive experience of banking services presentation and contact with the Customer in the virtual world.

903 th. **Digital Banking** regular users

686 th. **BPI APP** regular users

87% Individual digital clients actively use BPI App

1 **Virtual branch in the metaverse**

30 June 2023

1.9 M. Clients | **318** Commercial units - physical network | **4 378** Employees

Individuals and businesses	Corporate and institutional

PRIVATE BANKING AND WEALTH

2 BPI Wealth Centres
2 Private Banking centres

INDIVIDUALS, BUSINESSES, PREMIER & INCONTACT BANKING

12 Premier centres

272 traditional branches

1 mobile branch
7 inTouch[2] centres
1 AGE[2] centre
1 Citizen[2] centre
1 Connect[2] centres

1 279 ATM

HNWI[1] CIB

Affluent

Companies

Individuals

Small businesses and Entrepreneurs

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]

32 th. PoS

[1] High net worth individuals.
[2] No in-person customer service.
Note: BPI Suisse was sold to CaixaBank Wealth Management Luxembourg in the 1st half of 2023.

2022-2024 STRATEGIC PLAN

Under the motto "**Grow More. Grow Better**", BPI continues to deploy its Strategic Plan for the period of 2022-24, focused on service quality, business growth and the fulfilment of its Sustainability commitments.

BPI continues to provide its Customers with an increasingly better and distinctive experience, underpinning the **growth in BPI App's regular users** (+ 20% from Jun-22 to Jun-23), the Bank's leadership in Individual Clients' **satisfaction**[1] and the **market shares gains** (yoy) of 0.3 p.p. in loans and 0.2 p.p. in off-balance sheet resources[2], reaching 11.6% and 14.3% in May-23, respectively.

At the financial level, the expansion of commercial activity and income, and the enduring quality of the loan portfolio, led to an improvement in the core efficiency ratio, which dropped to 43.6% (from 53,1% in Jun-22) and to an increase in the recurrent ROTE, to 11.6% (from 6.5% in Jun-22).

In the field of sustainability, BPI has developed several initiatives, promoting the adoption by families of sustainable financial products and expediting the journey of companies towards a more sustainable world.

3 Strategic priorities for 2022-24

Evolve the Customer service model

Increase and diversify revenue generation

Being a reference in sustainable banking

Customer Experience leveraged on:

People | **Technology** | **Processes**

On the social commitment front, there are multiple 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**.

1 CSI Branch survey (4 months to Jun23) and Mystery Client survey (1st half 2023).
2 Mutual funds, retirement saving plans and capitalisation insurance. 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.

SUSTAINABILITY PLAN

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

In the first half of 2023, the Bank further enhanced its commitments through the introduction of **new sustainability policies and principles**. Notably, BPI adopted the Sustainability Action Principles, which serve as a guiding compass for the Bank's sustainability actions and commitments to stakeholders, and established the Sustainability Risk Management Policy, setting forth premises and mechanisms to ensure the governance, management and control of customer-related ESG risks and the ESG risks linked to the Bank's own investments. In addition, the Bank also adopted the updated Human Rights Principles and Declaration on Climate Change.

In March 2023, BPI joined the United Nations Environmental Programme - Finance Initiative (UNEP-FI) and, consequently, the **Principles for Responsible Banking**. These Principles aim to ensure that signatories' strategy and actions are aligned with the vision that society has set out in the UN Sustainable Development Goals (SDGs) and the Paris Agreement. By endorsing these principles, the Bank reinforces its commitment to supranational guidance and accountability from an impact-oriented perspective.

In 2023, the second year of the Sustainability Plan, the primary emphasis lies in solidifying the integration of ESG factors into the Bank's strategy and business model. This includes a dedicated focus on strengthening sustainability-oriented governance, advancing the commitment to decarbonisation, and consolidating the positive social impact.

2022-2024 Objectives

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

2 Bn.€ sustainable finance[1]

2 Bn.€ sustainable investment[2]

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

200 thousand direct beneficiaries[3]

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

LEADING IN **GOVERNANCE BEST PRACTICES**

43% of women in management positions[4]

[1] Considers business volume corresponding to: (i) Renewable Energy Personal Loans; (ii) Sustainable Prestige Products Personal Loans; (iii) BPI | EIB Energy Efficiency Line; (iv) BPI ESG Line and (v) ESG Bond Operations.

[2] Includes net production and transformation of Funds and Insurance aligned with Article 8/9 of the SFDR.

[3] Considers the beneficiaries of the BPI Volunteering Programme, BPI | "la Caixa" Foundation Awards, Decentralised Social Initiative, *Incorpora* and Christmas Action.

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

OUR PERFORMANCE

ECONOMIC BACKDROP

Global and European Economy

The IMF projects a global growth rate of 2.8% in 2023, underpinned by the reopening of the Chinese economy and a gradual recovery from the disruptions experienced in 2022 due to the war in Ukraine. **However, these projections carry a high level of uncertainty**, notably concerning the resilience of the labour market in major economies and the potential persistence of high inflation, which might warrant further monetary tightening.

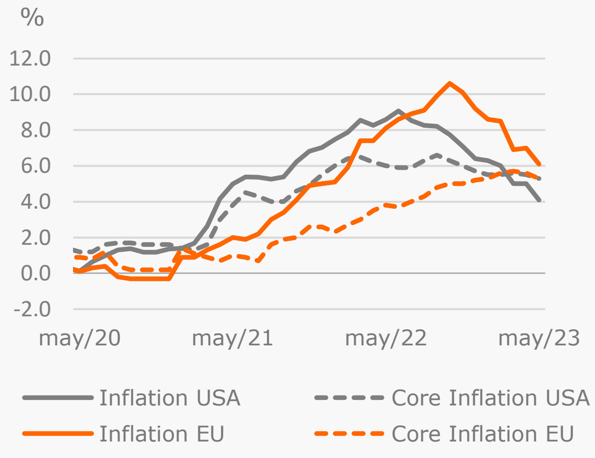
IMF projections for 2023 – 2023F[1]

Real GDP (%)	2022	2023F	2024P
World	3.4	2.8	3.0
Advanced economies	2.7	1.3	1.4
USA	2.1	1.6	1.1
Eurozone	3.5	0.8	1.4
Emerging and developing economies	4.0	3.9	4.2
China	3.0	5.2	4.5

Inflation projections signal that the target average annual inflation should not be reached before 2025.

For 2023, the IMF estimates global inflation at 7.0%: 4.7% in developed countries and 8.6% in emerging and developing economies. This figure is high but lower than in 2022 (8.7%), reflecting the start of an inflation moderation trend, driven mainly by the retrenchment of commodity prices (both energy and food) and the effects of Central Banks' action. Core inflation, i.e., excluding energy and food, is expected to decelerate, albeit at a more gradual pace.

yoy inflation in the US and Eurozone



During the first half of 2023, both the Federal Reserve and the ECB maintained their policy of raising key rates.

Initiating the key rate hike cycle as early as March 2022, the Federal Reserve abstained from raising rates at the June meeting, marking a departure from ten consecutive meetings of increases. **The fed-funds rate range was thus set at 5.0%-5.25% at the end of the 1st half of 2023.** Notwithstanding this pause, the Fed maintains the view that inflation remains too high, and thus further increases in the key rate are likely.

The **ECB, for its part, raised its benchmark rates again by 25 basis points at its June meeting.** Hence, at the end of the first half of the year, the Refi rate reached 4.0% and the Depo rate 3.5%, bringing the cumulative increase since July 2022 to 400 basis points.

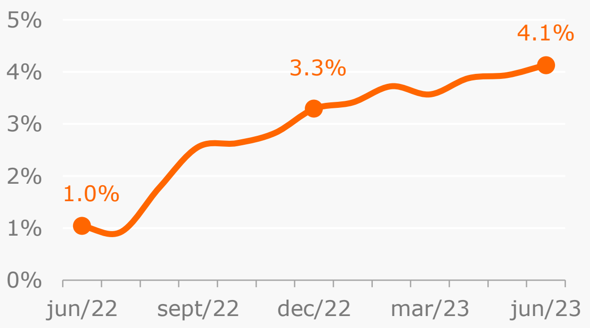
The tone of the ECB officials' discourse was assertive, anticipating the possibility of further rate hikes and highlighting the still high inflation figures.

[1] IMF, World Economic Outlook, April 2023.

Financial Markets

Given the more hawkish stance of monetary policy, Euribor rates increased, returning not only to positive levels in all major benchmarks, but even surpassing 4% in June (the 12-month Euribor), a record high not seen since 2007.

12-Month Euribor (end of period)



In the **fixed income market**, the initial six months of the year were marked by events that triggered spouts of turbulence, specifically, the Silicon Valley Bank's collapse, in the US, and the Credit Suisse episode, in Europe. In this context, yields initially declined, particularly in shorter maturities, reflecting a potential emphasis on financial stability over the battle against inflation.

However, they later rebounded. The other event was the failure to reach an agreement on the US debt ceiling, which was only resolved in early June, very close to the deadline, causing a gradual and widespread escalation in sovereign yields in the first weeks of May.

The 10-year *Bund* yield thus closed the 1st half of the year at 2.39% (2.57% at year-end 2022) and the 10-year US Treasury yield at 3.83% (3.87% at year-end 2022).

Portugal's **risk premium** vis-à-vis the *Bund* improved from 111 bps in June 2022 to 73 bps in June 2023. All major rating agencies maintain Portugal's investment grade rating and Moodys's upgraded the Republic's Outlook in May from "stable" to "positive".

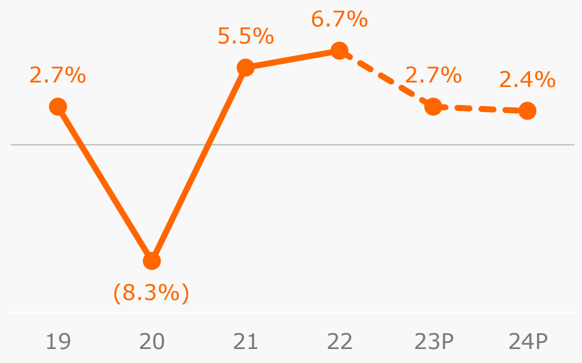
Despite the monetary tightening environment, the main **stock markets** appreciated by around 15% (Euro stoxx 50 and S&P 500) in the semester. The PSI 20 had a positive, albeit more modest performance, gaining 3.5% in the first half of 2023.

Portuguese Economy

In the 1st quarter of 2023 GDP grew by 1.6% qoq and 2.5% yoy. The Bank of Portugal forecasts GDP growth of 2.7%[1] in 2023.

The buoyancy of **private consumption and exports is poised to fuel the expansion,** bolstered by a modest rebound in real household income and the vigour of tourism activity, which is expected to witness new historical highs in overnight stays and tourism revenues in 2023. Despite the expected increase in the unemployment rate, employment, as measured by the number of employed individuals, is anticipated to remain close to record highs.

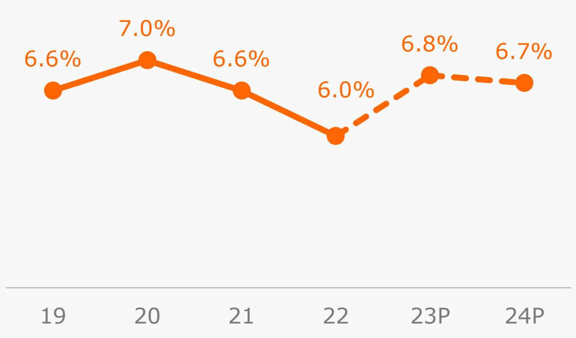
Real GDP growth [1]



[1] Source: Bank of Portugal (Economic Bulletin projections, June 2023).

The **Recovery and Resilience Plan** should foster growth, primarily through the expansion of investment, while also holding the potential to curb the negative impact of rising interest rates and other costs. The payments forecast for 2023 represent around 1.6% of the estimated GDP in this year. This is a non-negligible contribution to economic growth, driving investment expansion, and potentially limiting the negative impact of rising interest rates and other costs on investors' decisions.

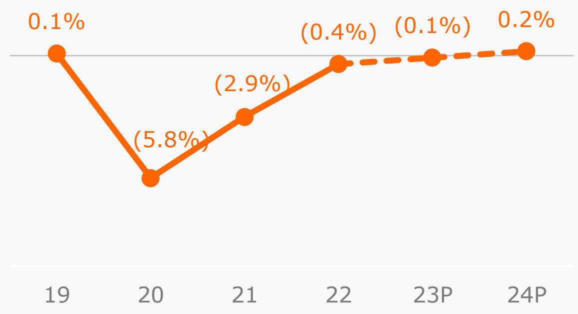
Unemployment rate in Portugal [1]



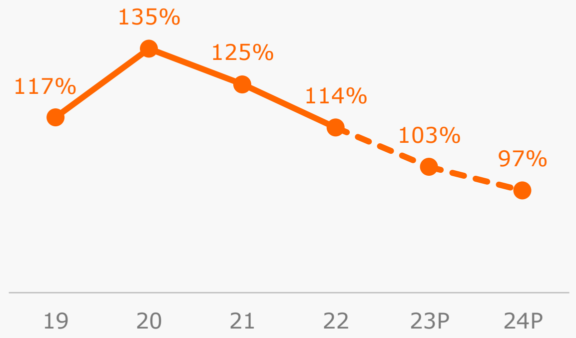
Regarding the external accounts in the first four months of the year, the current account recorded a deficit of 37.5 M€, resulting from a deterioration in the deficit of non-energy goods due to a more pronounced rise in imports compared to exports. The good performance of exports of services (tourism) and the improvement in the energy deficit offset the increase in the trade deficit of non-energy goods, improving the current account compared to 2022 when it showed a deficit of 2.4 Bn.€ in the period from January to April.

Public accounts maintain consolidation path. The consolidated balance of the Public Administrations, on a cash basis, stood at approximately +1.1% of GDP until April, which compares to a balance of -0.9% in the same period of 2022. This improvement compared to 2022 is explained by the growth in revenue (+9.5% yoy) outpacing the growth in expenditure (3.6%). Therefore, in 2023, the deficit and the public debt should contract to 0.1% and 103% of GDP2[1], respectively. It should be noted that the debt ratio is expected to dip below 100% of GDP in 2024, for the first time since 2009.

Fiscal deficit as % of GDP [1]



Public debt as % of GDP [1]



[1] Source: Bank of Portugal (Economic Bulletin projections, June 2023).

Portuguese financial system

In May, the stock of loans to the non-financial private sector decreased by 1.1% yoy (-3.7% in the corporate segment and +0.4% in loans to individuals).

Up to May, new production contracted by 17.3% yoy, reflecting a 20.3% reduction in loans to individuals (-26% in mortgage loans and -8% in consumption and other loans) and a 13.7% decline in corporate loans. In the same period, non-financial private sector deposits decreased by 4.7% yoy (4.8% in individuals and 4.5% in companies).

In the same period, non-financial private sector deposits decreased by 4.7% yoy (4.8% in individuals and 4.5% in companies).

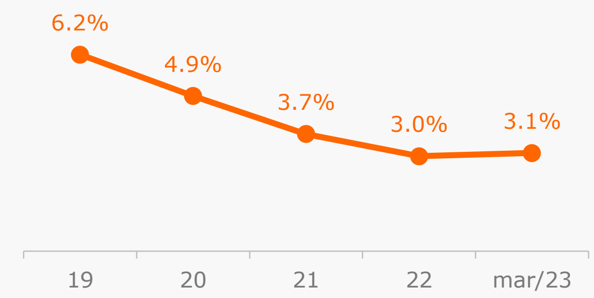
Private sector - evolution of loans and deposits

Δ yoy (%)	2022	May 23[1]
LOANS		
Individuals	**3.1**	**-0.8**
Mortgage loans	3.2	-0.8
Other	2.9	-0.7
Non-financial companies	**-0.4**	**-1.9**
TOTAL CREDIT	**1.8**	**-1.2**
DEPOSITS	**6.4**	**-4.7**

In March de 2023, the **loan to deposit ratio** was 79.9%, up by 1.7 p.p. on the end of 2022. This, together with a **CET 1 capital** ratio of 15.6%, well above regulatory requirements, gives the banking system spare capacity to continue to support the economy.

The **non-performing loan (NPL)** ratio was 3.1% in March 2023 (up by 0.1 p.p on 2022), this ratio standing at 6.3% in the corporate segment (down by 0.2 p.p on 2022) and 2.4% in the individual customers segment (up by 0.1 p.p on the end of 2022).

Non-performing loans (NPL) ratio [2]



Notwithstanding these good indicators, in its last Financial Stability Report, the Bank of Portugal continued to refer to several risks facing the banking sector: On the one hand, the **potential default of the more vulnerable households**, due to high inflation, rising short-term interest rates and a potential worsening of the unemployment rate. On the other, the **potential default of companies that are particularly susceptible** to elevated interest rates and a broader economic slowdown. Finally, the **possibility of a cooling down of the residential real estate market**, with a possible impact on prices and the value of collateral for loans secured by real estate.

[1] year-to-date
[2] Source: Bank of Portugal (Portuguese Banking System: recent developments – 1st quarter 2023)
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FINANCIAL CAPITAL

Consolidated net profit

BPI reported a **consolidated net profit** of 256.2 M.€ in the 1st half of 2023, a yoy increase of 26%. Return on consolidated tangible equity (ROTE) was 11.6%.

256 M.€
Consolidated net profit

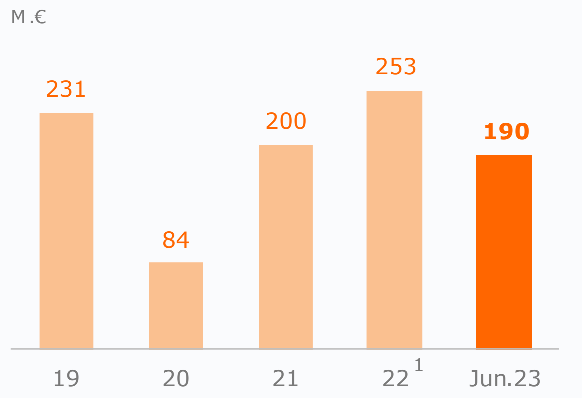
In the **activity in Portugal, the recurrent net profit** reached 189.8 M.€, which represents a 119% yoy increase.

This increase is explained by the 50% expansion of commercial banking gross income. While operating expenses rose by 13%, the cost of credit risk remained stable at 0.23% (last 12 months).

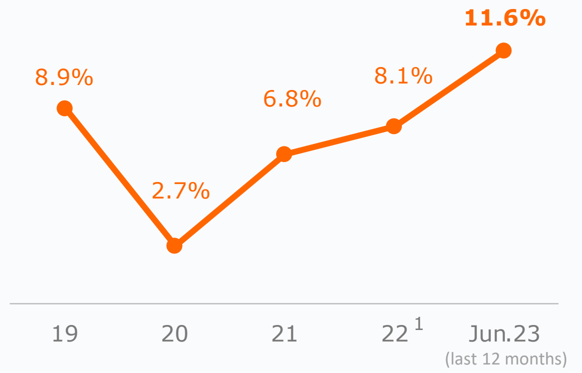
The cost-to-core income improved to 43.6% and recurrent ROTE rose to 11.6% (last 12 months).

Net profit as reported, which includes 9.3 M.€ in gains on the sale of BPI Suisse, was 198.7 M.€ in the 1st half of 2023 (+130% compared to the 1st half of 2022).

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 reached 57.5 M.€ in the 1st half of 2023:

- BFA's contribution, amounting to 40.8 M.€, reflects the 2022 dividend and the impact of the devaluation of the kwanza;
- BCI's contribution (equity accounted) was 16.7 M.€.

Consolidated net profit (M.€)

	Jun.22 [1]	Jun.23	Δ%
Activity in Portugal			
Recurring net profit	86.8	189.8	119%
Non-recurring impacts[2]	(0.3)	9.0	-
Activity in Portugal	**86.5**	**198.7**	**130%**
BFA contribution	99.6	40.8	(59%)
BCI contribution	17.1	16.7	(2%)
Consolidated net profit	**203.2**	**256.2**	**26%**

[1] 2022 restated to reflect the impacts on equity holdings in insurance companies of the adoption of IFRS17, effective from 2023.
[2] Includes capital gain on the sale of BPI Suisse (9.3 M.€), sold in early April 2023.

Activity in Portugal

Income Statement

Recurrent net profit from the activity in Portugal reached 189.8 M.€, a yoy increase of 119%. This increase is mainly explained by the following factors:

- gross income increased 195 M.€ (+52%), underpinned the good performance of commercial activity and rising market interest rates - net interest income grew by 85% and fee and commission income by 2%;
- operating expenses increased 28 M.€ (+13%), reflecting the impact of inflation and the acceleration of investment in technology;
- loan impairments net of recoveries of 37 M.€. Cost of credit risk stable at 0.23% in the last 12 months;

Net profit as reported, which includes a 9.3 M.€ capital gain on the sale of BPI Suisse, was 198.7 M.€ in the 1st half of 2023 (+130% compared to the 1st half of 2022).

Recurrent ROTE [2] (last 12 months)	**6.5%** Jun.22	**11.6%** Jun.23

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

	Jun.22 restated [1]	Jun.23	Δ%
Net interest income	234.9	434.9	85%
Dividend income	3.9	2.0	(50%)
Equity accounted income	12.8	10.0	(22%)
Net fee and commission income	144.6	147.0	2%
Commercial banking gross income	396.3	593.8	50%
Gains / (losses) on financial assets and liabilities and other	17.5	14.7	(16%)
Other operating income and expenses	(42.2)	(42.2)	0%
Gross income	**371.6**	**566.3**	**52%**
Staff expenses	(114.7)	(122.8)	7%
Other administrative expenses	(75.1)	(93.2)	24%
Depreciation and amortisation	(32.8)	(34.5)	5%
Operating expenses	**(222.6)**	**(250.5)**	**13%**
Net operating income	**149.0**	**315.8**	**112%**
Impairment losses on financial assets	(26.4)	(36.6)	39%
Other impairments and provisions	(2.8)	(1.9)	(32%)
Gains and losses in other assets	0.9	10.9	-
Net income before income tax	**120.6**	**288.2**	**139%**
Income tax	(34.1)	(89.5)	162%
Net income	**86.5**	**198.7**	**130%**
[Recurring net income]	*86.8*	*189.8*	*119%*

Note: Interest on the pension funds' funding surplus, booked in 2022 under staff expenses, is now booked under Net interest income. In the Management Report, net interest income includes 1.1 M.€ related to this income.

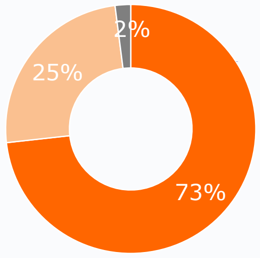
[1] Restated to reflect the impacts on equity holdings in insurance companies of the adoption of IFRS17, effective from 2023.
[2] Recurrent ROTE (11.6% in Jun.23; last 12 months) = Recurrent net profit in Portugal in the last 12 months (338 M.€), less AT1 interest costs (18 M.€) recorded directly in shareholders' equity / Average allocated shareholders' equity (2 927 M.€).

Gross Income

Commercial banking gross income grew by 50%, driven by the sharp increase in net interest income (+85%) and the rise in fee and commission income (+2%).

+85%
net interest income
(∆ 1H22 / 1H23)

Breakdown of commercial banking gross income



Net interest income

Net interest income surged by 200 M.€ yoy. This increase is explained by:

With a positive impact,

- the increase in the contribution of the loan portfolio (+303 M.€) through the volume effect of credit growth and the price effect of rising market rates.

With a negative impact,

- the increase in the remuneration of deposits,with a -57 M.€ impact, including the effect of hedges.
- Effect of rising market interest rates on the cost of debt issues (covered bonds and MREL) and funding from the ECB.

The unitary intermediation margin[2] rose by 1.8 p.p., to 3.3% in the 1st half of 2023.

Net interest income (M.€)

	Jun.22			Jun.23			∆ interest (%)
	Average balance	Average rate	Interest	Average balance	Average rate	Interest	
Loans to Customers[1]	27 483	1.5%	207.8	28 642	3.5%	492.5	137%
Customer deposits in euro	28 092	0.0%	1.0	27 633	0.1%	20.0	-
Intermediation margin [2]		**1.5%**	**206.8**		**3.3%**	**472.6**	**129%**
Other revenues and costs			28.1			(37.7)	-
Net interest income			**234.9**			**434.9**	**85%**

[1] Excludes Employee loans, commissions at amortised cost and interest on overdue loans.
[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.

Net fee and commission income

Net fee and commission income increased by 1.7% relative to 1st half of 2022 (+3.3% on a comparable basis[1]):

- banking commissions grew by 5.8%, driven by the acquisition of new "*valor*" accounts (commissions on deposits and associated services +3.4 M.€), the organisation and structuring of corporate debt issues (fees and commissions on securities transactions +2.1 M.€) and loans and guarantees (+0.2 M.€);
- net fee and commission income from mutual funds and capitalisation insurance rose by 0.7%, reflecting the placement of guaranteed income products;
- insurance intermediation commissions decreased by 1.7%, reflecting a decline in credit-related insurance commissions and an increase in stand-alone insurance commissions.

+3.3%
fees and commissions
(comparable basis Δ 1H22 / 1H23)

Net fee and commission income (M.€)

	Jun.22	Jun.23	Δ%
Banking commissions	84.9	89.8	5.8%
Mutual funds and capitalisation insurance	25.7	25.9	0.7%
Insurance brokerage	30.3	29.8	(1.7%)
Total on a like-for-like basis	**140.9**	**145.5**	**3.3%**
BPI Suisse[1]	3.7	1.5	-
As reported	**144.6**	**147.0**	**1.7%**

Equity accounted income

Equity accounted income decreased by 2.9 M.€ , to 10.0 M.€ in the 1st half of 2023 (Allianz 9.4 M.€ and Unicre 0.6 M.€).

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

Gains / (losses) on financial assets and liabilities and other totalled 14.7 M.€, essentially corresponding to 6.8 M.€ gains on foreign exchange transactions and 4.0 M.€ gains on structured products.

Other operating income and expenses

Other operating income and expenses was negative in the 1st half of 2023, at -42.2 M.€. This includes regulatory costs of 41.8 M.€ (6.7 M.€ less than in 1st half 2022) corresponding to contributions to the Single Resolution Fund (10.4 M.€), National Resolution Fund (4.8 M.€), and Deposit Guarantee Fund (0.3 M.€), the banking sector contribution (22.3 M.€), and the "solidarity surcharge on the banking sector" (4.1 M.€).

Reclassification of equity holdings in Cosec and Unicre

Equity holding in Cosec: in February 2023 BPI signed an agreement to sell its stake in Cosec (equity accounted). As a result, this stake was reclassified to the non-current assets held for sale portfolio and the results generated in 2023 are not appropriated.

Equity holding in Unicre: in June 2023, BPI reclassified the stake in Unicre from "associated company" (equity accounted) to financial investment, under "shares at fair value through other comprehensive income", given Banco BPI's loss of significant influence over this company.

[1] In April 2023, BPI Suisse was sold to CaixaBank Wealth Management Luxembourg (fully held by CaixaBank). The income generated until March 2023 was appropriated and a capital gain of 9.3 M.€ was recorded under Gains and losses in other assets.

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Operating expenses

Operating expenses increased by 12.5%:

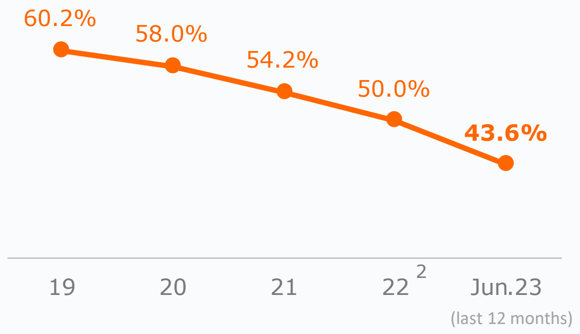
- staff expenses were up by 7.0% (+8.1 M.€), through the joint effect of the update of the salary scale and a 2.1% reduction in the average payroll;
- other general administrative expenses increased by 24.1% (+18.1 M.€), mainly through the increase in costs with new technological projects and the effect of inflation;
- depreciation and amortisation increased by 5.2% (+1.7 M.€).

Operating expenses (M.€)

	Jun.22	Jun.23	Δ%
Staff expenses	114.7	122.8	7.0%
Other administrative expenses	75.1	93.2	24.1%
Depreciation and amortisation	32.8	34.5	5.2%
Operating expenses	**222.6**	**250.5**	**12.5%**

The cost-to-core income ratio improved by 6 p.p., to 43.6% in June 2023 (last 12 months), due to the expansion of the income basis (50%) having surpassed the increase in costs.

Cost-to-core income ratio [1]



113% coverage of pension liabilities
30 Jun. 2023)

Pension liabilities

The net assets of the Employees' pension funds (1 757 M.€) cover 113% of the pension liabilities.

In the 1st half of 2023, the pension funds' return was 4.5% (non annualised rate in the period).

The negative actuarial and financial deviations in 1H23 (-3 M.€[3]) resulted from the updating of the discount rate (-40 M.€) and the change in the ACT (Collective Wage Agreement) table (-10 M.€), whereas the positive deviation in the fund's return (+45 M.€) largely offset those negative deviations.

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

	Dec.22	Jun.23
Total past service pension liabilities	1 514	1 555
Net assets of the pension fund	1 714	1 757
Coverage ratio of pension liabilities	113%	113%
Pension funds return (ytd non-annualised)	(8.7%)	4.5%
Discount rate	3.8%	3.6%
Pensionable salaries growth rate [4]	1.25%	1.25%
Pensions growth rate [4]	0.75%	0.75%

[1] Operating expenses excluding non-recurrent expenses minus income from services provided to CaixaBank Group, as % of commercial banking gross income.
[2] Restated for adoption on IFRS17.
[3] Booked directly under shareholders' equity.
[4] The pension growth rates considered for 2023 in Dec.22 and Jun.23 were 4.0% and 4.5%, respectively, and a growth rate of 3.0% for 2024; the wages growth rates considered for 2023 in Dec.22 and Jun.23 were 4.5% and 5.0%, respectively, and a growth rate of 3.5% for 2024.

Impairment and provisions for loans and guarantees

Impairments for loans and guarantees net of recoveries amounted to 36.6 M.€ in the 1st half of 2023 (+10.2 M.€ compared to the 1st half of 2022).

The cost of credit risk [1] remained stable at 0.23% (last 12 months).

At the end of June 2023 unallocated impairments on the balance sheet amounted to 28.5 M.€.

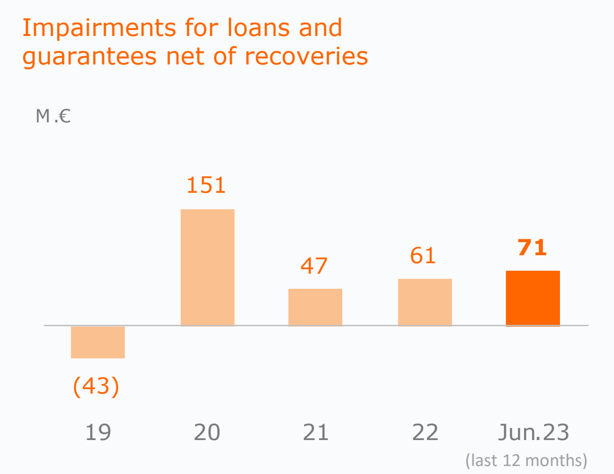
%

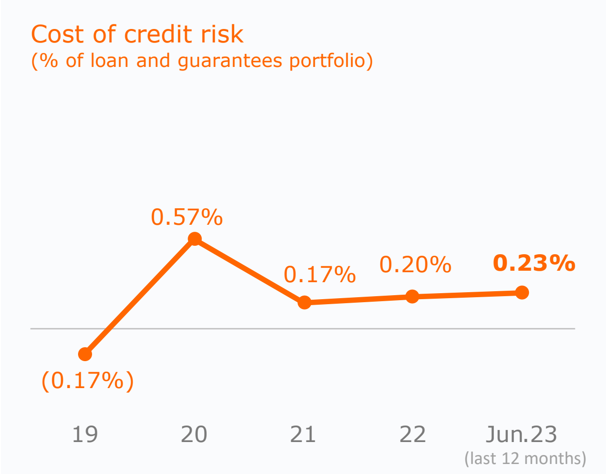
0.23%
Cost of credit risk
(last 12 months)

Banco BPI is preparing the sale of a portfolio of non-performing loans. The completion of this operation is scheduled for the second half of 2023.

Impairments for loans and guarantees net of recoveries (M.€)

	Jun.22	Jun.23
Loans to individuals	17.2	19.5
Mortgage loans	7.6	(1.1)
Other loans to individuals	9.6	20.7
Companies	11.1	17.7
Public sector	(0.0)	0.8
Impairments	**28.3**	**38.0**
Recovery of loans written off from assets	(1.9)	(1.4)
Total	**26.4**	**36.6**
Cost of credit risk (last 12 months)	0.22%	0.23%





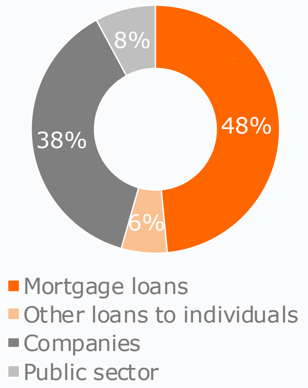
[1] Impairments net of recoveries as % of average gross loans and guarantees.

Loans to Customers

The portfolio of loans and advances to Customers (gross) expanded by 3.8% yoy (+1.1 Bn.€). By segment:

- the mortgage loans portfolio increased by 4.7% (+0.6 Bn.€). In the 1st half of 2023 BPI's new mortgage loans production was 1.2 Bn.€, which represents a yoy reduction of 19% that is aligned with the market slowdown. BPI maintained a large market share in production, of 18.5% between Jan. and May23;
- the corporate loan book expanded by 2.1% (+0.2 Bn.€). The market share in corporate loans rose to 11.0% (+0.2 p.p. yoy).

Loan portfolio (June 23)



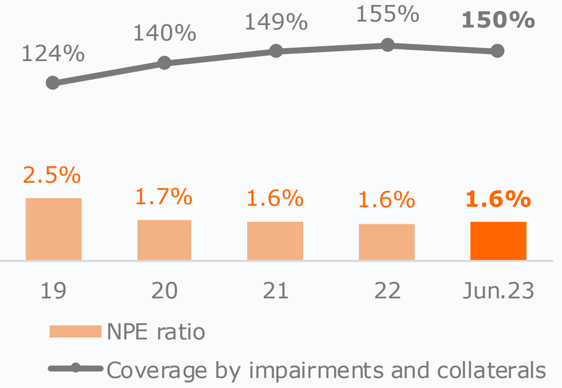
Asset quality

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

Non-Performing Exposures (NPE) EBA[2]

In June 2023 the NPE ratio (EBA) was 1.6% with coverage by impairments of 93% and coverage by impairments and collaterals associated with the NPE exposure of 150%.

Non-performing exposures (NPE) and NPE coverage



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

	Jun.22	Dec.22	Jun.23	∆% yoy	∆% Dec22 / Jun23
Loans to individuals	15 629	15 984	16 221	3.8%	1.5%
Mortgage loans	13 800	14 183	14 444	4.7%	1.8%
Other loans to individuals	1 829	1 800	1 777	(2.9%)	(1.3%)
Companies	10 998	10 945	11 229	2.1%	2.6%
Public sector	2 077	2 233	2 347	13.0%	5.1%
Total	**28 704**	**29 161**	**29 797**	**3.8%**	**2.2%**
Note:					
Net loan portfolio	28 165	28 630	29 237	3.8%	2.1%

[1] Loans to Customers (gross) corresponds to Loans and advances to Customers (26 124 M.€ in June 23), excluding collateral accounts, reverse repos and other assets (127 M.€ in June 23), added of debt securities issued by Customers (3 672 M.€ in June 23, excluding credit institutions), recognised under Financial assets at amortised cost.
[2] In addition to the credit exposure considered in NPL (EBA), also includes loans and debt securities in the loan portfolio.

Non-Performing Loans (NPL) EBA

The NPL ratio was 2.0% at the end of June 2023, well below the high-risk threshold for non-performing assets defined by the EBA (5%).

The NPL coverage by impairments was 95%, or 152% if also considering the coverage by associated collaterals.

2.0%
NPL ratio

152%
Coverage of NPL by impairments and collaterals

For the main credit segments:

- **corporate loans**, NPL ratio of 3.6% (3.3% in December 2022) and NPL impairment coverage of 99%;
- **mortgage loans**, NPL ratio of 1.2% (1.2% in December 2022). 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.€	2021	2022	Jun.23
Non-performing exposures (NPE) [1]			
Gross credit risk exposure	39 859	37 427	38 781
Non-performing exposures	646	583	616
NPE ratio	1.6%	1.6%	1.6%
Loan impairments[2]	545	547	575
Coverage by impairments	84%	94%	93%
Coverage by impairments and collaterals	149%	155%	150%
Non-performing loans (NPL) [1]			
Gross credit risk exposure	31 758	28 986	29 875
Non-performing loans	634	571	604
NPL ratio	2.0%	2.0%	2.0%
Loan impairments[2]	545	547	575
Coverage by impairments	86%	96%	95%
Coverage by impairments and collaterals	150%	157%	152%
***"Crédito dudoso"* (non-performing)** [1]			
Gross loans and guarantees	29 297	31 239	31 931
"Crédito dudoso"	683	589	610
"Crédito dudoso" ratio	2.3%	1.9%	1.9%
Loan impairments[2]	545	547	575
Coverage by impairments	80%	93%	94%
Coverage by impairments and collaterals	140%	153%	150%

Restructured loans

The amount of restructured loans (forborne loans, under the EBA criteria) was 646 M.€ in June 2023. The increase in forborne loans compared to December 2022 is explained by the application of the support measures under Decree-Law 80-A/2022.

Of this, approximately 66% were performing loans (Performing Exposures) and the remaining 34% were included in the balance of NPE. The forborne ratio was 1.5% (0.9% in Dec.22).

Forborne loans by segments:

- **corporate loans**, 190 M.€ of forborne loans and forborne ratio of 2.2%. Of this, 43% are performing loans and the remaining 57% are included in NPE;
- **mortgage loans**, 393 M.€ of forborne loans and forborne ratio of 2.7%. Of this, 81% are performing loans and the remaining 19% are included in NPE.

Forborne loans, EBA criteria (M.€)

	Dec.22		Jun.23	
	Forborne loans	Forborne ratio	Forborne loans	Forborne ratio
Performing loans	149	0.4%	428	1.0%
Included in NPE	212	0.5%	218	0.5%
Total	**362**	**0.9%**	**646**	**1.5%**

[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 June 2023, the share capital subscribed in these funds was 79.7 M.€. Balance sheet value, after revaluation, was 19.1 M.€

Corporate recovery and restructuring funds (M.€)

	June 2023
Subscribed capital [1]	79.7
Revaluation	(60.7)
Net balance sheet value	**19.1**

Foreclosed properties

The portfolio of foreclosed properties has a very low expression in BPI. At the end of June 2023 it amounted to:

4.4 M.€
gross book value

1.5 M. €
net book value

This portfolio's valuation value was 4.3 times higher than its net balance-sheet value.

Financial assets portfolio

At June 2023, BPI held a portfolio of sovereign debt securities in the amount of 4 728 M.€[2]. This portfolio corresponds to medium- and long-term debt of Portugal (41%), Spain (21%), Italy (14%), the European Union (14%) and the USA (10%).

The average residual maturity of this portfolio is 3.4 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.€)

	Dec.22	Jun.23
Medium and long-term		
Portugal	1 956	1 962
Spain	992	996
Italy	670	669
USA	466	458
European Union	635	642
Total	**4 719**	**4 728**

[1] Paid-in capital was 75.5 M.€ in June 2023.
[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 decreased by 4.4% yoy (-1.3 Bn.€), in line with the trend in the banking sector. BPI's market share in deposits shrank by 0.2 p.p. yoy, to 10.7% in May 23. In the 2nd quarter of 2023 Customer deposits increased by 230 M.€.

Term deposits, up by 20% yoy, increased their share in total deposits to 36% (+7 p.p. yoy).

Off-balance sheet items contracted by 4.7% yoy, though increasing in the 1st half of 2023, driven by the favourable performance of the financial markets.

Total Customer resources amounted to 37.5 Bn.€ at the end of June 2023 (-4.4% yoy). In addition, BPI placed 0.5 Bn.€ in structured products over the last 12 months.

Customer Resources (M.€)

	Jun.22	Dec.22	Jun.23	Δ% yoy	Δ% Dec22 / Jun23
Customer deposits	**29 955**	**30 326**	**28 645**	**(4.4%)**	**(5.5%)**
Sight deposits	21 346	21 813	18 343	(14.1%)	(15.9%)
Term deposits	8 610	8 513	10 301	19.7%	21.0%
Off-balance sheet resources	**9 237**	**8 671**	**8 805**	**(4.7%)**	**1.5%**
Mutual funds	4 411	4 278	4 342	(1.6%)	1.5%
Capitalisation insurance	4 359	4 313	4 383	0.6%	1.6%
Public subscription offerings [1]	467	81	80	-	-
Total (excluding BPI Suisse)	**39 192**	**38 998**	**37 450**	**(4.4%)**	**(4.0%)**
Note:					
Off-balance sheet resources from BPI Suisse [2]	1 131	1 047			

Liquidity and Funding

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

At the end of June 2023:

100% transformation ratio
of deposits into loans (Customer resources are the main source of funding)

134% NSFR ratio
Net stable funding ratio

187% LCR ratio
Liquidity coverage ratio (12-month average[1)])

10.4 Bn.€ in eligible assets
for ECB funding

442 M.€ ECB funding
obtained through TLTRO III

After the end of the 1st half of the year BPI issued 500 M.€ in Mortgage Covered Bonds maturing in July 2028.

[1] The evolution of "public subscription offerings" (OTRV - Portuguese treasury floating rate bonds) placed with Customers is explained by the reimbursement of securities on maturity.
[2] BPI Suisse was sold to the Caixabank group (CaixaBank Wealth Management Luxembourg) in April 2023.
[3] In accordance with EBA guidelines. Calculation components (12-month average): Liquidity reserves (7 780 M.€); Total net outflows (4 151 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 4.8 Bn.€ (May 23) and approximately 2.7 million Customers. Its market share of deposits was 16.1% in May.
- 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 May) of 24% in total assets, 24% in loans and 26% in deposits.

The equity holdings in BFA and BCI contributed with 57.5 M.€ to the 1st half of 2023 consolidated net profit.

BFA and BCI contribution to consolidated net profit (M.€)

	Jun.22	Jun.23
BFA contribution	99.6	40.8
BCI contribution	17.1	16.7
Total	**116.7**	**57.5**

Banco de Fomento Angola (BFA)

BFA's contribution to the consolidated net profit amounted to 40.8 M.€. This contribution, which includes the 2022 ordinary dividend in the amount of 66.8 M.€, was penalised by the effect of the kwanza's devaluation (-40% against the euro since the start of the year) on the amounts deposited with BFA.

At the end of June 2023, the 48.1% stake in BFA was valued at 310 M.€[1].

Banco Comercial e de Investimentos (BCI)

BCI's contribution to the consolidated net profit was 16.7 M.€.

The book value of this holding (recognised by the equity method) was 139 M.€ in June.

Consolidated profitability and efficiency indicators

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

	Jun.22[2)]	Jun.23
Gross income / ATA	2.4%	3.2%
Net income before income tax and minority interests / ATA	1.2%	1.7%
Net income before income tax and minority interests / avg. shareholders' equity and minority interests	13.3%	17.5%
Staff expenses / Gross income [3]	23%	20%
Operating expenses / Gross income [3]	45%	41%
Loan to deposit ratio [4]	94%	102%

ATA = average total assets.

[2] Restated to reflect the impacts on equity holdings in insurance companies of the adoption of IFRS17, effective from 2023.
[3] Excluding costs with early retirements.
[4] Net customer loans / Customer deposits.

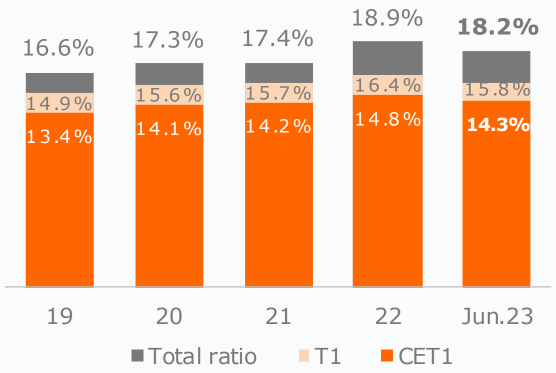
[1] The equity holding in BFA is classified since the end of 2018 as a "financial investment", recognised under "shares at fair value through other comprehensive income".

Prudential capital

At the end of June 2023, the consolidated capital ratios (phasing-in*)* were: CET1 of 14.3%, Tier 1 of 15.8% and total capital 18.2%.

BPI has a Maximum Distributable Amount buffer (MDA buffer) of 5.3 p.p..

Consolidated capital ratios [1]



Note: The minimum capital requirements determined by the ECB for BPI in 2023 are:
CET1 of 8.57%, T1 of 10.43% and total ratio of 12.90%.

Consolidated capital ratios (M.€)

	Dec.22	Jun.23
Common Equity Tier I	2 553	2 643
Tier I	2 828	2 918
Tier II	443	441
Total own funds	3 271	3 359
Risk weighted assets	17 280	18 427
CET1 ratio	14.8%	14.3%
T1 ratio	16.4%	15.8%
Total ratio	18.9%	18.2%
Buffer MDA	5.9%	5.3%
Leverage ratio [2]	7.1%	7.1%
MREL (as % RWA)	25.6%	24.5%
MREL (as % LRE)	11.1%	11.0%

At the end of 2022, BPI adopted the IRB (Internal Rating Based) approach for the calculation of risk-weighted assets in the mortgage loans segment.

At the end of June de 2023 BPI met the MREL requirements for 1 January 2024:

- MREL to RWAs ratio of 24.5%, versus the intermediate requirement of 19.18%[3] for 1 Jan. 2022 and final requirement of 22.43%[3] from 1 Jan. 2024.
- MREL ratio as a percentage of LRE of 11.0% versus final requirement of 5.91%.

[1] Fully loaded capital ratios until 2019 and phasing of impact of IFRS9 implementation from 2020 to June 2023.
[2] 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.
[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 47% to 305.2 M.€ in the 1st half of 2023. The following contributed to this performance:

- 26% increase in gross income (+130 M.€), underpinned by 81% increase in net interest income (+197 M.€) driven by the rise in market interest rates and the growth of the loan portfolio.
  Net fee and commission income expanded by 3.3% (+4.6 M.€) while dividends from equity holdings amounted to 120 M.€[1] (-6.9%).
- 13% increase in operating expenses (+29 M.€).
- loan impairments net of recoveries of 37.1 M.€ in 1st half of 2023. The cost of credit risk remained flat at 0.23% in the last 12 months.

Individual income statement (M.€)

	Jun.22	Jun.23	Δ%
Net interest income	241.9	438.6	81.3%
Dividend income	128.8	120.0	(6.9%)
Net fee and commission income	140.9	145.5	3.3%
Gains / (losses) on financial assets and liabilities and other	36.9	(26.0)	-
Other operating income and expenses	(51.1)	(50.9)	0.4%
Gross income	**497.5**	**627.2**	**26.1%**
Staff expenses	(113.1)	(121.9)	7.9%
Other administrative expenses	(74.5)	(92.9)	24.6%
Depreciation and amortisation	(32.8)	(34.5)	5.3%
Operating expenses	**(220.4)**	**(249.3)**	**13.1%**
Net operating income	**277.1**	**377.8**	**36.4%**
Impairment losses on financial assets	(26.4)	(37.1)	40.5%
Other impairments and provisions	(2.8)	(1.9)	(32.5%)
Gains and losses in other assets	0.8	44.1	-
Net income before income tax	**248.7**	**383.0**	**54.0%**
Income tax	(41.2)	(77.8)	89.0%
Net income	**207.5**	**305.2**	**47.1%**

Note: The interest on the pension funds' funding surplus, booked in 2022 under staff expenses, is now booked under Net interest income. In the Management Report, net interest income includes 1.1 M.€ related to this income.

[1] In the 1st half of 2023 includes 73 M.€ from BFA (gross of tax withheld in Angola), 45 M.€ from equity accounted holdings and 2.0 M.€ from other equity holdings.

Individual balance sheet

Total assets (net) of Banco BPI (individual basis) amounted to 39.8 Bn.€ at the end of June 2023.

The portfolio of loans and advances to Customers (gross) expanded by 3.8%, to 29.8 Bn.€. Total deposits decreased by 4.4%, to 28.6 Bn.€.

Individual accounting shareholders' equity was 3 337 M.€, excluding 275 M.€ in Additional Tier 1 (AT1) capital instruments.

Individual balance sheet indicators (M.€)

	Jun.22	Dec.22	Jun.23	Δ% yoy
Total assets (net)	42 958	38 721	39 794	(7.4%)
Loans to Customers (gross)	28 704	29 161	29 797	3.8%
Deposits	29 955	30 326	28 645	(4.4%)
Shareholders' equity[1]	3 526	3 419	3 337	(5.4%)

The description of Banco BPI's commercial performance on a consolidated basis also applies to the evolution of the various captions on an individual basis. BPI Suisse, which was fully consolidated, was sold in April 2023. The other equity holdings included in the consolidation perimeter - Allianz Portugal and BCI Moçambique – are recognised by the equity method.

Individual capital ratios

At 30 June 2023, the individual capital ratios (phased-in) were:
CET 1 of 14.1%, Tier 1 of 15.6%, total capital of 18.0% and leverage ratio of 7.0%.

Individual capital ratios (M.€)

	Dec.22	Jun.23
Common Equity Tier I	2 558	2 594
Tier I	2 833	2 869
Tier II	443	441
Total own funds	3 276	3 310
Risk weighted assets	17 266	18 365
CET1 ratio	14.8%	14.1%
T1 ratio	16.4%	15.6%
Total ratio	19.0%	18.0%
Leverage ratio	7.1%	7.0%

[1] Excludes AT1 instruments.

Rating

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

BPI ratings & Outlook

Fitch Ratings	**BBB+**	Stable
Moody's	**Baa1**	Stable
S&P	**BBB+**	Stable

In the 1st half of 2023, both Moody´s and Fitch Ratings upgraded BPI's ratings:

- Moody's upgraded the rating of BPI and its senior debt to Baa1, with stable outlook, and reaffirmed the deposits' rating at A3, improving the respective outlook to Positive.
- Fitch upgraded BPI's rating to BBB+, with stable outlook, and the rating on its senior debt and deposits to A-.

S&P Global Ratings did not take any action on BPI's rating from the beginning of 2023 up to the date of approval of this Report.

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

At 23 July 2023	DBRS	Fitch Ratings	Moody's	S&P Global Ratings
Banco BPI credit ratings				
Issuer Rating / Outlook		BBB+ / Stable	Baa1 / Stable	BBB+ / Stable
Long-Term Deposits / Outlook		A-	A3 / Positive	-
Long-Term Debt / Outlook		A-	Baa1	BBB+ / Stable
Short-Term Deposits		F2	Prime-2	-
Short-Term Debt		F2	Prime-2	A-2
Individual Rating		bbb- *(Viability rating)*	baa2 *(Baseline Credit Assessment)*	bbb- *(Stand-alone credit profile, SACP)*
Collateralised senior debt – Mortgage loans	AA		Aa2	
Collateralised senior debt – Public Sector			Aa3	
Senior non-preferred debt			Baa2	BBB
Subordinated debt			Baa3	BBB-
Junior subordinated debt			Ba1	
Portugal Rating[1]				
Long-term / Outlook	A / Stable	BBB+ / Stable	Baa2 / Positive	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

Customer Experience

The key considerations for customers when using digital services are accessibility, availability, convenience and relevance. Accordingly, these remain the pillars of the Customer Experience improvement strategy.

Digital Transformation

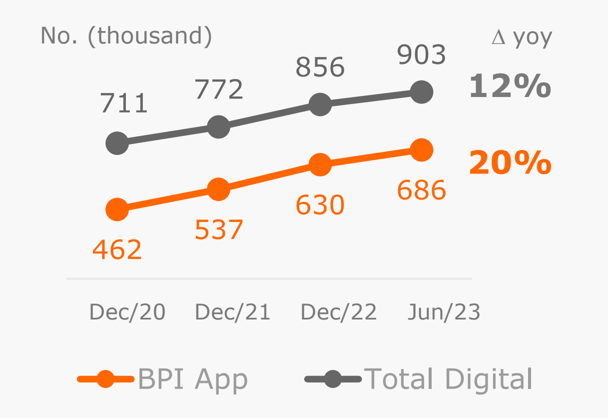
BPI continues to invest in the improvement of the customer experience, having already achieved a high level of service digitalization. Notably, the Bank has embraced an omnichannel approach, enabling customers to seamlessly select the most fitting interaction channel for their specific needs. This is reflected in the growth of customers who regularly use the digital channels, which reached 903 thousand at the end of the first half of 2013 (+12% yoy).

57% **Digital Customers** (1st account holders) as % of total Customers[1]

+ 4 p.p. (∆ yoy)

The number of regular users of BPI App reached 686 thousand at the end of June (+20% yoy). 87% of the Individual Customers who regularly use the digital channels opt for mobile.

Digital Banking regular users



Digital Channels Developments

In the 1st half of 2023, new developments were made in the digital channels to **improve the experience of Individual** and **Corporate Customers**, namely:

- New Categorised Transactions Inquiry and Categorisation of Revenues.
- Virtual Voice Assistant in the Customer Service Lines;
- Mortgage loan renegotiation process and request for interest bonus on the BPI App;
- New BPI FX Now foreign exchange platform integrated in BPI Net Empresas.

BPI is also committed to addressing the needs of the younger customer segments, and was the first bank in Portugal to introduce online account opening for minors, using the Digital Mobile Key on the BPI App. This service eliminates the need for the minor's guardians to visit a physical branch.

Boosted by enhanced accessibility and convenience, in the first half of 2023 more than 31% of total sales of core products[2] were initiated on the digital channels (Individual Customers segment).

Moreover, BPI continues to rank among the top places in digital channels penetration in the Individual Customers segment:

2nd **Individual Customers**[3]
- digital channels penetration

3rd **Individual Customers**[3]
- global satisfaction

[1] Active clients, 1st account holders, Individuals and Companies.
[2] Number of Core Product sales to Individual Customers: Mutual Funds/RSP, Prestige Products, Personal Loans, Credit Cards and Standalone Insurance.
[3] BASEF Banks market surveys, June 2023.

BPI All in One

Viewing the transformation of the Customer experience, BPI opened the largest commercial banking space in the country, **BPI All in One**:

- Ubiquitous technology, including a robot concierge
- Metaverse dedicated area with immersive experience of banking services presentation in first Virtual Reality (VR) branch - BPI VR
- The Bank reinforces its commitment to sustainability and accessibility.

2 300
Square metres in Lisbon (Saldanha)

100
Employees, including account managers specialised in Retail, Corporate, Small Businesses, Premier and Private Banking

Innovation

Developments in the metaverse

In 2022, BPI became the first bank in Portugal with a virtual reality (non-transactional) branch. In the first half of 2023, new functionalities were launched, focused on interaction. Among its key features stands out the possibility of contacting the Account Manager by video call and the inclusion of spaces dedicated to the Bank's partners, such as the Portuguese Football Federation.

107 downloads from the app

60 visits in other geographies

BPI Expresso Imobiliário

15 years ago, BPI and the Expresso newspaper launched BPI Expresso Imobiliário (BPI Expresso Real Estate), a digital platform to buy and sell homes. During the first half of 2023, the platform saw the introduction of highly distinctive features focused on an enhanced consumer experience, setting the bank apart from its peers. These include:

- **A Minha Casa** (My Home) - an area where users can create a page for their home and save the home documents (e.g. property register, energy certificate, etc.), keep track of home appliance warranties, and also calculate the house's market value in real time, through a partnership with Reatia, a fintech;
- **"How much can I Spend" Simulator?** - allows users to assess their purchasing power, calculating how much they can afford to spend on buying a house;
- **Mortgage Loan Simulator** – the simulator was redesigned to allow customised simulations in different scenarios, generating finer results.
- **Launch of App BPI Expresso Imobiliário**, soon available on iOS and Android.

Portal for Credit Intermediator Partners

BPI has launched a platform to simplify and centralise the relationship with its credit intermediaries.

Within this credit process management platform, Partners can use the Mortgage Loan simulator to conduct simulations for their Clients, generate Customer profiles and manage the various simulations, obtain prior decisions, and track proposals submitted to BPI, all in real time.

Prémio Nacional de Inovação

The **1st Edition of Prémio Nacional de Inovação** (PNI), a joint initiative of BPI, Jornal de Negócios and Claranet, received a total of 104 applications. The prize award ceremony took place on 20 June at the Beato Creative Hub. These were the winners of this 1st Edition:

1. Business Segments Awards

Large Companies: The Navigator

Public administration: Cascais City Council

SMEs: Egitron

2. Technology Awards

Artificial Intelligence: EDP

Workstation: Worten

Cybersecurity: Ethihack

Sustainable Technology: EDP

Web 3.0: Zome

3. Personality Award: António Portela, CEO of Bial.

HUMAN CAPITAL

The Employees' skills and continuous development, their well-being, and the promotion of diversity and inclusion in the workplace are an important source of innovation and strategic renewal, and as such are a priority for BPI.

Employees as of June 2023

4 378 Employees

57% women

43% men

Learning and development

BPI continues to invest in the Employees' learning transformation process. The following developments took place in the first half of 2023:

+480 courses held on BPI Campus

Approx. **8,000** hours of training

Average classification of **4.2** in 5 out of the **250** courses on the catalogue

In line with the Strategic Plan, Employee training continued to be provided in the following areas:

Data Analytics (Training in specific tools for data production, analysis and processing)

Digitalization ("BPI Digital", a course with impact on variable remuneration and a quiz on digital assets)

Sustainability (three BPI talks focused on sustainability with relevant speakers from the sustainable finance ecosystem)

Launch of "Client Advisory", a behavioural programme for around 200 Premier Account Managers, with sessions held throughout the country in decentralised training rooms.

In the Compliance area, two courses, with impact on variable remuneration, were launched for all Employees - Prevention of Money Laundering and Terrorist Financing and Ethics and Criminal Model.

With regard to compulsory courses, mandatory certifications were launched for a universe of around 2,500 Employees: MiFID II, Insurance Mediation, Mortgage Loans, and others, namely on Operations Continuity and Psychosocial Risks. In the area of information security, a mandatory "Online Fraud" course was also initiated for the entire commercial network.

June saw the launch of an online platform featuring 12 languages, online conversation classes and a variety of weekly updated contents tailored to the profile and learning requirements of each individual Employee.

Attracting talent

Committed to attracting young talent and providing high-quality employment, BPI joined the "Pact for More and Better Jobs for Young People", promoted by the José Neves Foundation, as one of the more than 100 Portuguese companies that undertake to bolster investment in the recruitment and retention of young professionals, ensuring quality employment for the young, and training, developing and giving a voice to young people.

BPI maintained its engagement with young talent, having participated in 14 university and recruitment events, as well as in the Pitch event held at various universities.

The 2nd BPI Summer Experience for Employees' children gave these children the opportunity to learn about and participate in the Bank's day-to-day work.

Moreover, following the success of the 1st Edition of the BPI Trainee Academy, BPI launched two new Trainee Academies:

- BPI Commercial Academy, where young people are integrated in one of the retail commercial spaces, for 12 months.
- DTI Academy - Data, Transformation, Impact, for young people seeking an immersive experience in the emerging disciplines of Artificial Intelligence, such as Advanced Analytics and Machine Learning.

As a result of its growing commitment to young talent, in April BPI achieved the 7th position in the Top LinkedIn Companies' ranking in Portugal, a significant leap from last year's 18th place.

7th **Top Companies LinkedIn Ranking in Portugal**

Internal Culture

Diversity and Inclusion

BPI remains as committed as ever to promoting diversity and Inclusion. Activities in the first half of 2023 included:

4
Internships for people with different capabilities

BPI Talk
Dedicated to gender diversity, in partnership with PWN Lisbon

Health and Wellbeing

BPI maintained the regular actions of the Viver + programme, which includes psychological support, nutrition consultations, and online and face-to-face physical activities. The following are also worth noting:

3rd BPI Health and Wellbeing Week featuring daily practices and talks on the importance of Organisations investing in the health and wellbeing of their Employees

+ 1 000 Employees participated in the BPI Health and Wellbeing Week

Family-Responsible Company

BPI officially received the "family-responsible company" certification from the Más Família Foundation, at a ceremony organised by ACEGE. This certification reinforces the Bank's commitment to implementing measures to reconcile professional, personal and family life.

Another measure created in this period was a "health grant" to assist Employees diagnosed with cancer, and their family members, in the first 6 months of the disease. This initiative is promoted by the Terra dos Sonhos ("Land of Dreams") Association.

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

SOCIAL CAPITAL

Joint action with the "la Caixa" Foundation

50 M.€ in 2023

"la Caixa" Foundation initiative with the collaboration of BPI

BPI | Fundação "la Caixa"

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

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

The "la Caixa" Foundation's work, carried out in collaboration with BPI, focuses on 4 areas - Social Programmes, Health Research and Innovation, Culture, and Education and Scholarships. The aim is to promote social inclusion and reduce inequalities, foster employment and access to education for the most vulnerable and boost the social sector in Portugal.

Main Social Programmes

BPI "la Caixa" | Foundation Awards

In 2023, there are four awards with an allocation of 4.6 M.€ , subject to applications:

- *Capacitar* Award | 1 M.€ | To promote the Autonomy of People with disabilities or mental illnesses
- *Solidário* Award | 1 M.€ | To support labour integration and fight social exclusion
- *Seniores* Award | 1.3 M.€ | To support active and healthy ageing
- *Infância* Awards | 1.3 M.€ | To support children living in poverty

Since 2010, these awards have distributed 27.4 M.€ to support 901 projects, benefiting 195 thousand people.

Decentralised Social Initiative

In 2023, 1.5 M.€ were allocated to support local social projects, through BPI's Commercial Networks. These projects aim to improve the quality of life and foster equal opportunities for people in situations of social vulnerability.

Objectives: to support Children, Teenagers and Young Adults; People aged 65+; and People with disabilities | Labour insertion; Health, illness or permanent disability | Interculturality and social cohesion.

75 projects have already been supported in 2023, with a total of €423,000, benefiting 8,898 people.

Humaniza: to improve the quality of life of people facing advanced-stage illnesses, and support them and their families through psychosocial and spiritual intervention.

Incorpora: to promote access to employment for people in vulnerable situations, in collaboration with social organisations and employers.

Proinfância: to support vulnerable children and young people between the ages of 0 and 18 and their families, through a comprehensive model of social and educational action that contributes to improving their opportunities.

Sempre Acompanhados: to combat loneliness by promoting nurturing relationships and the wellbeing of older people, empowering them and instilling a sense of belonging within a society dedicated to their welfare.

Promove: to support innovative pilot projects, mobilising R&D projects and ideas to promote the sustainable economic development of inland regions of Portugal.

Initiative for Social Equity: to promote the development of the social sector in Portugal, in collaboration with the Nova School of Business & Economics of Universidade Nova de Lisboa.

Proximity Projects in the areas of culture and science, social, education and scholarships, selected by the Social Responsibility Committee. In the first half of 2023 the support provided totalled approximately 1.8 M.€

TUMO Coimbra

BPI and the "la Caixa" Foundation support the TUMO Coimbra Creative Technologies Centre, a free educational programme accessible to young people aged 12 to 18. Applications are now open for 1,500 young people to learn about photography, animation, game development, programming, music, graphic design, film or robotics.

World Youth Day 2023

In the first half of 2023, collaboration continued under the BPI Volunteering Programme, with BPI currently being the 5th national company with the largest number of volunteers.

JMJ LISBOA 2023

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Financing with social impact

BPI has joined the **Social Sector Financing Line** for Private Social Solidarity Institutions (IPSS) or similar non-profit certified entities with the aim of supporting Social Economy Entities affected by the current economic context.

BPI, the Social Security Financial Management Institute, Banco Português de Fomento, S.A. and the Mutual Guarantee Societies provide access to credit under more favourable conditions for these entities.

The support provided focuses on financing working capital and/or investment needs in the context of environmental transition, new projects or the requalification of social facilities.

BPI Volunteering Programme

The BPI Volunteering Programme is based on three main pillars:

- Financial Literacy and Entrepreneurship
- Impact on Institutions supported by BPI and the "la Caixa" Foundation
- Initiatives targeting local communities.

In the first half of 2023:

70
initiatives

864
volunteers

10 756
direct beneficiaries

5 254
hours of voluntary service

3 391
Employees registered on the platform

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Acknowledgement and reputation

New 2023 Campaign

BPI Official Bank of the National Teams and sponsor of the women's football league, the BPI League

BPI has launched an institutional campaign to support the National Women's Football Team, which is participating in the World Cup for the first time.

BPI is proud of the growth achieved by women's football, which has contributed to changing mentalities and has won fans across the country. BPI supports Women's Football since 2018.

Recognition

In 2023 BPI was once again distinguished by several independent national and international entities:

- BEST PRIVATE BANKING
  EUROMONEY
- MOST TRUSTED BRAND 10 YEARS
  READER'S DIGEST
- MARKET MEMBER – BONDS AND BOOK RUNNER – BONDS
  EURONEXT LISBON AWARDS
- BPI VIRTUAL ASSISTANT BEST USE OF TECH IN CONSUMER PAYMENTS
  PAY TECH AWARDS 2023
- BPI RANKS 7TH AMONG THE BEST COMPANIES TO WORK FOR
  The analysis made by LinkedIn is based on exclusive data from this social network.
- BEST TREASURY & CASH MANAGEMENT AWARDS 2023
  GLOBAL FINANCE
- DIGITAL BANKING
  FIVE STARS
- MORTGAGE LOANS
  FIVE STARS
- PRESTIGE PRODUCTS
  FIVE STARS
- BEST CRM FOR PRIVATE BANKING IN EUROPE
  PWN

NATURAL CAPITAL

Commitment to decarbonisation

BPI pursues the objective of contributing to the transition to a carbon-neutral economy, reflecting this commitment in its Sustainability Plan and, in particular, in the development of financial products with sustainable criteria, the incorporation of ESG risks in Customer risk and onboarding processes and operations and in the reduction and offsetting of the carbon footprint, both in its own and in financed operations.

In the first half of 2023, BPI reinforced its commitment by setting operations' carbon footprint reduction targets for scopes 1, 2 and 3, excluding the financed portfolio. For the remaining emissions, BPI will continue to offset its emissions by supporting verified projects.

In addition, within the scope of Caixabank's membership of the Net-Zero Banking Alliance, BPI is in the process of adopting decarbonisation targets for the financed portfolio. In a first phase, the Power Generation and Oil & Gas sectors will be considered.

The remaining carbon-intensive sectors will be included at a later stage.

Operations carbon footprint targets[1] 2022-2024

Indicators	*Targets*	
	2023	*2024*
By scope		
Scope 1 (vs 2019)[1]	- 5%	- 7%
Scope 2 (vs 2019)[2]	- 100%	- 100%
Scope 3 (vs 2019)[3]	- 8%	- 10 %
Total Emissions		
Global CO2 emissions reduced (vs 2019)[4]	- 6%	- 12 %
Carbon Neutral: offsetting of emissions associated with the reported categories - scope 1, 2 and 3.6	100 %	100 %

Sustainable Business

BPI continued to reinforce its sustainable offer for Individuals and Companies with the launch of new products and support to sustainable debt issues.

New products with sustainable criteria

New InvestEU Line: 155 M.€ credit line, with a 70% guarantee from the European Investment Fund (EIF), to finance SMEs in cultural and creative sectors, innovation and digitisation, and sustainability.

With the support of the InvestEU programme, BPI will provide financing for investments focused on the transition to a green and sustainable economy. The Bank will support inclusive, green and eco-friendly investments of up to around 69 M.€ in areas such as decarbonisation, renewable energy, energy efficiency, low- or zero-emission mobility, climate resilience and circular economy, benefiting from more favourable conditions in terms of interest rates and collateral requirements.

[1] The target for Scope 1 takes the 2019-2022 average of BPI's emissions from cooling gas leaks as the reference for the base year of 2019
[2] The target for Scope 2 considers 2019 as the reference base year
[3] The target for Scope 3 considers the perimeter calculated in 2021 (categories 3.1, 3.2, 3.3, 3.5, 3.6 e 3.7)
[4] The target set for the overall Carbon Footprint emissions considers Scopes 1 and 2, and cat. 3.6

Sustainable finance operations

BPI supports the sustainable transition of companies through the structuring and underwriting of sustainable finance operations such as loans with conditions tied to the achievement of sustainable goals, and loans for projects with environmental objectives.

- **NOS SGPS:** Advisory services on the structuring of a 75 M.€ sustainable finance operation tied to sustainability objectives: promotion of more women in management positions and reduction of carbon emissions.
- **Cork Supply:** Advisory services on the structuring of a 10 M€ Sustainability-Linked Bond tied to the following objectives: (i) reduction of direct (scope 1) and indirect greenhouse gas emissions resulting from energy consumption (scope 2), by at least 35% from 2022 to 2027; (ii) carrying out at least 15 WE CARE initiatives promoting corporate well-being and culture until 2027.
- **Sodecia:** 40 M€ Sustainability-Linked Commercial Paper Programme with pricing linked to performance on two sustainability indicators: (i) reduction of indirect GHG 2 carbon footprint (electricity consumed); and (ii) growth in annual sales of products for electric vehicles. Operation fully organised, arranged and underwritten by BPI.
- **Lidl:** Advisory services on the structuring of a 50 M€ revolving Sustainability-linked loan, with conditions tied to the performance of Lidl's ESG rating.
- **Transporte Urbanos de Braga**: 10 M€ green loan with 12-year maturity, to finance the acquisition of buses with 100% electric propulsion and zero greenhouse gas emissions.
- **MC (Sonae Group):** Advisory services on the structuring of a 100 M€ finance operation tied to sustainability objectives, such as the presence of women in management positions and reduction of carbon emissions.

Sustainable Mutual Funds

Since 2022, BPI distributes investment funds categorised according to the level of commitment to sustainability, in line with the Sustainable Finance Disclosure Regulation (SFDR). Noteworthy among these are the **BPI Impacto Clima** (BPI Climate Impact) Funds, the first national funds that meet the transparency requirements of Article 9 of the SFDR.

In 2023, the **Sustainability Preferences Questionnaire** was made available with the aim of assessing sustainability preferences within the scope of the investment strategy of Private Banking clients.

Sustainable finance Volume[1]

Product/Line	*Amount(M€)*	
	2022	*1St half 23*
INDIVIDUALS		
Renewable Energies Personal Loan and Sustainable Prestige Products	1.5	0.7
Energy Efficiency Mortgage Loan	361	149
COMPANIES		
Corporate, CIB and Institutions Loans	427	310
ESG bonds and loans	325	285
BPI EIB Energy Efficiency Line	4	3.3
IFRRU Line	76	5.5
BPI ESG Line	22	16

[1] Values reported as defined in the Sustainability Plan.

Dialogue with the Clients

Public Support Portal

Attaining carbon neutrality objectives requires businesses to undergo long-term transformations. To finance this process, companies can apply for public support, namely through sustainability promoters.

In 2023, BPI launched the Public Support Portal, an innovative, digital and free-of-charge platform that aggregates comprehensive information on public, national and European incentives, where companies can find opportunities to apply to programmes such as the RRP, PT2030, CAP strategic plan, Innovation Fund and Horizon Europe.

2nd Edition of Sustainability Accelerator

In 2023 BPI and the Expresso newspaper launched the 2nd edition of 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.

With sustainability on Businesses' agenda, encompassing its environmental, social and governance dimensions, the 2nd edition of the Sustainability Accelerator will once again travel the country to discuss 6 new structural themes: reindustrialisation, sustainability in the Azores, energy, taxonomy, governance and social.

In addition to acceleration sessions in a dynamic workshop format, the project offers an Academy with various contents on sustainability, with training modules provided by the experts involved in the project (Nova SBE, EY, Beta i and BPI).

In the first half of the year, the Sustainability Accelerator has already travelled through Braga, Ponta Delgada and Azeitão.

GOVERNANCE AND INTERNAL CONTROL

GOVERNANCE MODEL

Governance

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

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

At 30 June 2023

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

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

Board of Directors
Chairman
Fernando Ulrich
Vice-Chairman
António Lobo Xavier
Members
Cristina Rios Amorim
Elsa Maria Roncon
Fátima Barros
Francisco Artur Matos
Francisco Manuel Barbeira
Gonzalo Gortázar
Javier Pano
João Pedro Oliveira e Costa
Lluís Vendrell
Manuel Sebastião
Natividad Capella
Pedro Barreto
Susana Trigo Cabral (*)

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
Pedro Barreto
Susana Trigo Cabral (*)

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

(*) Coopted, waiting Supervisor's approval to take office

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

Risk Management Organisational Chart

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

BOARD OF DIRECTORS

Executive Committee of the Board of Directors

Asset-Liability Committee (ALCO):

- 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 BD.

Permanent Credit Committee:

- Decides on **credit proposals** (including Credit Recovery) as per internal regulations and in accordance with the ECBD's delegation of powers;
- Issues opinions on proposals to be decided by the ECBD and BD;
- 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 compliance therewith.

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 BD **changes to risk policies** and reports on main exposures and risk indicators;
- Informs and advises the BD 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 BD through the Risk Appetite Framework*;*
- Ensures that **risk policies** are properly updated and implemented.
- **Monitors the activity of the Delegated Committees**, in particular: i. Loan Impairments and NPL Committee; ii. Models Committee; iii. Risk Policies Committee; iv) Operational and Resilience Risk 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 (RMD);
- **Credit Recovery Division:** manages defaulting loans' credit recovery processes.

2nd Line of Defence (2LoD)
CONTROL

At Banco BPI the 2LoD is formed by the **Risk Management Division** and the **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, 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

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

In line with the sector's best practices, the BD 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 BD.

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 RMD is responsible for updating, monitoring and reporting on the RAF, under the guidance of the BD.

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.

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

Loans

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

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 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 (ICT), 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.

The new **Sustainability Risk Management Policy**, adopted at the start of 2023, identifies ESG-related risk and 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.

Moreover, the policy also defines the **internal governance model for managing sustainability risks**.

The new Policy integrates the **Environmental Risk Management Policy** and the **Defence sector Relations Policy**.

In this context, the bank declares its willingness not to undertake credit risk in companies or projects located in **countries of high (social or governance) risk**, which **violate Human Rights**, utilise **child labour,** lack adequate **health and safety policies** to protect their workers, or cause **water stress** or other **negative impacts** on **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.

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**.

BPI's **Credit Division,** through its **Sustainability Area**, integrates sustainability factors (ESG) analysis into the credit risk taking process, aiming to implement the validation of the overall and sector-specific criteria established in the **Sustainability Risk Management Policy** (mentioned earlier) and the evaluation of the overall client risk management, aligned with the model defined by CaixaBank for this purpose. This procedure is now known as sustainability risk analysis ("SRA").

In line with CaixaBank's endorsement of the **Equator Principles Agreement**, 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.

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 full alignment with **CaixaBank's risk management practices**, the the Risk Management Function includes a **Sustainability Risk Management area**, with second line of defence functions.

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 **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**: 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 occurred in economic activity, essentially driven by the current inflationary scenario and rising interest rate indices, as well as the armed conflict in Eastern Europe, **has led BPI to strengthen its credit risk monitoring mechanisms**.

The necessary procedures for **compliance with Decree-Law No. 80-A/2022 of 25 November** started to be applied from the beginning of 2023. The aim is to contact and offer support measures to clients with mortgage loans who may find themselves in financial difficulties.

The following procedures stand out:

- definition of specific **risk policies** for mortgage loan Clients with increased financial difficulties;
- **maintaining the monitoring procedures** for retail portfolios, including for clients who resort to restructuring measures under DL 80-A/2022;
- conducting **sensitivity analyses on the evolution of risk parameters,** particularly in **rising interest rate** scenarios, both for credit decisions and for individual analyses.

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 regularly 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 the possibility of using the instruments that compose it to obtain collaterised financing or for transaction, based on several indicators (the assets' liquidity, number of days to obtain liquidity, 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)

[1] This definition excludes strategy and reputational risks.

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);
- Implement the non-financial risk assessment model for the corresponding Operational Risk subcategories;
- Proposing risk appetite levels;
- Ensuring prudential reporting;
- Promoting the risk culture in the Bank.

SUPPLEMENTARY INFORMATION

ADOPTION OF THE FSB AND CEBS RECOMMENDATIONS

on the transparency of information and valuation of assets

The Bank of Portugal, through circular-letters 97/08/DSBDR of 3 Dec. 2008 and 58/09/DSBDR of 5 Aug. 2009, has recommended that within the accounting documents, a separate chapter or a specific annex be included in the Report & Accounts, designed to respond to the recommendations of the Financial Stability Board (FSB) and Committee of European Banking Supervisors (CEBS), taking into account the principle of proportionality and following the questionnaire presented as an annex to Bank of Portugal's circular-letter 46/08/DSBDR. In order to comply with Bank of Portugal's recommendation, the present chapter provides a response to the aforesaid questionnaire, using cross-references to the more detailed information presented in the 1st half of 2023 Report.

Recommendation Summary	Reference to 1st half of 2023 Report and Accounts
I. Business Model	
1. Description of the business model	***MR*** *– Business Model, page 9;* ***NFS*** *– 1. Financial Group, page. 76; 6. Segments, page 103.*
2. Description of strategies and objectives	***MR*** *– 1st half 2023 Overview, page 4; Strategic Plan and Sustainability Plan, page 12; Financial Capital, pages 19; Risk management, page 48;* ***NFS*** *– 3. Risk management, page 83.*
3. Description of the importance of the operations carried out and the respective contribution to business	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 6. Segments, page 103.*
4. Description of the type of activities undertaken 5. Description of the objective and extent of the institution's involvement relating to each activity undertaken	***MR*** *– Economic Backdrop, page 15; Financial Capital, pages 19; Risk management, page 48;* ***NFS*** *– 3. Risk management, page 83; 6. Segments, page 103.*
II. Risks and Risk Management	
6. Description of the nature and extent of risks	***MR*** *– Financial Capital, page 19; Risk management, page 48;* ***NFS*** *– 3. Risk management, page 83; Financial assets, notes 9 to 13, page 110; 37. Information on fair value, page 139.*
7. Description of major risk-management practices in operations	***MR*** *– Risk Management, page 48;* ***NFS*** *–3. Risk management, page 83 and Financial assets, notes 9 to 13, page 110;* ***2022 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 Capital, page 19;* ***NFS*** *– 6. Segments, page 103; Detail of income statement captions, notes 26 to 36, page 133.*
9. Breakdown of the write-downs / losses by types of products and instruments affected by the period of turmoil	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 3. Risk management, page 83; Financial assets, notes 9 to 12, page 110; 29. Gains or losses in financial assets and liabilities, page 134; 33. Impairment of financial assets not measured at fair value through profit or loss, page 137.*
10. Description of the reasons and factors responsible for the impact suffered	***MR*** *– Financial Capital, page 19; Economic Backdrop, page 15;* ***NFS*** *– 3. Risk management, page 83.*
11. Comparison of the i) impacts between (relevant) periods and ii) the financial statements before and after the period of turmoil	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 6. Segments, page 103; Detail of income statement captions, notes 26 to 36, page 133.*

MR – Management Report; **NFS** – Notes to the Consolidated Financial Statements; **2022 CGR** – 2022 Corporate Governance Report

Recommendation Summary	Reference to 1st half of 2023 Report and Accounts
12. Breakdown of write-downs between realised and non-realised	***MR*** *– Financial Capital, page 19;* ***NFS*** *–Financial assets, notes 9 to 12, page 110; 23. Shareholders' equity, page. 130; 29. Gains or losses in financial assets and liabilities, page 134.*
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 Capital, page 19;* ***NFS*** *– 3. Risk management, page 83.*
15. Disclosure of the impact that the trend in spreads associated with the institution's own liabilities had on earnings	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 26. Net interest income, page 133. 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 110; 3. Risk management, page 83; 37. Information on fair value, page 139.*
17. Information about credit risk mitigators and respective effects on existing exposures	***MR*** *– Financial Capital, page 19;* ***NFS –*** *13. Derivatives - hedge accounting, page 115.*
18. Detailed disclosure of exposures	***MR*** *– Financial Capital, page 19; Risk management, page 48;* ***NFS*** *– 3. Risk management, page 83; Financial assets, notes 9 to 13, page 110; 37. Information on fair value, page 139.*
19. Movements in exposures occurred between the relevant reporting periods and the reasons for these movements (sales, write-downs, purchases, etc.)	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 3. Risk management, page 83; Financial assets, notes 9 to 13, page 110.*
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 30 June 2023, 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 –*** *Financial assets, notes 9 to 13, page 110; 19. Financial liabilities at amortised cost, page 120; 37. Information on fair value, page 139.*
23. Consolidation of Special Purpose Entities (SPE) and other vehicles and their reconciliation with the structured products affected by the period of turmoil	*At 30 June 2023 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 110; 37. Information on fair value, page 139.*
25. Description of the modelling techniques used for valuing financial instruments	***NFS*** *– 3. Risk management, page 83; Financial Assets at fair value, notes 9 to 11, page 110; 37. Information on fair value, page 139.*
VI. Other Relevant Aspects of Disclosure	
26. Description of the disclosure policies and principles used in financial reporting	***2022 CGR –*** *Corporate Governance Report, page 392.*

MR – Management Report; **NFS** – Notes to the Consolidated Financial Statements; **2022 CGR** – 2022 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.r.	Not relevant		

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

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

Amounts in M.€

In the Management Report	Jun.23	Jun.23	In the Financial Statements and respective notes
Net interest income	434.9	434.9	Net interest income
Dividend income	2.0	2.0	Dividend income
Equity accounted income	10.0	10.0	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	147.0	161.2	Fee and commission income
		(14.2)	Fee and commission expenses
Gains / (losses) on financial assets and liabilities and other	14.7	0.0	Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net
		5.8	Gains or (-) losses on financial assets and liabilities held for trading, net
		(1.5)	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net
		3.6	Gains or (-) losses from hedge accounting, net
		6.8	Exchange differences [gain or (-) loss], net
Other operating income and expenses	(42.2)	8.0	Other operating income
		(50.2)	Other operating expenses
Gross income	**566.3**	**566.3**	**Gross income**
Staff expenses	(122.8)	(122.8)	Staff expenses
Other administrative expenses	(93.2)	(93.2)	Other administrative expenses
Depreciation and amortisation	(34.5)	(34.5)	Depreciation and amortisation
Operating expenses	**(250.5)**	**(250.5)**	**Administrative expenses, depreciation and amortisation**
Net operating income	**315.8**	**315.8**	
Impairment losses and other provisions	(38.5)	(2.1)	Provisions or (-) reversal of provisions
		(36.4)	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	10.9	(1.6)	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates
		0.0	Impairment or (-) reversal of impairment on non-financial assets
		10.2	Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net
		0.1	Gains or (-) losses on derecognition of non-financial assets, net
		2.1	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	**288.2**	**288.2**	**PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS**
Income tax	(89.5)	(89.5)	Tax expenses or (-) income related to profit or loss from continuing operations
Net income	**198.7**	**198.7**	**PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT**

Earnings, efficiency and profitability indicators

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

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

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

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

Net operating income = Gross income - Operating expenses

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

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

Cost-to-core income ratio (core efficiency ratio)[1]= [(Operating expenses, excluding costs with early retirements and voluntary terminations - 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 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.

CONDENSED INTERIM FINANCIAL STATEMENTS

BANCO BPI, S.A.

CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2023 AND 31 DECEMBER 2022

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2023	31-12-2022 Restated[1]	30-06-2023	31-12-2022
ASSETS					
Cash, cash balances at central banks and other demand deposits	**8**	**2 519 448**	**2 465 722**	**2 519 448**	**2 465 722**
Financial assets held for trading	**9**	**76 121**	**96 071**	**76 121**	**96 071**
Non-trading financial assets mandatorily at fair value through profit or loss	**10**	**67 568**	**73 509**	**67 568**	**73 509**
Equity instruments		61 967	67 806	61 967	67 806
Debt securities		5 601	5 703	5 601	5 703
Financial assets at fair value through other comprehensive income	**11**	**1 392 509**	**1 443 572**	**1 392 509**	**1 443 572**
Equity instruments		424 735	490 133	424 735	490 133
Debt securities		967 774	953 439	967 774	953 439
Financial assets at amortised cost	**12**	**34 954 456**	**33 752 722**	**34 954 456**	**33 752 722**
Debt securities		7 913 633	7 466 754	7 913 633	7 466 754
Loans and advances - Central Banks and other Credit Institutions		1 332 501	819 149	1 332 501	819 149
Loans and advances - Customers		25 708 322	25 466 819	25 708 322	25 466 819
Derivatives - Hedge accounting	**13**	**3 421**	**35 726**	**3 421**	**35 726**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**13**	**(101 325)**	**(111 400)**	**(101 325)**	**(111 400)**
Investments in subsidiaries, joint ventures and associates	**14**	**188 250**	**277 626**	**81 331**	**94 232**
Tangible assets	**15**	**185 526**	**198 215**	**185 526**	**198 215**
Intangible assets	**16**	**102 443**	**108 393**	**102 443**	**108 393**
Tax assets	**24**	**159 016**	**183 731**	**159 016**	**183 731**
Other assets	**17**	**332 574**	**363 328**	**332 574**	**363 328**
Non-current assets and disposal groups classified as held for sale	**18**	**52 122**	**26 385**	**21 381**	**16 896**
Total assets		**39 932 129**	**38 913 600**	**39 794 469**	**38 720 717**
LIABILITIES					
Financial liabilities held for trading	**9**	**83 506**	**87 113**	**83 506**	**87 113**
Financial liabilities at amortised cost	**19**	**35 390 897**	**34 435 882**	**35 390 897**	**34 435 882**
Deposits - Central Banks		592 811	436 633	592 811	436 633
Deposits - Credit Institutions		2 461 913	1 057 050	2 461 913	1 057 050
Deposits - Customers		29 733 563	30 326 287	29 733 563	30 326 287
Debt securities issued		2 343 679	2 339 450	2 343 679	2 339 450
Memorandum items: subordinated liabilities		434 036	431 285	434 036	431 285
Other financial liabilities		258 931	276 462	258 931	276 462
Derivatives - Hedge accounting	**13**	**22 389**	**21 909**	**22 389**	**21 909**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**13**	**(121 251)**	**(151 089)**	**(121 251)**	**(151 089)**
Provisions	**20**	**48 578**	**49 079**	**48 578**	**49 079**
Pending legal issues and tax litigation		23 737	24 162	23 737	24 162
Commitments and guarantees given		12 567	12 399	12 567	12 399
Other provisions		12 274	12 518	12 274	12 518
Tax liabilities	**24**	**155 452**	**125 068**	**145 240**	**113 194**
Other liabilities	**21**	**613 103**	**470 361**	**613 103**	**470 361**
Liabilities included in disposal groups classified as held for sale	**18**		**1 655**		
Total Liabilities		**36 192 674**	**35 039 978**	**36 182 462**	**35 026 449**
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**	**(407 779)**	**(309 028)**	**(367 417)**	**(272 810)**
Items that will not be reclassified to profit and loss		(308 685)	(205 850)	(308 623)	(205 978)
Tangible assets		703	703	703	703
Actuarial gains or (-) losses on defined benefit pension plans		(191 987)	(187 494)	(191 987)	(187 494)
Non-current assets and disposal groups classified as held for sale		(108)			
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		51	134		
Fair value changes of equity instruments measured at fair value through other comprehensive income		(117 344)	(19 193)	(117 339)	(19 187)
Items that may be reclassified to profit and loss		(99 094)	(103 178)	(58 794)	(66 832)
Foreign currency translation		(35 489)	(29 895)		
Fair value changes of debt instruments measured at fair value through other comprehensive income		(58 794)	(66 832)	(58 794)	(66 832)
Non-current assets and disposal groups classified as held for sale		(1 773)			
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		(3 038)	(6 451)		
Retained earnings	**23**	**2 279 737**	**2 161 163**	**2 172 096**	**2 122 011**
Other reserves	**23**	**43 253**	**84 541**	**(65 961)**	**(57 080)**
Profit or loss attributable to owners of the parent		**256 181**	**368 883**	**305 226**	**334 084**
Total Equity		**3 739 455**	**3 873 622**	**3 612 007**	**3 694 268**
Total Equity and Total Liabilities		**39 932 129**	**38 913 600**	**39 794 469**	**38 720 717**

[1] Corresponds to the consolidated balance sheet at 31 December 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI (Note 1.4).

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

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

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDED ON 30 JUNE 2023 AND 2022

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2023	30-06-2022 Restated[1]	30-06-2023	30-06-2022
Interest income	**26**	625 252	271 409	625 252	271 409
Interest expense	**26**	(186 635)	(30 574)	(186 633)	(30 554)
NET INTEREST INCOME		**438 617**	**240 835**	**438 619**	**240 855**
Dividend income	**27**	74 519	91 292	119 995	128 834
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	**14**	27 816	31 544		
Fee and commission income	**28**	161 212	158 326	159 733	154 616
Fee and commission expenses	**28**	(14 248)	(13 749)	(14 244)	(13 747)
Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	**29**	3	19	3	19
Gains or (-) losses on financial assets and liabilities held for trading, net	**29**	5 840	7 858	5 840	7 858
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**29**	(1 492)	927	(1 492)	927
Gains or (-) losses from hedge accounting, net	**29**	3 575	1 054	3 575	1 054
Exchange differences [gain or (-) loss], net	**29**	(33 960)	27 102	(33 960)	27 078
Other operating income	**30**	8 049	15 985	8 049	15 985
Other operating expenses	**30**	(56 041)	(65 162)	(58 943)	(67 092)
GROSS INCOME		**613 890**	**496 031**	**627 175**	**496 387**
Administrative expenses		**(215 993)**	**(188 719)**	**(214 809)**	**(186 514)**
Staff expenses	**31**	(122 759)	(113 614)	(121 947)	(111 988)
Other administrative expenses	**32**	(93 234)	(75 105)	(92 862)	(74 526)
Depreciation		(34 543)	(32 839)	(34 535)	(32 805)
Provisions or (-) reversal of provisions	**20**	**(2 076)**	**(2 558)**	**(2 076)**	**(2 558)**
Commitments and guarantees given		(167)	269	(167)	269
Other provisions		(1 909)	(2 827)	(1 909)	(2 827)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	**33**	**(36 896)**	**(26 657)**	**(36 896)**	**(26 657)**
Financial assets at amortised cost		(36 896)	(26 657)	(36 896)	(26 657)
Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	**14**	(1 568)			
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net	**34**	10 225	39	41 935	(4)
Gains or (-) losses on derecognition of non-financial assets, net		108	27	108	27
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations		2 102	820	2 102	820
Profit or (-) loss before tax from continuing operations		**335 249**	**246 144**	**383 004**	**248 696**
Tax expenses or (-) income related to profit or loss from continuing operations	**24**	(79 068)	(42 952)	(77 778)	(41 155)
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**256 181**	**203 192**	**305 226**	**207 541**
PROFIT OR (-) LOSS FOR THE PERIOD		**256 181**	**203 192**	**305 226**	**207 541**
PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**36**	**256 181**	**203 192**	**305 226**	**207 541**

[1] Corresponds to the consolidated income statement at 30 June 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI (Note 1.4).

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

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

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED ON 30 JUNE 2023 AND 2022

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2023	30-06-2022 Restated[1]	30-06-2023	30-06-2022
PROFIT OR (-) LOSS FOR THE PERIODS		**256 181**	**203 192**	**305 226**	**207 541**
Other comprehensive income		**(98 286)**	**299 048**	**(94 605)**	**303 294**
Items that will not be reclassified to profit or loss		**(102 392)**	**351 282**	**(102 643)**	**351 438**
Actuarial gains or (-) losses on defined benefit pension plans	**21 / 22**	(3 533)	331 580	(3 533)	331 580
Non-current assets and disposal groups classified as held for sale		(108)			
Share of other recognised income and expense of investments in joint ventures and associates	**14**	359	(156)		
Fair value changes of equity instruments measured at fair value through other comprehensive income		(98 096)	21 432	(98 096)	21 432
Income tax relating to items that will not be reclassified		(1 014)	(1 574)	(1 014)	(1 574)
Items that may be reclassified to profit or loss		**4 106**	**(52 234)**	**8 038**	**(48 144)**
Foreign currency translation		(5 594)	10 655		
Translation gains or (-) losses taken to equity		(3 269)	10 655		
Transferred to profit or loss		(2 325)			
Debt instruments at fair value through other comprehensive income		11 649	(66 314)	11 649	(66 314)
Valuation gains or (-) losses taken to equity		11 649	(66 314)	11 649	(66 314)
Non-current assets and disposal groups classified as held for sale		(1 773)			
Valuation gains/(losses) taken to equity		(1 773)			
Share of other recognised income and expense of investments in joint ventures and associates	**14**	3 435	(14 745)		
Income tax relating to items that may be reclassified to profit or loss		(3 611)	18 170	(3 611)	18 170
Total comprehensive income for the period		**157 895**	**502 240**	**210 621**	**510 835**
Attributable to owners of the parent		157 895	502 240	210 621	510 835

[1] Corresponds to consolidated statement of income and other comprehensive income at 30 June 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI. (Note 1.4).

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

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

BANCO BPI, S.A.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 30 JUNE 2023 AND 2022

(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 2021		**1 293 063**	**275 000**	**(370 076)**	**2 053 377**	**109 327**	**306 823**	**3 667 514**
Impact of Allianz transition to IFRS17 and IFRS9				686		(16 167)		(15 481)
Balances at 31 December 2021 Restated [1]		**1 293 063**	**275 000**	**(369 390)**	**2 053 377**	**93 160**	**306 823**	**3 652 033**
Results application								
Transfer to reserves of 2021 net income					261 161	45 662	(306 823)	
Dividends distributed					(194 000)			(194 000)
Dividends distributed by associates					35 613	(35 613)		
Additional Tier 1 interest						(8 889)		(8 889)
Comprehensive income in the first half of 2022				299 048			203 192	502 240
Other changes in equity								
Balances at 30 June 2022 Restated [1]		**1 293 063**	**275 000**	**(70 342)**	**2 156 151**	**94 320**	**203 192**	**3 951 384**
Additional Tier 1 interest						(9 037)		(9 037)
Realised gains on equity instruments at fair value through other comprehensive income				(6 035)	5 012	1 023		
Comprehensive income in the second half of 2022				(232 651)			165 691	(66 960)
Other changes in equity						(1 765)		(1 765)
Balances at 31 December 2022 Restated [1]		**1 293 063**	**275 000**	**(309 028)**	**2 161 163**	**84 541**	**368 883**	**3 873 622**
Results application								
Transfer to reserves of 2022 net income					300 326	68 557	(368 883)	
Dividends distributed	**5**				(284 000)			(284 000)
Dividends distributed by associates					38 390	(38 390)		
Deconsolidation of associated companies				(743)	63 858	(63 115)		
Additional Tier 1 interest	**23**					(8 882)		(8 882)
Realised gains on equity instruments at fair value through other comprehensive income				278		(278)		
Comprehensive income in the first half of 2023				(98 286)			256 181	157 895
Other changes in equity						820		820
Balances at 30 June 2023		**1 293 063**	**275 000**	**(407 779)**	**2 279 737**	**43 253**	**256 181**	**3 739 455**

[1] Corresponds to consolidated statement of changes in equity in the period ended on 30 June 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI. (Note 1.4).

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

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

BANCO BPI, S.A.

CONDENSED INTERIM INDIVIDUAL STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 30 JUNE 2023 AND 2022

(Amounts expressed in thousand euros)

	Notes	Capital	Equity instruments issued other than capital	Accumulated other comprehensive income	Retained earnings	Other reserves	Profit or loss (-) attributable to the owners of the parent	Shareholders' equity
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					(194 000)			(194 000)
Additional Tier 1 interest						(8 889)		(8 889)
Comprehensive income in the first half of 2022				303 294			207 541	510 835
Balances at 30 June 2022		**1 293 063**	**275 000**	**(43 146)**	**2 116 999**	**(48 043)**	**207 541**	**3 801 414**
Additional Tier 1 interest						(9 037)		(9 037)
Realised gains on equity instruments at fair value through other comprehensive income				(5 012)	5 012			
Comprehensive income in the second half of 2022				(224 652)			126 543	(98 109)
Balances at 31 December 2022		**1 293 063**	**275 000**	**(272 810)**	**2 122 011**	**(57 080)**	**334 084**	**3 694 268**
Results application								
Transfer to reserves of 2022 net income					334 084		(334 084)	
Dividends distributed	**5**				(284 000)			(284 000)
Additional Tier 1 interest	**23**					(8 882)		(8 882)
Comprehensive income in the first half of 2023				(94 605)			305 226	210 621
Balances at 30 June 2023		**1 293 063**	**275 000**	**(367 415)**	**2 172 095**	**(65 962)**	**305 226**	**3 612 007**

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

The Registered Accountant

The Executive Committee of the Board of Directors

BANCO BPI,S.A.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED ON 30 JUNE 2023 AND 2023

(Amounts expressed in thousand euros)

	Notes	Consolidated		Individual	
		30-06-2023	30-06-2022	30-06-2023	30-06-2022
Cash flows from/(used in) operating activities					
Interest, commissions and other income received		832 338	437 367	832 338	433 902
Interest, commissions and other expenses paid		(262 478)	(137 730)	(262 478)	(137 820)
Dividends received		1 872	3 890	1 872	3 890
Dividends received from Banco de Fomento Angola	**11**	89 645	128 109	89 645	128 109
Recovery of overdue loans and interest and gains/(losses) on the sale of real estate received in settlement of defaulting loans		2 514	2 305	2 514	2 305
Payments to staff and suppliers		(204 795)	(180 588)	(204 795)	(178 307)
Net cash flow from income and expenses		459 096	253 353	459 096	252 079
Decreases (increases) in:					
Financial assets held for trading, at fair value through profit or loss, at fair value through other comprehensive income		240 028	21 178	240 028	21 178
Financial assets at amortised cost - Central Banks and other Credit Institutions (includes debt instruments)		(327 500)	(305 258)	(327 500)	(305 258)
Financial assets at amortised cost - Customers (includes debt instruments)		(564 248)	(1 200 207)	(564 248)	(1 200 207)
Other assets		249 879	245 864	249 879	246 552
Net cash flow from operating assets		(401 841)	(1 238 423)	(401 841)	(1 237 735)
Increases (decreases) in:					
Financial liabilities measured at amortised cost - Central Banks and other Credit Institutions		1 562 006	74 038	1 562 006	74 038
Financial liabilities measured at amortised cost - Customers and other		(606 709)	1 131 740	(606 709)	1 131 740
Financial liabilities held for trading		(263 573)	6 721	(263 573)	6 721
Other liabilities		(179 726)	(23 630)	(179 726)	(24 309)
Net cash flow from operating liabilities		511 998	1 188 869	511 998	1 188 190
Contributions to Pension Funds	**22**	(209)	(549)	(209)	(549)
Income tax paid		(28 507)	(439)	(28 507)	(231)
		540 537	**202 811**	**540 537**	**201 754**
Cash flows from/(used in) investing activities					
Sale of BPI Suisse equity holding		17 000		17 000	
Purchase of other tangible assets and intangible assets	**15/16**	(10 804)	(15 441)	(10 804)	(15 437)
Sale of other tangible assets			18		18
Dividends received from investments in joint ventures and associates		16 476	23 737	16 476	23 737
		22 672	**8 314**	**22 672**	**8 318**
Cash flows from /(used in) financing activities					
Issuance of debt securities and subordinated debt	**19.3**		425 000		425 000
Redemption of debt securities	**19.3**		(300 000)		(300 000)
Interest on debt instruments and subordinated debt		(27 126)	(14 945)	(27 126)	(14 945)
Additional Tier 1 interest		(8 938)	(8 938)	(8 938)	(8 938)
Dividends distribution	**5**	(284 000)	(194 000)	(284 000)	(194 000)
Rents paid for leasing operations		(11 147)	(11 623)	(11 147)	(11 623)
		(331 211)	**(104 506)**	**(331 211)**	**(104 506)**
Net increase / (decrease) in cash and cash equivalents		**236 854**	**100 649**	**228 189**	**99 596**
Exchange rate variation in the year		(4 856)	5 970	3 809	5 970
Cash and cash equivalents at beginning of the year		2 546 863	6 463 780	2 546 863	6 457 427
Reclassification of BPI Suisse to the portfolio of non-current assets held for sale					
Cash and cash equivalents at the end of the year		**2 778 861**	**6 570 399**	**2 778 861**	**6 562 993**
Cash and deposits at Central Banks	**8**	2 476 002	6 325 718	2 476 002	6 325 717
Deposits at other credit institutions	**8**	43 049	85 062	43 049	77 657
Cheques for collection and other cash items	**12.2**	38 477	43 270	38 477	43 270
Very short term applications	**12.2**	221 333	116 349	221 333	116 349
Cash and cash equivalents		**2 778 861**	**6 570 399**	**2 778 861**	**6 562 993**
Cash and cash equivalents by currency					
EUR		2 515 615	6 392 240	2 515 615	6 392 038
USD		240 332	112 432	240 332	112 276
AKZ			22 788		22 788
Other currencies		22 914	42 939	22 914	35 891
Cash and cash equivalents		**2 778 861**	**6 570 399**	**2 778 861**	**6 562 993**

The accompanying notes are an integral part of these financial statements

The Registered Accountant
Alberto Pitôrra

The Executive Committee of the Board of Directors
Chairman João Pedro Oliveira e Costa
Francisco Artur Matos
Francisco Barbeira
Pedro Barreto

Banco BPI, S.A.

Notes to the condensed interim financial statements at 30 June 2023

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

Notes to the condensed interim financial statements at 30 June 2023

In accordance with current standards on the content of condensed interim consolidated financial statements, these explanatory notes supplement the balance sheet, income statement, statement of income and other comprehensive income, statement of changes in equity, and statement of cash flows, all interim and condensed, with a view to providing sufficient information to ensure a comparison with the annual financial statements, while also seeking to provide the necessary information and explanations to enable the understanding of significant changes in the first half of 2023.

NOTES INDEX

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 30 June 2023, Banco BPI on a consolidated basis, was made up of the following companies:

	Head office	Shareholders´ equity [1]	Assets	Profit / (loss) for the period	Direct holding	Consolidation / Recognition method
Banks						
Banco BPI, S.A.	Portugal	3 612 007	39 794 469	305 226		
Banco Comercial e de Investimentos, S.A.[2]	Mozambique	374 878	3 036 693	49 610	35.67 %	Equity method
Insurance						
Cosec – Companhia de Seguros de Crédito, S.A.[3]	Portugal	49 579	142 102	8 130	50.00 %	IFRS 5
Companhia de Seguros Allianz Portugal, S.A.	Portugal	141 321	1 335 736	28 824	35.00 %	Equity method

Note: Unless otherwise indicated, all amounts are as of 30 June 2023 (accounting balances before consolidation adjustments).
[1] Includes net profit (loss) for the period.
[2] Amounts converted to euros at the exchange rate of 30 June 2023.
[3] Amounts at 31 December 2022.

In the first half of 2023:

- The holding in BPI Suisse was sold. A capital gain in the amount of 9 304 th.eur was recognised (Note 34).
- The holding in Cosec- Companhia de Seguros de Crédito, S.A. was reclassified to the portfolio of Non-current assets and disposal groups classified as held for sale (IFRS 5), as it was in the process of being sold, which is estimated to occur during the second half of the year (Notes 14 and 18). An impairment in the amount of 1 568 th.eur was recognised.
- Following the loss of Banco BPI's significant influence over Unicre, the equity holding in Unicre was reclassified in the consolidated and individual balance sheets from Investments in joint ventures and associates to Financial assets at fair value through other comprehensive income - equity instruments and revalued at fair value (Notes 11 and 14). A capital gain in the amount of 921 th.eur was recognised (Note 34).

The financial information provided in the above tables was drawn from the latest 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.

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	Full consolidation
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).
- BPI Inc was liquidated.
- The holding in Inter-Risco - Sociedade de Capital de Risco, S.A. was sold.

1.2. Basis of presentation

The condensed interim consolidated and individual financial statements were prepared based on the accounting records of Banco BPI and its subsidiary and associated companies, in conformity with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) as endorsed by the European Union and in force on 1 January 2023, in accordance with Regulation (EC) 1606/2002 of 19 July of the European Parliament and of the Council, transposed into Portuguese legislation through Bank of Portugal Notice no. 5/2015 of 30 December.

BPI’s consolidated and individual financial statements as of 31 December 2022 were approved by the Board of Directors on 23 February 2023 and by the General Meeting of Shareholders on 9 March 2023.

In the preparation of the 2022 consolidated and individual annual accounts, the consolidation principles, accounting policies and valuation criteria described in Note 2. Basis of Presentation and Main Accounting Policies, in the 2022 Annual Report, were applied in order to obtain a true picture of the financial situation of BPI as at 31 December 2022 as well as of its results, changes in shareholders' equity and cash flows as at that date.

Banco BPI’s condensed individual and consolidated interim financial statements for 30 June 2023 were prepared based on the same principles and accounting policies described in Note 2 to the individual and consolidated financial statements at 31 December 2022, applying in particular IAS 34 (Interim financial reporting), except those resulting from regulatory changes that came into effect on 1 January 2022, which are detailed in the section Adoption of standards (new or revised) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), as endorsed by the European Union.

As provided for in IAS 34, condensed interim financial statements are prepared with the objective of explaining events and changes that are significant to an understanding of changes in the financial position and performance since the last published annual consolidated financial statements. Because not all the information in the last annual consolidated financial statements is duplicated in the condensed consolidated interim financial statements, and to enable a good understanding of the information contained in the latter, these should be read alongside the Bank's annual consolidated financial statements as at December 2022.

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

The condensed individual and consolidated interim financial statements as at 30 June 2023 were approved by the Executive Committee of Banco BPI's Board of Directors on 24 July 2023.

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 shown herein as totals may differ slightly from the arithmetic sum of the individual figures given before them.

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

In 2023 the following accounting standards came into force (Note 2 - Accounting policies):

Standards and Interpretations	Name
Amendments to IAS 1	Disclosure of accounting policies
Amendments to IAS 8	Disclosure of accounting estimates
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to IFRS 17	Insurance contracts
Amendments to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information

On 1 January 2023, BPI adopted the following accounting standards:

- **IAS 1 (amendment), 'Disclosure of accounting policies'.** 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".** 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'.** 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.

- **IFRS 17 (new and amendment), 'Insurance contracts'.** This new standard replaces IFRS 4 and applies to all entities issuing insurance contracts, reinsurance contracts or investment contracts with discretionary participation in profit or loss if the entity issues insurance contracts. Under IFRS 17, insurers need to assess if a policy holder can benefit from a particular service as part of a claim or if the service is independent of the claim/risk event and do the unbundling of the non-insurance component. Under IFRS 17, the entities will need to identify portfolios of insurance contracts at initial recognition and divide them into a minimum of the following groups: i) contracts that are onerous at inception; ii) contracts that have no significant possibility of becoming onerous subsequently; and iii) remaining contracts in the portfolio. IFRS 17 requires a company to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and any uncertainty relating to insurance contracts. IFRS 17 requires a company to recognise profits as it delivers insurance services (rather than when it receives premiums), and to provide information about insurance contract profits the company expects to recognise in the future. IFRS 17 provides three measurement approaches for the accounting of different types of insurance contracts: i) General Measurement Model (GMM); ii) the Premium Allocation Approach (PAA), and iii) the Variable Fee Approach (VFA). IFRS 17 is applied retrospectively with some exemptions as at the transition date.

- **IFRS 17 (amendment), 'Initial Application of IFRS 17 and IFRS 9 – Comparative Information'.** This amendment relates only to insurers' transitioning to IFRS 17 and allows the adoption of a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information. This amendment seeks to avoid temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented, when applying IFRS 17 for the first time, providing for (i) the application on a financial asset-by-financial asset basis; (ii) the presentation of comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but without requiring an entity to apply the impairment requirements of IFRS 9; and (iii) the obligation to use reasonable and supported information available at the transition date, to determine how the entity expects that financial asset to be classified in accordance with IFRS 9.

Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2024:

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 2024		
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements	1 January 2024
Amendments to IAS 12	International tax reform – Pillar two model rules	Immediately or 1 January 2023
Amendments to IFRS 16	Lease liability in a sale and leaseback	1 January 2024

- **IAS 1 (amendment), 'Classification of liabilities as Non-current and Current' and '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. These amendments clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its settlement for at least 12 months after the reporting date. They clarify 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 dates; and c) the facts and circumstances that indicate that the entity may have difficulty complying with covenants when it is required to do so. These amendments are applied retrospectively.

- **IAS 7 (amendment) and IFRS 7 (amendment), 'Supplier finance arrangements'** (effective for annual periods beginning on or after 1 January 2024). These amendments are still subject to endorsement by the European Union. These amendments require an entity to provide additional disclosures about its supplier finance arrangements to enable: i) the assessment of how supplier finance arrangements affect an entity's liabilities and cash flows; and ii) the understanding of the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available. The additional requirements complement presentation and disclosure requirements already in IFRS as set out in the IFRS IC's Agenda decision of December 2020.

- **IAS 12 (amendment), 'International tax reform – Pillar two model rules'** (effective immediately or for annual periods beginning on or after 1 January 2023). This amendment is still subject to endorsement by the European Union. Following the implementation of the OECD's Global Anti-Base Erosion ("GloBE") rules, there may be significant impacts on the calculation of deferred taxes of the entities impacted which, at this date, are difficult to estimate. This amendment to IAS 12 introduces: i) a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and ii) targeted disclosure requirements for affected entities (entities belonging to multinational groups that have consolidated revenues of €750m in at least two out of the last four years), such as: the fact that the exception was applied, the current tax expense related to Pillar Two rules, and the reasonable estimate of the impact of Pilar Two rules between the date the legislation becomes enacted and the date it becomes effective.

- **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 standard will result in a material impact in the Bank's financial statements.

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

The preparation of the 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 (Note 3)
- Fair value of some financial assets and liabilities (Note 37). 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.
- 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.

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 2022 and 30 June 2022 included in the consolidated and individual financial statements are presented solely and exclusively for comparative purposes.

From 1 January 2023, Allianz applies IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments to the insurance business' assets and liabilities. IFRS 17 is the new accounting standard that sets out the principles for the recognition, measurement, and presentation of insurance contracts that transfer a significant insurance risk. IFRS 9 is the accounting standard that the Group already applied to recognise and measure its banking business financial assets and liabilities.

The main impacts on Allianz's shareholders' equity of the adoption of IFRS17 and IFRS9 result essentially from the changes in the measurement models for technical provisions for insurance contracts, notably from the effect of discounting liabilities i) in the opening balances (at 1 January 2022) - a negative effect on shareholders' equity due to the use of a lower discount curve than that used in IFRS4, and ii) at 31 December 2023 - a positive effect due to the use of a higher discount curve than that used in IFRS4 and the application of the OCI Option

With regard to the policy adopted for measuring the Contractual Service Margin (CSM) of Non-Life insurance contracts, Allianz Portugal has adopted the simplified approach to the measurement of liabilities. Life insurance contracts under IFRS 17 are measured using the general approach.

Allianz Portugal applies the new IFRS 9 category for debt instruments measured at fair value through other comprehensive income when the following conditions are met: (i) the objective of the business model is to hold the financial asset in order to collect contractual cash flows and sell financial assets; and (ii) the contractual terms of the financial assets pass the SPPI test. These instruments largely consist of debt instruments previously classified as available for sale in accordance with IAS 39. Allianz Portugal does not apply the overlay approach.

The adoption of IFRS 9 substantially changed the recording and recognition of impairment losses on debt instruments held at fair value through other comprehensive income or amortised cost, replacing IAS 39's incurred loss approach by a prospective expected credit loss (ECL) approach. For the Cash and sight deposits, Other Debtors for Insurance Operations and Other Operations headings, the Company adopts a simplified approach.

Bearing in mind that IFRS 17 requires the disclosure of comparative information relative to at least one year, for comparative purposes the balance sheet as at 31 December 2022 and the income statement as at 30 June 2022 meet the requirements of IFRS 9.

At 31 December 2022, the consolidated and restated balances are as follows:

	31-12-2022 Reported	Impact of applying IFRS 17 and IFRS 9	31-12-2022 Restated [1]
ASSETS			
Cash, cash balances at central banks and other demand deposits	**2 465 722**		**2 465 722**
Financial assets held for trading	**96 071**		**96 071**
Non-trading financial assets mandatorily at fair value through profit or loss	**73 509**		**73 509**
Financial assets at fair value through other comprehensive income	**1 443 572**		**1 443 572**
Financial assets at amortised cost	**33 752 722**		**33 752 722**
Derivatives - Hedge accounting	**35 726**		**35 726**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**(111 400)**		**(111 400)**
Investments in subsidiaries, joint ventures and associates	**268 579**	9 047	**277 626**
Tangible assets	**198 215**		**198 215**
Intangible assets	**108 393**		**108 393**
Tax assets	**183 731**		**183 731**
Other assets	**363 328**		**363 328**
Non-current assets and disposal groups classified as held for sale	**26 385**		**26 385**
Total assets	**38 904 553**	**9 047**	**38 913 600**
LIABILITIES			
Financial liabilities held for trading	**87 113**		**87 113**
Financial liabilities at amortised cost	**34 435 882**		**34 435 882**
Derivatives - Hedge accounting	**21 909**		**21 909**
Fair value changes of the hedged items in portfolio hedge of interest rate risk	**(151 089)**		**(151 089)**
Provisions	**49 079**		**49 079**
Tax liabilities	**125 068**		**125 068**
Other liabilities	**470 361**		**470 361**
Liabilities included in disposal groups classified as held for sale	**1 655**		**1 655**
Total Liabilities	**35 039 978**		**35 039 978**
SHAREHOLDERS' EQUITY			
Capital	**1 293 063**		**1 293 063**
Equity instruments issued other than capital	**275 000**		**275 000**
Accumulated other comprehensive income	**(330 362)**	**21 334**	**(309 028)**
Items that will not be reclassified to profit and loss	(205 827)	(23)	(205 850)
Tangible assets	703		703
Actuarial gains or (-) losses on defined benefit pension plans	(187 494)		(187 494)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	157	(23)	134
Fair value changes of equity instruments measured at fair value through other comprehensive income	(19 193)		(19 193)
Items that may be reclassified to profit and loss	(124 535)	21 357	(103 178)
Foreign currency translation	(29 895)		(29 895)
Fair value changes of debt instruments measured at fair value through other comprehensive income	(66 832)		(66 832)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	(27 808)	21 357	(6 451)
Retained earnings	**2 161 163**		**2 161 163**
Other reserves	**100 665**	(16 124)	**84 541**
Profit or loss attributable to owners of the parent	**365 046**	3 837	**368 883**
Total Equity	**3 864 575**	**9 047**	**3 873 622**
Total Equity and Total Liabilities	**38 904 553**	**9 047**	**38 913 600**

[1] Opening balance sheet at 1 January 2023 (unaudited) restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI.

At 30 June 2022, the consolidated and restated statements of profit or loss are as follows:

	30-06-2022 Reported	Impact of applying IFRS 17 and IFRS 9	30-06-2022 Restated
NET INTEREST INCOME	**240 835**		**240 835**
Dividend income	**91 292**		91 292
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	29 559	1 985	31 544
Fee and commission income	158 326		158 326
Fee and commission expenses	(13 749)		(13 749)
Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	19		19
Gains or (-) losses on financial assets and liabilities held for trading, net	7 858		7 858
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	927		927
Gains or (-) losses from hedge accounting, net	1 054		1 054
Exchange differences [gain or (-) loss], net	27 102		27 102
Other operating income	15 985		15 985
Other operating expenses	(65 162)		(65 162)
GROSS INCOME	**494 046**	**1 985**	**496 031**
Administrative expenses	**(188 719)**		**(188 719)**
Staff expenses	(113 614)		(113 614)
Other administrative expenses	(75 105)		(75 105)
Depreciation	(32 839)		(32 839)
Provisions or (-) reversal of provisions	**(2 558)**		**(2 558)**
Commitments and guarantees given	269		269
Other provisions	(2 827)		(2 827)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	**(26 657)**		**(26 657)**
Financial assets at amortised cost	(26 657)		(26 657)
Impairment or (-) reversal of impairment on non-financial assets			
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net	39		39
Gains or (-) losses on derecognition of non-financial assets, net	27		27
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	820		820
Profit or (-) loss before tax from continuing operations	**244 159**	**1 985**	**246 144**
Tax expenses or (-) income related to profit or loss from continuing operations	(42 952)		(42 952)
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS	**201 207**	**1 985**	**203 192**
PROFIT OR (-) LOSS FOR THE PERIOD	**201 207**	**1 985**	**203 192**
PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT	**201 207**	**1 985**	**203 192**

2. ACCOUNTING POLICIES

Banco BPI's condensed interim consolidated and individual financial statements as of 30 June 2023 were prepared using the same principles, accounting policies and criteria used for the 2022 consolidated and individual annual accounts.

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

For all the areas not stated in these condensed interim consolidated and individual financial statements, the definitions, criteria and policies described in Note 2 of the 2022 annual report remain applicable.

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 the first half of 2023, both due to their influence in the period under review and to their long-term implications:

- Economic context

  – **Global economy**

The first half of 2023 was marked by three major dynamics. Firstly, energy prices have slowed down and stabilised at much lower levels than anticipated a few months ago, although still hovering above pre-pandemic levels. Secondly, activity indicators have turned out to be more positive than anticipated and the labour market continued to show remarkable resilience. Signals regarding inflation behaviour have presented a mixed picture. If on the one hand headline inflation has slowed significantly, on the other, core inflation (services and non-energy goods) remains persistently high. As a third major dynamic, driven by the first two, the main central banks were under pressure to tighten monetary policy and financial conditions, which will most likely lead to a cooling of the world economy in the coming quarters.

As a result, global growth in the first quarter of the year exceeded expectations, albeit with varying patterns of behaviour across the main regions. The rekindling of the Chinese economy following the shift away from the COVID-zero policy provided a substantial boost at the start of the year, but the data available for the second quarter point to some slackening of momentum for this economy.

The US indicators denote a slight slowdown in the economy. Following a 0.5% quarter-on-quarter advance in the first quarter of 2023, the outlook is for the economy to continue growing in the second quarter, namely supported by the resilience of the labour market. This outlook also factors in the fading impact of the deterioration of financing conditions that occurred after the collapse of Silicon Valley Bank in March. The combination of a robust labour market, activity outperforming initial expectations, and persistent albeit gradually moderating inflation prompted the Federal Reserve to increase interest rates to the 5.00%-5.25% range, shifting its strategy towards more gradual rate hikes (25 bps) spaced out over time.

At a global level, the outlook is for a cooling in economic activity and an ongoing, gradual trend toward disinflation. However, this scenario remains shrouded in significant uncertainty, primarily centred around inflation behaviour. If inflation proves more resistant to abate, it could prompt central banks to step up tightening measures. On a brighter note, there is the potential to avert an energy crisis, thanks to advancements in energy storage, improved consumption efficiency, supplier diversification, and increased production from renewable energy sources. In this scenario, a more favourable trend in the prices of key commodities is anticipated, with a positive effect on the consolidation of a path toward gradual disinflation

  – **Eurozone**

While the eurozone economy didn't manage to evade a technical recession in the first quarter of 2023 (-0.1% 1Q23 vs -0.1% 4Q22), this downturn reflects varying performances across different member countries. Indeed, a large part of the economic downturn in the eurozone was due to the sharp fall in Ireland's GDP, which is highly volatile as a result of the operations of foreign multinationals based in the country. The reading for German GDP is less benign. Germany also slipped into technical recession, with GDP falling by 0.3% qoq in the first quarter, after having contracted by 0.5% in the last quarter of 2022, putting the German economy 0.5% below its pre-pandemic level. On the other hand, Italy surprised once again with dynamic yet hardly sustainable growth of 0.6%, after -0.1% in 4Q22. France, on the other hand, was in line with expectations, advancing 0.2% after a fall of 0.1% in the previous quarter. In the second quarter, the good performance of services contrasted with the deterioration in industrial activity.

For 2023 as a whole, we expect the eurozone to grow by 0.9% (in line with the latest forecasts published by the ECB), albeit with some downside risks due to a worse than expected start to the year and given the full impact of the increase in interest rates in the second half of 2023. As for inflation, in June headline inflation recorded another significant drop (5.5% vs 6.1% in May). Conversely, core inflation, which excludes energy and food prices, experienced a slight increase from 5.3% to 5.4%. This uptick was mainly due to base effects resulting from the price easing measures implemented in Germany between June and August 2022. While it may be premature to assert that we are witnessing a trend shift, it is encouraging to observe that the decrease in inflation has once again spread across all items (excluding base effects stemming from one-off measures).

Against a backdrop of lingering uncertainty around the behaviour of inflation, the ECB ended the semester with a hike in rates - to 3.50% (depo rate) and 4.00% (refi rate) -, i.e., a 150 bps increase so far in 2023, reasserting the likely need for further rate hikes. The ECB also ended all APP reinvestments, while TLTRO-III repayments continued apace. Two more rises may still be announced by the end of the year, lifting rates by 50 basis points above current levels. We estimate that end-of-cycle levels will remain unchanged for much of 2024 due to the underlying inflation's stronger reluctance to falling.

The risks for the eurozone are identical to those for the global economy but are magnified by the possibility of an energy crisis, especially if next winter turns out to be colder than usual. However, we must not overlook the advances made in increased storage capacity, more efficient use of energy resources, and supplier diversification.

- **Portugal**

With 1.6% qoq growth and 2.5% yoy in the first quarter of 2023, Portugal had a surprisingly strong start to the year, benefiting from the buoyancy of the exports sector. Compared to the previous quarter, exports of goods and services grew by 4.8% and 10.8%, respectively. This led to a significant drop in inventories, which meant that the contribution of domestic demand was negative (-0.8 percentage points). Private consumption, on the other hand, fared better this quarter than it did the previous one, up by 0.4% qoq, led by spending on durable goods related to the sharp increase in auto sales. Meanwhile, the indicators available for the second quarter show a positive, although clearly slowing, trend, reflecting the impact of higher interest rates on the behaviour of economic agents, namely companies and families. We anticipate that the economy will continue to record positive qoq growth rates until the end of the year, albeit more modest than in the first three months, essentially reflecting the lingering impact of the increase in interest rates on the balance sheets of economic agents. Even so, we still anticipate the economy to increase by around 2.5% in the full year, taking into consideration the ripple effects of the first quarter's robust growth.

Meanwhile, inflation slowed markedly in May, standing at 4.0% (5.7% in April), with negative monthly variations not only in the overall CPI, but also in all its main components: underlying (-0.31%); energy (-1.77%) and unprocessed food products (-2.85%). Our projection for average annual inflation in 2023 is 5.0%, and for now it seems that the factors that are lowering inflation will outweigh those that are pushing it upward. On the energy front, declines continue to be supported by the slowdown in prices on international markets. In the food products group, the VAT exemption finally passed through to prices, while industrial production prices saw their first year-on-year drop (-0.9%) since February 2021.

- **Regulatory Context**

The first half of 2023 was essentially marked by the roll-out of initiatives taken in 2022 and those still underway, 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, consumer protection, and information transparency; and the (iii) the progressive review of the macro prudential framework with reforms in structural legislation for the financial sector.

Measures have been put in place at the national and international levels to mitigate the generalised rise in prices, not only of oil and gas and essential goods but also in terms of access to the financial system, in light of the continuing scenario of energy crisis and generalised inflation as well as the advent of persistently rising interest rates. In Portugal, this included the publication of Decree-Law no. 20-B/2023 and Law no. 24/2023. Strengthening the role of the State in its commitment to public housing and the direct promotion of housing responses, Decree-Law No. 20-B/2023 establishes extraordinary and temporary support for families to pay (i) the rent on a lease or sublease of their first home and (ii) the instalments of loan agreements for the purchase, works on, or construction of their own permanent home. In turn, Law no. 24/2023, which, among others, approves consumer protection rules for financial services, introduces limits on or bans certain fees and commissions charged by credit institutions, namely in the following areas: (i) commissions on certification of heirs procedures; (ii) commissions on procedures for changing the ownership of a current account; (iii) prohibition of charging commission on prints of institutions' documents concerning the consumer; (iv) prohibition of charging commissions on the issuance of duplicate bank statements or other documents; and (v) prohibition of charging commissions for the service of transferring funds to e-money accounts.

Measures adopted as a result of the armed conflict in Ukraine

After the outbreak of the conflict in Ukraine and throughout 2022, the EU kept up the pressure on Russia, as well as Belarus, in the form of restrictive measures.

Supervision

- The ESAs (EBA, ESMA and EIOPA) launched a Public Consultation on the draft joint guidelines on the system for the exchange of information relevant to fit and proper assessments.
- The EBA launched a Public Consultation proposing amendments to the reporting requirements of Commission Implementing Regulation (EU) No 2021/451 of 17 December 2020 laying down implementing technical standards (ITS) for the application of the CRR with regard to supervisory reporting of institutions, specifically in the context of supervisory reporting on interest rate risk in the banking book (IRRBB).

- At national level, publication of Decree-Law 27/2023, approving the Asset Management Regime ("RGA") and, consequently, revoking the General Regime for Collective Investment Undertakings ("RGOIC") and the Legal Regime for Venture Capital, Social Entrepreneurship and Specialised Investment ("RJCRESIE"). The RGA adopts a uniform regulatory framework for CIUs, regulating the issues that are currently dispersed among the RGOIC and the RJCRESIE, and promoting the harmonisation of national legislation with European Union law.

Markets and Risks

- Publication of Commission Delegated Regulation (EU) 2023/206 of 5 October 2022 supplementing the CRR with regard to regulatory technical standards specifying the types of factors to be considered for the assessment of the appropriateness of risk weights for exposures secured by immovable property and the conditions to be taken into account for the assessment of the appropriateness of minimum loss given default values for exposures secured by immovable property.
- The EBA launched Public Consultations on: (i) its draft Implementing Technical Standards (ITS) amending the ITS on specific reporting requirements on market risks (Fundamental Review of the Trading Book reporting, or FRTB reporting), aiming at providing supervisors with the necessary tools to monitor these risks; and (ii) its draft Regulatory Technical Standards on the assessment methodology under which competent authorities verify an institutions' compliance with the internal models under the FRTB.
- The ESMA announced the launch of a Joint Supervisory Action (JSA) with the national competent authorities (NCAs) on the application of MiFID II disclosure rules with regard to marketing communications across the EU, to run throughout 2023.
- The ESMA published its final report on guidelines on MiFID II product governance requirements. The main changes introduced in these Guidelines concern: (i) the specification of any sustainability-related objectives with which a product is compatible; (ii) the practice of identifying a target market by product group rather than by individual product ("grouping approach"); (iii) the determination of a compatible distribution strategy when a distributor considers that a more complex product can be distributed under non-advised sales; and (iv) the periodic review of products, including the application of the proportionality principle.
- At national level, the CMVM published Regulation no. 1/2023 establishing the information duties of issuers and the regime applicable to takeover bids.
- The CMVM published a Circular letter on the assessment of the adequacy of portfolio management services on behalf of third parties and investment advisory services (independent or not) where it seeks to clarify for the market certain aspects to consider when providing such services. This guidance follows supervisory actions conducted by the capital markets regulator, which uncovered instances of non-compliance with these services' requirements.

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

- The EBA published new Guidelines to ensure that customers have access to the financial services they need to fully participate in society and that they are not denied this access on unsubstantiated Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) grounds or without valid reason. These Guidelines will contribute to foster a common understanding by institutions and AML/CFT supervisors of effective money laundering and terrorist financing (ML/TF) risk management practices in situations where access by customers to financial products and services should be safeguarded, in particular for the most vulnerable ones.
- At national level, publication of Law no. 2/2023, which completes the transposition of Directive (EU) 2017/541, amending the Counter-Terrorism Law, the Penal Code, the Code of Criminal Procedure and related legislation
- Publication of Bank of Portugal Notice no. 1/2023, which establishes the necessary requirements for ensuring compliance with anti-money laundering and counter-terrorist financing obligations within the operations of entities engaged in virtual asset activities.

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

- Publication of Commission Delegated Regulation (EU) 2023/363, laying down the regulatory technical standards as regards the content and presentation of information on financial products investing in environmentally sustainable economic activities.
- The EBF published a Joint Industry Statement on the proposed Corporate Sustainability Due Diligence Directive (CSRD).
- The ECB published a first set of climate-related statistical indicators to more effectively analyse the impact of climate-related risks on the financial sector and to monitor the development of sustainable and green finance, together with the corresponding Technical Annex, fulfilling yet another commitment under its climate action plan.
- The EBA, ESMA and EIOPA published their Opinions addressed to the European Commission on the draft European Sustainability Reporting Standards. The ECB also published an Opinion from its Technical Team on the first proposed set of European Sustainability Reporting Standards.
- At national level, publication on the CMVM website of Circular Letter 001/2023 - Asset Management - Disclosure Duties in Sustainability Matters in the Management of Collective Investment Undertakings.

In the digital, technological innovation and data protection field:

- On 16 January 2023, Regulation (EU) 2022/2554 on the digital operational resilience of the financial sector (Digital Operational Resilience Act or DORA) came into force, with application from 17 January 2025. The regulation's main objective is to prevent and mitigate cyber threats, establishing uniform requirements for the security of networks and information systems of companies and organisations operating in the financial sector, as well as for suppliers or providers of critical outsourcing services that supply or provide them information and communication technology services (ICT), such as cloud platforms or data analysis services.
- Publication of Regulation (EU) 2023/1113 and 1114 on information accompanying transfers of funds and certain crypto-assets and amending Directive (EU) 2015/849, and Regulation (EU) 2023/1114 on Markets in Crypto-assets (MiCA).
- During the first quarter of 2023, the ECB consulted stakeholders, through the Digital Euro Market Advisory Group (MAG), the Euro Retail Payments Board (ERPB) and different interest representation associations, on the design of a possible digital euro. These consultations focused mainly on issues related to the incorporation of users, the main functionalities of the digital euro, the compensation model for intermediaries in the digital euro scheme and the implementation process of the digital euro.
- The BCBS published Standards on the prudential treatment of banks' crypto-asset exposures: in accordance with the proposal set forth in the Public Consultation launched in 2022 on the prudential treatment of digital asset exposure, from 1 January 2025 credit institutions will be required to classify the crypto-assets held in their portfolios into two groups and to revalue them on an ongoing basis. These Standards will be incorporated as a new chapter in the consolidated Basel Framework and should come into force on 1 January 2025.
- At national level, publication of Law 10/2023, which completes the transposition of Directive (EU) 2019/2161 on consumer protection. Some of the main changes introduced by this law are those concerning Decree-Law 24/2014, particularly with regard to the obligations of suppliers of goods or services in the event of free resolution by consumers.
- Guideline/2023/1 on security measures was published on the website of the National Data Protection Commission (CNPD).

Other:

- The OECD-CTP published technical guidelines for a global minimum tax as part of the international tax reform.

The competitive and social context is decisive for Banco BPI's strategy and development. Accordingly, "strategic events" are identified that represent the most relevant events that may result in a medium-term material impact on the Bank. Only events that have not yet materialised or do not form part of the Catalogue, but to which the Entity's strategy is exposed to due to external causes are considered, even if the severity of their possible impact can be mitigated through management. If a strategic event occurs, it may simultaneously impact one or more of the Catalogue risks. During the first six months of 2023 certain significant events considered as Strategic Events took place:

— Impacts related with the national and international geopolitical environment

In the current situation, geopolitical risks have increased, and the consequences they may have on activity are potentially severe. More than a year after the Russian invasion of Ukraine, uncertainty remains very high. Although energy prices have moderated in recent months and the risk of restrictions on natural gas supplies in Europe has been greatly reduced, the future trajectory of energy prices and prices of other raw materials, including food, remains very uncertain, and the possibility of further disruptions should not be ruled out.

In addition, the impact of the reopening of the Chinese economy on inflationary tensions, following the end of the "Zero COVID" policy, is somewhat uncertain since, if on the one hand, it will relieve the pressure on world supply, on the other, by increasing demand, it will also raise the prices of energy and raw materials.

Uncertainty is also high about the persistence of underlying inflationary pressures, whether derived from the pass-through of previous increases in energy prices or from pressures on wages or corporate margins. An extension or intensification of inflationary pressures would negatively impact activity and the level of pressure that monetary policy should adopt.

There is also the risk, particularly pronounced in the United States, that the recent financial tensions could endure or escalate. This could jeopardise the climate of confidence and lead to a stronger tightening of financial conditions than previously anticipated, with the consequent effect on the real economy.

— New competitors and application of new technologies

Banco BPI keeps close monitoring of potential new competitors. No relevant developments were detected in this area during the first half of 2023. Regarding the use of new technologies, the Bank continuously monitors those that have the potential to have a substantial impact on the sector and identifies new use cases in monitoring technologies. The 2023 innovation agenda includes the following areas: Applied Artificial Intelligence, Quantum Computing, DLT, Tokenisation and Digital Assets, Stable Currencies and Central Bank Digital Currency, Digital Identity, Metaverse and Edge Computing.

— Cybercrime and data protection

Aware of the importance of information security treatment for the entire Group, Customers, suppliers and, in general, for all the institutions with which it maintains relations, BPI considers it essential to establish the type of treatment given to the information it manages, throughout its life cycle, in order to guarantee its confidentiality, integrity and availability. To ensure the confidentiality, integrity and availability of information, BPI set up a Cybersecurity and Activities Master Plan for 2023, which was developed taking into account the evolution of the security context, the emerging threats, the observations of the auditors and the results of the verifications carried out. In addition, BPI is in permanent communication with the National Centre for Cybersecurity, and proactively and on an ongoing basis conducts tests and reviews and implements measures to prevent, detect, contain and correct possible attacks and vulnerabilities.

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

— Changes to the legal, regulatory or supervisory framework

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

— Pandemics and other external events

The business continuity plans viewing the effective mitigation of the scenarios identified in the risk analyses conducted by the different areas (corporate centres, territorial network and international network), as well as the Group's s resilience capabilities in extreme situations, continue to be reinforced. Resilience in its different fronts is actually one of the work streams of the future strategic plan.

In the first half of 2023, the Group continued to implement the necessary measures to offset and mitigate the potential impact on operations of the armed conflict in Ukraine, and to enforce the financial sanctions and blockades imposed by the regulator. Along these same lines, other situations, such as strikes in the transport or telemarketing sectors, continued to be monitored. On the other hand, measures and action plans are being outlined with the aim of preparing the Entity and the Group for a potential scenario of restricted energy consumption and increasing their resilience to supply disruptions of various kinds.

Specific tests have been included in the testing plan for 2023 to assess the performance of the Operational Continuity Management System during cyber-attacks and supplier unavailability scenarios. Running these tests is essential to guarantee the system's ability to respond to unforeseen events that could jeopardise its operation, as well as to guarantee business continuity. These measures seek to improve the Group's resilience and capacity to adapt and recover from adverse situations.

3.2 Credit risk

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

The most relevant aspects of credit risk management in the first six months of 2023 are described below.

3.2.1. Increase in EURIBOR rates in the portfolio of loans to individuals - Decree-Law no. 80-A/2022 of 25 November

The provisions of Decree-Law no. 80-A/2022 of 25 November came into force in January 2023, requiring financial institutions to take the following steps with regard to eligible clients:

- Regular contact with these Clients no later than 60 days before interest rate repricing; and
- Analysis of possible support measures for these Clients.

Accordingly, all eligible Clients were contacted during the month of January 2023, and those whose rates will be repriced in the three following months have been contacted on a monthly basis. The requests received have been analysed in light of pre-established restructuring measures for each Customer, including the possibility of deciding on a case-by-case basis to adjust these pre-established measures.

As at 30 June 2023, there were 2 865 mortgage loan operations with an outstanding amount of 293 million euros that benefited from support measures granted under Decree-Law no. 80-A/2022

3.2.2. COVID-19 support measures

In the specific context of the COVID-19 pandemic and its economic consequences, various support measures have been taken, including the launch of publicly guaranteed lines of support to the economy with grace periods, which have already entered their repayment period.

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

Covid credit lines - Detail of financing with public guarantee:

	30-06-2023	31-12-2022
Public Sector	**128**	**135**
Corporations and individual entrepreneurs	**1 165 470**	**1 459 678**
Real estate development	4 124	3 856
Civil Construction	98 786	112 323
Other	1 062 560	1 343 500
Large companies	38 634	36 952
SME and individual entrepreneurs	1 023 925	1 306 547
	1 165 598	**1 459 813**

In June 2023 the percentage of defaulting loans under these lines was 2.56% of the total exposure.

3.2.3. Forward looking information update.

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.

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]

	31-12-2022			30-06-2023		
	2023p	2024p	2025p	2024p	2025p	2026p
GDP growth						
Baseline scenario	2.0 %	2.3 %	2.1 %	2.1 %	2.4 %	2.0 %
Upside scenario	3.2 %	4.6 %	2.6 %	3.9 %	3.1 %	2.4 %
Downside scenario	-1.2 %	1.4 %	1.7 %	0.9 %	2.9 %	2.1 %
Unemployment rate						
Baseline scenario	5.7 %	5.6 %	5.6 %	6.1 %	5.9 %	5.7 %
Upside scenario	5.4 %	5.2 %	5.2 %	5.5 %	5.4 %	5.7 %
Downside scenario	8.5 %	8.9 %	8.4 %	9.4 %	8.9 %	8.7 %
6M Euribor [2]						
Baseline scenario	1.80 %	2.0 %	2.1 %	3.2 %	3.0 %	2.9 %
Upside scenario	2.10 %	2.4 %	2.7 %	2.3 %	2.0 %	2.0 %
Downside scenario	1.20 %	1.2 %	1.3 %	4.7 %	4.3 %	3.7 %
Spread OT						
Baseline scenario	117.6	123.9	132.1	131.4	144.4	157.8
Upside scenario	96.6	106.8	118.8	147.4	162.9	176.9
Downside scenario	193.9	184.1	176.3	154.9	144.2	138.7
Home prices evolution						
Baseline scenario	1.5 %	2.8 %	2.8 %	0.1 %	2.4 %	2.8 %
Upside scenario	5.0 %	4.6 %	2.9 %	2.4 %	2.5 %	2.8 %
Downside scenario	-3.1 %	-2.1 %	1.9 %	-4.5 %	1.3 %	2.8 %

[1] Source: BPI Economic and Financial Studies Unit

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

The probabilities of occurrence of the forecasts of the macroeconomic indicators as of 30 June 2023 and 31 December 2022:

	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, in the first semester of 2023. 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 28.5 million euros at 30 June 2023 (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 is reviewed as new information becomes available and macroeconomic uncertainties are reduced. As part of the models recalibration carried out in the first half of 2023, 21.5 million euros from the PMA were used, with this global amount of impairments being allocated on a loan-by-loan basis.

The forward-looking macroeconomic indicators presented above represent the projections for 2024 to 2026 in mid-2023. The post model adjustments include the expected effect on impairment of the updating of the macroeconomic scenarios with reference to 30 June 2023.

3.2.4. Restructured loans:

The breakdown of refinancing by industry sector is as follows:

30-06-2023

	Consolidated / Individual						
	Total						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	3	8					(3)
Non-financial corporations and individual entrepreneurs (non-financial business)	898	81 310	208	143 908	110 936	24 542	(95 638)
Individuals	2 134	26 416	5 414	396 577	395 684	525	(59 772)
Total	**3 035**	**107 734**	**5 622**	**540 485**	**506 620**	**25 067**	**(155 413)**

Note: Includes securitised loans, Customer loans and guarantees

	Of which: Stage 3						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	3	8					(3)
Non-financial corporations and individual entrepreneurs (non-financial business)	623	42 822	153	78 899	60 056	15 140	(85 094)
Individuals	1 462	17 631	1 735	68 804	68 263	144	(53 161)
Total	**2 088**	**60 461**	**1 888**	**147 703**	**128 319**	**15 284**	**(138 258)**

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

31-12-2022

	Consolidated / Individual						
	Total						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	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
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	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.

3.2.5. Concentration Risk

Concentration by geographic location

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

30-06-2023

	Consolidated			
	Total	**Portugal**	**Other EU countries**	**Other world countries**
Central Banks and credit institutions	4 631 065	2 843 087	812 418	975 560
Public sector	7 340 504	4 457 691	2 326 599	556 214
Central government	3 582 655	699 842	2 326 599	556 214
Other public administrations	3 757 849	3 757 849		
Other financial corporations and individual entrepreneurs (financial business)	466 158	340 200	111 993	13 965
Non-financial corporations and individual entrepreneurs (non-financial business)	12 691 318	12 421 376	225 492	44 450
Real estate development	72 587	72 397	160	30
Civil construction	719 000	711 938	7 052	10
Other	11 899 731	11 637 041	218 280	44 410
Large companies	5 569 173	5 394 148	160 902	14 123
Small and medium-sized companies	6 330 558	6 242 893	57 378	30 287
Individuals	15 781 361	15 735 345	13 396	32 620
Homes	14 326 359	14 317 257	2 129	6 973
Consumer spending	1 442 890	1 406 037	11 246	25 607
Other	12 112	12 051	21	40
Total	**40 910 406**	**35 797 699**	**3 489 898**	**1 622 809**

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

	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.

30-06-2023

	Individual			
	Total	Portugal	Other EU countries	Other world countries
Central Banks and credit institutions	4 531 713	2 843 087	812 418	876 208
Public sector	7 340 504	4 457 691	2 326 599	556 214
Central government	3 582 655	699 842	2 326 599	556 214
Other public administrations	3 757 849	3 757 849		
Other financial corporations and individual entrepreneurs (financial business)	458 593	332 635	111 993	13 965
Non-financial corporations and individual entrepreneurs (non-financial business)	12 691 318	12 421 376	225 492	44 450
Real estate development	72 587	72 397	160	30
Civil construction	719 000	711 938	7 052	10
Other	11 899 731	11 637 041	218 280	44 410
Large companies	5 569 173	5 394 148	160 902	14 123
Small and medium-sized companies	6 330 558	6 242 893	57 378	30 287
Individuals	15 781 361	15 735 345	13 396	32 620
Homes	14 326 359	14 317 257	2 129	6 973
Consumer spending	1 442 890	1 406 037	11 246	25 607
Other	12 112	12 051	21	40
Total	**40 803 489**	**35 790 134**	**3 489 898**	**1 523 457**

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.

Concentration by industry sector

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

At 30 June 2023 and 31 December 2022, the breakdown of credit by industry sector, type of collateral and loan to value (LTV) was as follows:

30-06-2023

	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	1 264 385							
Public sector	1 162 463	2 516	209 587	65 976	67 578	29 976	42 457	6 116
Central government	340 804		3 391					3 391
Other public administrations	821 659	2 516	206 196	65 976	67 578	29 976	42 457	2 725
Other financial corporations and individual entrepreneurs (financial business)	110 845	77 245	504	56 383	5 330	1 796	14 170	70
Non-financial corporations and individual entrepreneurs (non-financial business)	8 529 513	1 924 500	827 530	880 452	524 430	395 940	230 566	720 642
Real estate development	58 246	49 778	1 618	13 520	22 108	4 784	10 526	458
Civil construction	374 213	49 230	20 261	16 953	11 733	14 204	8 826	17 775
Other	8 097 054	1 825 492	805 651	849 979	490 589	376 952	211 214	702 409
Large companies	2 567 738	397 311	498 601	339 775	81 566	112 277	22 577	339 717
Small and medium-sized companies	5 529 316	1 428 181	307 050	510 204	409 023	264 675	188 637	362 692
Individuals	15 780 968	14 280 949	141 891	5 137 927	4 712 596	3 747 722	789 455	35 142
Homes	14 325 983	14 280 905	27 900	5 131 089	4 697 035	3 705 554	750 611	24 517
Consumer spending	1 442 873	44	113 888	6 832	15 558	42 082	38 835	10 625
Other	12 112		103	6	3	86	9	
Total	**26 848 174**	**16 285 210**	**1 179 512**	**6 140 738**	**5 309 934**	**4 175 434**	**1 076 648**	**761 970**

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.

31-12-2022

	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.

Concentration by credit quality

At 30 June 2023 and 31 December 2022, Portugal's sovereign debt rating was BBB+.

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

Credit risk quality (rating)

The breakdown of debt securities by rating at 30 June 2023 and 31 December 2022 is as follows:

30-06-2023

	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-			266 598	1 348 146	1 614 744
A+/A/A-			64 789	103 714	168 503
BBB+/BBB/BBB-	4 220		636 387	3 170 957	3 811 564
“Investment grade”	**4 220**		**967 774**	**4 622 817**	**5 594 811**
	100 %		100 %	58 %	63 %
BB+/BB/BB-				583 804	583 804
No rating		5 601		2 707 012	2 712 613
“Non-investment grade”		**5 601**		**3 290 816**	**3 296 417**
		100 %		42 %	37 %
	4 220	**5 601**	**967 774**	**7 913 633**	**8 891 228**

[1] Exposure net of impairments.

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.

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

		Consolidated / Individual			
		30-06-2023		**31-12-2022**	
External Rating	AAA to AA-	88 036	7 %	42 053	5 %
	A+ to A-	517 083	39 %	248 377	30 %
	BBB+ to BBB-	644 809	48 %	528 438	65 %
	BB+ to BB-	17 326	1 %	115	
	B+ to B-	65 247	5 %	166	
		1 332 501	**100 %**	**819 149**	**100 %**

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

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

		Consolidated / Individual									
		30-06-2023					31-12-2022				
		Stage 1	**Stage 2**	**Stage 3**	**Total**		**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
Exposures Non-Default		**23 552 238**	**1 910 633**		**25 462 870**	**99 %**	**23 781 092**	**1 452 378**		**25 233 470**	**99 %**
External Rating	AAA to AA-	185 460			185 460	1 %					
	A+ to A-	9 198			9 198		6 413			6 413	
	BBB+ to BBB-	999 475	25 436		1 024 911	4 %	971 079	25 415		996 494	4 %
	BB+ to BB-	11 667			11 667		17 500			17 500	
	B+ to B-	121 548			121 548		133 119			133 119	1 %
Master Scale	[0 - 3.1]	8 157 362	40 749		8 198 109	32 %	8 381 333	37 878		8 419 211	33 %
	] 3.1 - 4.6]	6 505 090	124 641		6 629 731	26 %	6 420 892	133 238		6 554 130	26 %
	] 4.6 - 5.8]	4 438 139	701 622		5 139 762	20 %	4 187 492	474 935		4 662 427	18 %
	] 5.8 - 7.3]	1 693 663	617 046		2 310 709	9 %	1 937 674	514 739		2 452 413	10 %
	] 7.3 - 9.5]	147 899	384 104		532 003	2 %	128 023	255 276		383 299	2 %
No rating		1 282 737	17 035		1 299 772	5 %	1 597 567	10 897		1 608 464	6 %
Exposures Default				**245 451**	**245 451**	**1 %**			**233 349**	**233 349**	**1 %**
		23 552 238	**1 910 633**	**245 451**	**25 708 322**	**100 %**	**23 781 092**	**1 452 378**	**233 349**	**25 466 819**	**100 %**

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

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

Concentration by sovereign risk

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

Exposure to entities with sovereign risk

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

30-06-2023

		Consolidated / Individual		
		Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost1
Country	**Residual maturity**			
Portugal	Less than 3 months			8 364
	3 months to 1 year			591 216
	1 to 2 years			22 948
	2 to 3 years		279 615	354 035
	3 to 5 years			431 535
	5 to 10 years			1 241 283
	More than 10 years			805 485
			279 615	**3 454 866**
Spain	3 to 5 years		275 748	103 714
	5 to 10 years			616 559
			275 748	**720 273**
Italy	2 to 3 years			523 532
	5 to 10 years		145 813	
			145 813	**523 532**
USA	3 months to 1 year			137 809
	2 to 3 years			320 275
				458 084
Other	1 to 2 years			25 976
	3 to 5 years		266 598	394 422
	More than 10 years			72 140
			266 598	**492 538**
			967 774	**5 649 293**

1 Does not include interest receivable.

31-12-2022

		Consolidated / Individual		
		Financial assets held for trading	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost1
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.

3.3. Liquidity risk

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

Total liquid assets

	Consolidated				Individual			
	30-06-2023		31-12-2022		30-06-2023		31-12-2022	
	Market value	Eligible value	Market value	Eligible value	Market value	Eligible value	Market value	Eligible value
Level 1 Assets	5 613 222	5 607 632	7 055 979	7 055 979	5 613 222	5 607 632	7 055 979	7 055 979
Level 2A Assets	118 258	100 519	115 458	98 139	118 258	100 519	115 458	98 139
Total HQLA [1]	**5 731 480**	**5 708 151**	**7 171 437**	**7 154 118**	**5 731 480**	**5 708 151**	**7 171 437**	**7 154 118**
Other non-HQLA		**3 836 467**		**5 302 206**		**3 836 467**		**5 302 206**
Total liquid assets (HQLA + other non-HQLA)		**9 544 618**		**12 456 324**		**9 544 618**		**12 456 324**

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

Note: Unaudited amounts

Liquidity ratios

	Consolidated		Individual	
(Average in last 12 months)	30-06-2023	31-12-2022	30-06-2023	31-12-2022
High quality liquid assets (numerator)	7 780 233	10 674 661	7 780 233	10 674 660
Total net outflows (denominator)	4 150 503	4 494 750	4 150 503	4 498 215
Cash outflows	5 237 056	5 507 776	5 237 056	5 507 776
Cash inflows	1 086 552	1 013 026	1 086 552	1 009 561
Liquidity coverage ratio (LCR) [1]	**187 %**	**237 %**	**187 %**	**237 %**
Net stable funding ratio (NSFR)	**134 %**	**141 %**	**134 %**	**141 %**

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

Note: Unaudited amounts

The balance available in the ECB pool at 30 June 2023 amounts to 4 198 million euros, which corresponds to the balance of securities placed in the pool less the use as collateral of TLTRO III, having increased by 1 480 million euros compared to December 2022 due to the diminution of Covered Bonds in the pool.

At 30 June 2023 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	30-06-2023	
Moody's Investors Service	Baa2[2]	P-2	Stable	26-05-2023	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 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-3	Stable	20-01-2022	

[1] Long-term issuer default rating

[2] Long term Debt Rating / Issuer rating

[3] Long Term Issuer Credit Rating

3.4. Other risks

During the first half of 2023, the structural rates risk and the market risk (on the trading portfolio) were managed in accordance with the established policies, which did not undergo any relevant changes.

As far as financial-actuarial risks are concerned, the uncertainty surrounding the adverse possible impacts resulting from the Russia-Ukraine war remains. It should be noted that Banco BPI's Pension Fund has no direct exposure to companies based in these countries, and that this factor is not expected to have materially relevant impacts on the Fund's financial position.

The context of uncertainty surrounding the evolution of interest rates, inflation, and the Russia-Ukraine conflict requires adequate and strict monitoring of financial-actuarial, market and structural rate risks.

Operational risk losses decreased in the first months of 2023 compared to the same period in 2022, with the process execution, delivery, and management category continuing to account for the majority of occurrences. External fraud came in second, with an increase in the number of attacks on digital channels.

BPI continues to focus on reducing the Bank's operational risk, working on its prevention and mitigation through group-wide actions carried out with all lines of defence.

Also, within the scope of operational risk, BPI continues to update and exercise its contingency plans on an ongoing basis, adjusting the prevention and response measures in force at any given time to the changing nature of the risks and the environment in which it operates. The contingency plans are part of the Business Continuity Management System (BCMS), which aims at guaranteeing the safety of employees and clients and, at the same time, at ensuring the necessary capacity to operate on a seamless basis. BPI has renewed the ISO 22301 certification obtained in 2021 for its BCMS.

4. SOLVENCY MANAGEMENT

The following table shows the composition of Banco BPI own funds on a consolidated and individual basis on 30 June 2023 and 31 December 2022:

	Consolidated				Individual			
	30-06-2023		31-12-2022		30-06-2023		31-12-2022	
	Amount	%	Amount	%	Amount	%	Amount	%
CET1 instruments	**3 272 081**		**3 328 536**		**3 107 662**		**3 158 230**	
Accounting shareholders' equity (without AT1)	3 464 455		3 589 575		3 337 007		3 419 269	
Dividends payable [1]	(222 497)		(284 000)		(259 468)		(284 000)	
AVA adjustments	(1 535)		(2 464)		(1 535)		(2 464)	
Impact of transition to IFRS 9	31 658		25 425		31 658		25 425	
CET1 Deductions	**(629 572)**		**(775 361)**		**(513 387)**		**(600 301)**	
Intangible assets and goodwill	(63 093)		(71 283)		(57 821)		(58 478)	
Pension funds´ assets	(139 629)		(136 986)		(139 629)		(136 986)	
Deferred taxes assets and financial investments	(345 797)		(476 676)		(218 133)		(314 421)	
Other deductions	(81 052)		(90 416)		(97 804)		(90 416)	
CET1	**2 642 509**	**14.3 %**	**2 553 175**	**14.8 %**	**2 594 275**	**14.1 %**	**2 557 929**	**14.8 %**
AT1 Instruments	275 000		275 000		275 000		275 000	
TIER 1	**2 917 509**	**15.8 %**	**2 828 175**	**16.4 %**	**2 869 275**	**15.6 %**	**2 832 929**	**16.4 %**
TIER1 Instruments	441 163		442 597		441 163		442 597	
TIER2	**441 163**	**2.4 %**	**442 597**	**2.6 %**	**441 163**	**2.4 %**	**442 597**	**2.6 %**
TOTAL CAPITAL	**3 358 671**	**18.2 %**	**3 270 772**	**18.9 %**	**3 310 438**	**18.0 %**	**3 275 526**	**19.0 %**
Other instruments eligible for MREL[2]	1 149 425		1 149 257					
MREL	**4 508 096**	**24.5 %**	**4 420 029**	**25.6 %**				
RWA	**18 427 225**		**17 280 223**		**18 364 951**		**17 266 056**	

[1] Whereas the dividend policy criterion applies at consolidated level, the previous year's pay-out criterion applies at individual level

[2] In April 2023 the Bank of Portugal notified Banco BPI of the minimum requirement for own funds and eligible liabilities (MREL). In accordance with the new Banking Recovery and Resolution Directive (BRRD2), from 1 January 2022 BPI, on a sub-consolidated basis, must meet the MREL requirement of 19.18% of RWA (including CBR - combined buffer requirement) and 5.91% of the total leverage ratio exposure (LRE), and from 1 January 2024 the MREL requirement of 22.43% of RWA (including CBR). As at 30 June 2023, Banco BPI meets the RWA MREL requirement for 1 January 2024 as well as the LRE MREL requirement for 1 January 2022 (the LRE MREL ratio is 11.0%).

Note: unaudited amounts

Considering the phased-in transition to IFRS9, at 30 June 2023, Banco BPI had a Common Equity Tier 1 (CET1) ratio of 14.3%, a Tier 1 ratio of 15.8% and a Total ratio of 18.2%, on a consolidated basis. The ratios include the results of the first semester, as well as the expected dividend in the amount of 222 million euros, according to the pay-out of the dividend policy. On an individual basis and phasing-in, Banco BPI had a CET1 ratio of 14.1%, a Tier1 ratio of 15.6% and a Total ratio 18.0%.

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

The following chart sets out a summary of the minimum regulatory capital requirements on a consolidated basis at 30 June 2023 and 31 December 2022:

	30-06-2023		31-12-2022	
	Amount	%	Amount	%
BAS III minimum requirements[1]				
CET1	1 579 887	8.57 %	1 490 727	8.63 %
Tier1	1 921 942	10.43 %	1 814 731	10.50 %
Total Capital	2 378 016	12.90 %	2 246 737	13.00 %

[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 1.90% (1.07% for CET1, 1.43% for Tier 1 and 1.90% for Total Capital); the capital conservation buffer of 2.5%; the O-SII (other systemically important institution) buffer of 0.5% ; 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 0.005% in June 2023.

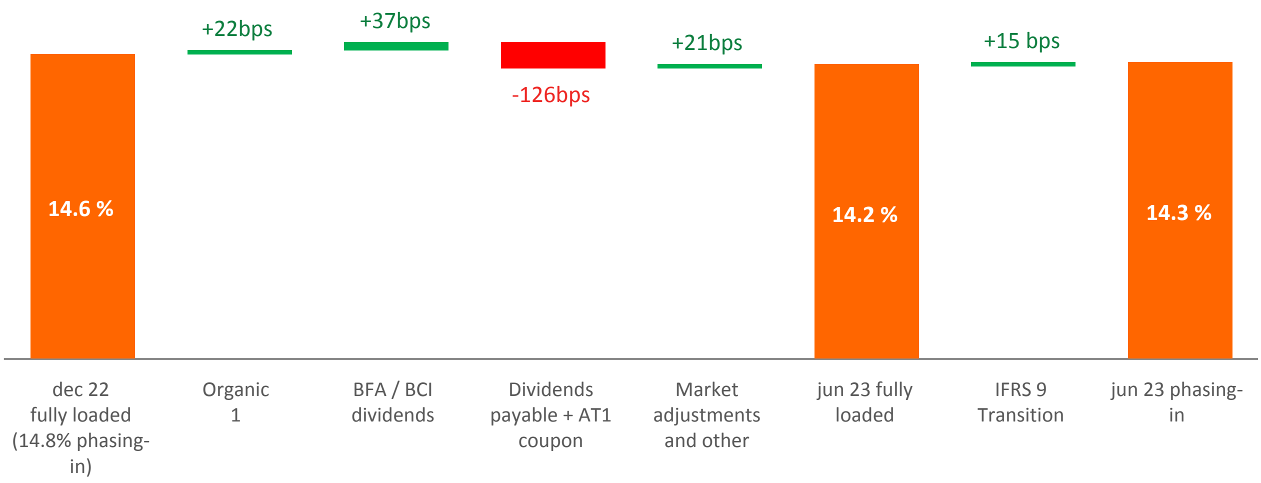
Note: unaudited amounts

The following table shows the breakdown of the leverage ratio of BPI on 30 June 2023 and 31 December 2022:

	Consolidated				Individual			
	30-06-2023		31-12-2022		30-06-2023		31-12-2022	
	Amount	%	Amount	%				
Exposure	41 084 102		39 821 615		41 062 627		39 812 842	
Leverage ratio		**7.1 %**	**0**	**7.1 %**		**7.0 %**		**7.1 %**

Note: Unaudited amounts

Evolution of CET1 in the first half of 2023:



[1] Considers the income from the banking businesses in Portugal and the change in credit risk weighted assets
Note: Unaudited amounts.

In the 1st half of 2023, the CET1 ratio decreased by 43 bps, from 14.8% to 14.3%. Annual organic growth was +22 bps, with net income in Portugal offsetting the growth in risk-weighted assets. Dividends payable (including the BFA and BCI ordinary distributions) and the payment of the AT1 coupon accounted for -126 bps, while market and other adjustments had an impact of +21 bps. The adoption of the IFRS9 prudential transitional arrangements represented +15 bps, i.e., the fully loaded CET1 is 14.2% on a consolidated basis and 14.0% on a standalone basis.

At 30 June, Banco BPI had an MDA buffer (capital buffer without limitations on results distribution) of 532 bps, i.e., 886 million euros.

5. DIVIDEND DISTRIBUTION

Dividend policy

In line with the articles of association of Banco BPI (Article 25 - 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 distribution, was approved by the Board of Directors on 23 February 2023, and later, on 9 March 2023, by its sole shareholder, by written unanimous resolution

	2022
Net income reported in the individual accounts of Banco BPI	334 084
Application 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 30 June 2023, 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 inContact Banking is responsible for the commercial activity 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), Connect Centre (remote service to Customers with low commercial potential and involvement), and the new Citizen Centre (which serves foreign Customers).
- Private Banking and Wealth: serving Individual Clients with larger financial assets, provides discretionary management and financial advisory specialised services (dependent and independent). Comprises the activity of a fully-held subsidiary in Switzerland - BPI Suisse, sold to CaixaBankWealthManagement Luxembourg(CWML) in April 2023.
- 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 includes:

- the income generated by associated companies and joint ventures in Portugal, net of the financing cost. In the first half of 2023 BPI Suisse was sold, Cosec was reclassified from Associated companies and joint ventures to the portfolio of Non-current assets and disposal groups classified as held for sale, and Unicre was reclassified from Associated companies and joint ventures to the portfolio of Financial Assets at fair value through other comprehensive income. The income generated by these operations was allocated to the corporate centre segment (Note 1).
- the income associated to participation units in credit recovery and private equity funds, and to investments in shares, net of the financing cost.
- the remuneration of BPI's excess capital is 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%.
- recurrent operating expenses (essentially early retirement and termination costs), expenses of a corporate nature (associated with the corporate bodies) and the interest income/(expense) on the net assets (net liabilities) for post-employment benefits.

- **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.

At 30 June 2023, the income statement by business segment of BPI consolidated was as follows[1]:

	Commercial Banking	Corporate Centre [2]	**Domestic activity**	BFA [3]	BCI	**Banco BPI consolidated**
1.Interest income	615 869	5 684	**621 553**	3 699		**625 252**
2.Interest expense	(186 635)		**(186 635)**			**(186 635)**
3.Net interest income [1+2]	**429 234**	**5 684**	**434 918**	**3 699**		**438 617**
4.Dividend income	1	1 957	**1 958**	72 561		**74 519**
5.Equity accounted income		9 965	**9 965**		17 851	**27 816**
6.Fee and commission income	161 212		**161 212**			**161 212**
7.Fee and commission expenses	(14 248)		**(14 248)**			**(14 248)**
8.Net fee and commission income [6+7]	**146 964**		**146 964**			**146 964**
9.Gains/(losses) on financial assets and liabilities and other	16 330	(1 598)	**14 732**	(40 929)	163	**(26 034)**
10.Other operating income and expenses	(42 187)		**(42 187)**	(5 805)		**(47 992)**
11.Gross income [3+4+5+8+9+10]	**550 342**	**16 008**	**566 350**	**29 526**	**18 014**	**613 890**
12.Staff expenses	(118 182)	(4 577)	**(122 759)**			**(122 759)**
13.Other administrative expenses	(91 902)	(1 332)	**(93 234)**			**(93 234)**
14.Depreciation and amortisation	(34 330)	(213)	**(34 543)**			**(34 543)**
15.Operating expenses [12+13+14]	**(244 414)**	**(6 122)**	**(250 536)**			**(250 536)**
16.Net operating income [11+15]	**305 928**	**9 886**	**315 814**	**29 526**	**18 014**	**363 354**
17.Impairment losses and other provisions	(36 608)		**(36 608)**	(455)		**(37 063)**
18.Other impairments and provisions	(1 909)		**(1 909)**			**(1 909)**
19.Gains and losses in other assets	2 209	8 658	**10 867**			**10 867**
20.Net income before income tax [16+17+18+19]	**269 620**	**18 544**	**288 164**	**29 071**	**18 014**	**335 249**
21.Income tax	(90 191)	741	**(89 450)**	11 682	(1 300)	**(79 068)**
22.Net income [20+21]	**179 429**	**19 285**	**198 714**	**40 753**	**16 714**	**256 181**

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

[2] Includes 9 304 th.euros corresponding to the capital gain on the sale of BPI Suisse.

[3] 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 30 June 2023 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	281 112	17 348 886	18 880 557
Private Banking	22 238	142 574	2 853 399
Corporate and Institutional Banking	128 464	11 160 870	6 658 583
Other	118 528	6 236 879	4 395 748
	550 342	**34 889 209**	**32 788 287**

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

	Commercial Banking	Equity holdings Restated[2]	**Domestic activity**	BFA[3]	BCI	**Banco BPI consolidated**
1.Interest income	262 004	2 453	**264 457**	6 952		271 409
2.Interest expense	(30 574)		**(30 574)**			(30 574)
3.Net interest income [1+2]	**231 430**	**2 453**	**233 883**	**6 952**		**240 835**
4.Dividend income	1	3 948	**3 949**	87 343		91 292
5.Equity accounted income		12 847	**12 847**		18 697	31 544
6.Fee and commission income	158 326		**158 326**			158 326
7.Fee and commission expenses	(13 749)		**(13 749)**			(13 749)
8.Net fee and commission income [6+7]	**144 577**		**144 577**			**144 577**
9.Gains/(losses) on financial assets and liabilities and other	16 589	868	**17 457**	19 503		36 960
10.Other operating income and expenses	(42 190)		**(42 190)**	(6 987)		(49 177)
11.Gross income [3+4+5+8+9+10]	**350 407**	**20 116**	**370 523**	**106 811**	**18 697**	**496 031**
12.Staff expenses	(109 081)	(4 533)	**(113 614)**			(113 614)
13.Other administrative expenses	(74 737)	(368)	**(75 105)**			(75 105)
14.Depreciation and amortisation	(32 817)	(22)	**(32 839)**			(32 839)
15.Operating expenses [12+13+14]	**(216 635)**	**(4 923)**	**(221 558)**			**(221 558)**
16.Net operating income [11+15]	**133 772**	**15 193**	**148 965**	**106 811**	**18 697**	**274 473**
17.Impairment losses and other provisions	(26 388)		**(26 388)**			(26 388)
18.Other impairments and provisions	(2 827)		**(2 827)**			(2 827)
19.Gains and losses in other assets	886		**886**			886
20.Net income before income tax [16+17+18+19]	**105 443**	**15 193**	**120 636**	**106 811**	**18 697**	**246 144**
21.Income tax	(35 874)	1 760	**(34 114)**	(7 249)	(1 589)	(42 952)
22.Net income [20+21]	**69 569**	**16 953**	**86 522**	**99 562**	**17 108**	**203 192**

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

[2] Corresponds to the consolidated activity of the Corporate Centre at 30 June 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI. (Note 1.4).

[3] Interest income corresponds to interest implicit in the current amount of the extraordinary dividend, to be received in June 2022 and 2023.

At 30 june 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	222 740	16 832 104	19 650 812
Private Banking	14 099	131 841	2 812 562
Corporate and Institutional Banking	93 077	10 625 052	7 052 590
Other	20 491	5 995 714	6 315 767
	350 407	**33 584 711**	**35 831 731**

At 30 June 2023, the income statement by business segment of BPI individual was as follows[1]:

	Commercial Banking	Corporate Centre [2]	**Domestic activity**	BFA [3]	BCI	**Banco BPI**
1.Interest income	615 869	5 684	**621 553**	3 699		**625 252**
2.Interest expense	(186 633)		**(186 633)**			**(186 633)**
3.Net interest income [1+2]	**429 236**	**5 684**	**434 920**	**3 699**		**438 619**
4.Dividend income	1	18 434	**18 435**	72 561	28 999	**119 995**
5.Fee and commission income	159 733		**159 733**			**159 733**
6.Fee and commission expenses	(14 244)		**(14 244)**			**(14 244)**
7.Net fee and commission income [5+6]	**145 489**		**145 489**			**145 489**
8.Gains/(losses) on financial assets and liabilities and other	16 330	(1 598)	**14 732**	(40 929)	163	**(26 034)**
9.Other operating income and expenses	(42 189)		**(42 189)**	(5 805)	(2 900)	**(50 894)**
10.Gross income [3+4+7+8+9]	**548 867**	**22 520**	**571 387**	**29 526**	**26 262**	**627 175**
11.Staff expenses	(117 370)	(4 577)	**(121 947)**			**(121 947)**
12.Other administrative expenses	(91 530)	(1 332)	**(92 862)**			**(92 862)**
13.Depreciation and amortisation	(34 322)	(213)	**(34 535)**			**(34 535)**
14.Operating expenses [11+12+13]	**(243 222)**	**(6 122)**	**(249 344)**			**(249 344)**
15.Net operating income [10+14]	**305 645**	**16 398**	**322 043**	**29 526**	**26 262**	**377 831**
16.Impairment losses and other provisions	(36 608)		**(36 608)**	(455)		**(37 063)**
17.Other impairments and provisions	(1 909)		**(1 909)**			**(1 909)**
18.Gains and losses in other assets	2 210	41 935	**44 145**			**44 145**
19.Net income before income tax [15+16+17+18]	**269 338**	**58 333**	**327 671**	**29 071**	**26 262**	**383 004**
20.Income tax	(90 252)	741	**(89 511)**	11 682	51	**(77 778)**
21.Net income [19+20]	**179 086**	**59 074**	**238 160**	**40 753**	**26 313**	**305 226**

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

[2] Includes 14 934 th.euros corresponding to the capital gain on the sale of BPI Suisse and 27 001 th.euros corresponding to the deconsolidation of Unicre.

[3] 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 30 June 2023 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	281 111	17 348 886	18 880 557
Private Banking	20 764	142 574	2 853 399
Corporate and Institutional Banking	128 464	11 160 870	6 658 583
Other	118 528	6 236 879	4 395 748
	548 867	**34 889 209**	**32 788 287**

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

[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, to be received in June 2022 and 2023.

At 30 june 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	222 740	16 832 104	19 650 812
Private Banking	10 388	131 841	2 812 562
Corporate and Institutional Banking	93 077	10 625 052	7 052 590
Other	20 489	5 995 714	6 315 767
	346 694	**33 584 711**	**35 831 731**

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" applicable to the members of the Bank's corporate bodies.

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

Note 7 to Banco BPI's 2022 consolidated and individual financial statements presents in more detail the remuneration of the corporate bodies, namely of the members of Banco BPI's Board of Directors and Executive Committee.

Fixed remuneration

During the first half of 2023 and 2022, the fixed remuneration and attendance fees received by the members of the Board of Directors, excluding those who are members of the Executive Committee, were as follows:

	Consolidated / Individual	
	30-06-2023	30-06-2022
Fixed remuneration	2251	2460
Number of persons	20	20

Note: Executive Board Member Mr. Ignacio Rendueles ended his term of office on 1 April 2023.

Variable remuneration

The members of the Board of Directors who are members of the Executive Committee may be entitled to receive variable remuneration. The attribution of this variable remuneration is risk-adjusted and based on the institution's performance as measured by the achievement of Corporate Objectives and on the individual performance of each Executive Director as determined by the extent to which they meet their Individual Objectives.

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

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

With reference to performance in 2022, the Appointments, Assessment and Remuneration Committee of 19 April 2023 approved the attribution of variable remuneration to the Executive Directors in the total amount of 1 631 th.euros.

40% of the Variable Remuneration was paid immediately upon attribution and 60% was deferred for a period of 5 years. Of this 40%, half is paid in cash and half is paid in financial instruments (in this case Caixabank shares, valued at 3.6010 euros per share). The remaining 60% will be paid over the following 5 years in equal instalments, 30% in cash and 70% in financial instruments.

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

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Cash	228 744	285 428
Demand deposits at Bank of Portugal	2 247 258	2 086 415
Other demand deposits	43 048	93 409
Interest on demand deposits at Bank of Portugal	398	470
	2 519 448	**2 465 722**

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 3.5%, 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	
	30-06-2023	**31-12-2022**
Trading derivatives	71 901	91 886
Debt securities		
Bonds issued by other foreign entities	4 220	4 185
	76 121	**96 071**

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.

Financial liabilities held for trading

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	**31-12-2022**
Trading derivatives	83 506	87 113
	83 506	**87 113**

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

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	**31-12-2022**
Equity instruments		
Shares in Portuguese companies	8 057	8 028
Shares in foreign companies	1 612	1 238
Participation units of Portuguese issuers	40 144	45 961
Participation units of foreign issuers	12 154	12 579
	61 967	**67 806**
Debt securities		
Bonds issued by other Portuguese entities	46	45
Bonds issued by other foreign entities	5 555	5 658
	5 601	**5 703**
	67 568	**73 509**

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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This caption is made up as follows:

	Consolidated / Individual	
	30-06-2023	**31-12-2022**
Equity instruments		
Shares in Portuguese companies	107 863	72 957
Shares in foreign companies	316 872	417 176
	424 735	**490 133**
Debt securities		
Bonds issued by Portuguese government entities		
Treasury Bonds	279 615	276 376
Bonds issued by foreign government entities	688 159	677 063
	967 774	**953 439**
	1 392 509	**1 443 572**

In the first half of 2023, following Banco BPI's loss of significant influence over Unicre, this equity holding was reclassified from ‘Investments in joint ventures and associates’ ‘to Financial Assets at fair value through other comprehensive income - equity instruments’ (Notes 1.1 and 14). Despite still holding a 21.01% stake in Unicre, the Bank ceased to appoint a member to this company's board of directors (or to its supervisory board), thereby losing the capacity to take part in the decision-making process of these bodies and to exert any influence over Unicre through this equity holding.

In first half 2023 the movement in the caption ‘equity instruments at fair value through other comprehensive income’ was as follows:

	Consolidated / Individual					
	31-12-2022	Purchases	Sales and other	Gains/(losses) recognised under other comprehensive income	Potential Gains/ (losses) recognised under other comprehensive income and exchange variation	30-06-2023
Banco de Fomento Angola, S.A.	410 800				(100 320)	310 480
SIBS	59 400				1 200	60 600
Unicre		32 851			849	33 700
Other	19 933		(164)		186	19 955
	490 133	32 851	(164)		(98 085)	424 735

In 2022 the movement in BPI' consolidated and individual balance sheet caption ‘equity instruments at fair value through other comprehensive income’ was as follows:

	Consolidated / Individual					
	31-12-2021	Purchases	Sales	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).

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

In the first half of 2023, BFA approved the distribution of 60% of the 2022 results, in the amount of AKZ 84.3 billion. The dividend attributed to BPI (73 million euros gross, at the exchange rate at recognition date) was received in Angola, and an interest-bearing deposit was set up at a net rate of 10.8%. Of this amount, around USD 10 million was transferred to Portugal in July. Also in the 1st half of 2023, BPI received in Angola the 3rd and final tranche of the distribution of free reserves approved by BFA's General Meeting in June 2021, amounting to AKZ 21.3 billion (24 million euros, at the exchange rate on 30 June 2023), with an interest-bearing deposit having been set up at a net rate of 10.8%.

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 of 2022.

The change in the value of the holding in BFA in the first half of 2023 was essentially due to:

- the distribution of the 2022 dividend;
- the revision of estimates and macroeconomic scenario to reflect the worsening outlook for the AKZ, following the sharp depreciation of the Angolan currency in the period (c. 40% against the € and USD);
- the rise in the discount rate (KoE), essentially as a result of the increase in the market yields of Angola's public debt in USD.

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

Main assumptions underlying BFA's valuation (DDM)

	30-06-2023	31-12-2022
Projection period	5 years	5 years
Discount rate (Cost of capital)[1]	22.1 %	21.6 %
Target capital ratio	20.0 %	20.0 %

[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	310	297	326	304	317	248	369
Change versus baseline scenario		-14	15	-6	6	-62	58

12. FINANCIAL ASSETS AT AMORTISED COST

The detail of financial assets at amortised cost at 30 June 2023 and 31 December 2022 is as follows:

30-06-2023

	Consolidated / Individual				
	Nominal value	Accrued interest	Discount premium	Impairment	Book value
Debt securities	8 030 199	75 564	(173 367)	(18 763)	7 913 633
Loans and advances					
Central Banks and credit institutions	1 329 536	3 428		(463)	1 332 501
Customers	26 144 827	106 858		(543 363)	25 708 322
	35 504 562	**185 850**	**(173 367)**	**(562 589)**	**34 954 456**

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**

12.1. Debt securities

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Sovereign debt		
Portuguese sovereign debt	1 681 973	1 679 757
Foreign sovereign debt	2 077 782	2 086 074
	3 759 755	**3 765 831**
Customer debt		
Other Portuguese public issuers	708 197	638 298
Other Portuguese issuers	2 930 638	2 558 547
Other foreign issuers	533 806	519 667
	4 172 641	**3 716 512**
Impairment	**(18 763)**	**(15 589)**
	7 913 633	**7 466 754**

In 30 June 2023, Banco BPI holds medium and long-term public debt portfolio with a nominal amount of 3 560 million euros with an average residual maturity of approximately 3 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.

At 30 June 2023 and 31 December 2022, Customer debt securities included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 19), namely 30 874 th.euros and 35 492 th.euros, respectively, allocated as collateral for public sector bonds.

12.2. Loans and advances

Loans and advances - Central Banks and other Credit Institutions

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Loans and advances to Credit Institutions in Portugal		
Very short term applications	17 026	
Cheques for collection	37 836	38 934
Loans	475 190	469 987
Reverse repurchase agreements	3 896	
Other	153	31
Other loans and advances	1 361	8 101
Interest receivable and commissions relating to amortised cost	1 730	886
	537 192	517 939
Loans and advances to other Credit Institutions abroad		
Very short term applications	204 307	42 190
Deposits	279 275	32 486
Cheques for collection	489	455
Loans	1 109	2 353
Reverse repurchase agreements	79 518	
Other loans and advances	199 738	199 660
Interest receivable and commissions relating to amortised cost	1 699	564
Debtors for futures operations	29 637	23 514
	795 772	301 222
Impairment	(463)	(12)
	1 332 501	**819 149**

Loans and advances - Customers

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

	Consolidated / Individual			
	30-06-2023		31-12-2022	
	Gross amount	Impairment	Gross amount	Impairment
Public sector	1 182 733	(1 354)	1 348 881	(969)
Other financial corporations and individual entrepreneurs (financial business)	216 650	(1 506)	85 152	(786)
Non-financial corporations and individual entrepreneurs (non-financial business)	8 852 820	(322 383)	8 809 838	(312 203)
Real estate development	60 539	(2 291)	49 401	(358)
Civil construction	385 615	(11 412)	420 337	(8 789)
Other	8 406 666	(308 680)	8 340 100	(303 056)
Large companies	2 699 686	(131 947)	2 486 484	(123 943)
Small and medium-sized companies	5 706 980	(176 733)	5 853 616	(179 114)
Individuals	15 999 482	(218 120)	15 742 212	(205 306)
Homes	14 444 868	(118 509)	14 183 925	(122 038)
Consumer spending	1 541 415	(98 524)	1 543 706	(82 208)
Other	13 199	(1 087)	14 581	(1 060)
	26 251 685	**(543 363)**	**25 986 083**	**(519 264)**

The movement in the caption Loans and advances to Customers in the first half of 2023 was as follows:

	Consolidated / Individual			
	Loans and advances	Of which:		
		Stage 1	Stage 2	Stage 3
Balance at 31-12-2022	**25 986 083**	**23 862 233**	**1 559 357**	**564 493**
Exposure increases / reductions	278 644	400 155	(86 541)	(34 970)
Transfers				
From stage 1:		(925 027)	880 370	44 657
From stage 2:		298 770	(382 625)	83 855
From stage 3:		5 160	47 779	(52 939)
Write-offs	(10 272)	(1)	(2)	(10 269)
Sales	(2 770)			(2 770)
Balance at 30-06-2023	**26 251 685**	**23 641 290**	**2 018 338**	**592 057**

The movement in the caption Loans and advances to Customers in 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 impairments due to expected loss on Loans and advances to Customers in the first half of 2023 was as follows:

	Consolidated / Individual			
	Impairments for loans and advances	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2022	**(519 264)**	**(81 141)**	**(106 979)**	**(331 144)**
Impairment / reversal of impairment due to changes in credit risk	(39 881)	(933)	(1 927)	(37 021)
Impairment allowance for new financial assets[1]	(17 919)	(11 286)	(2 761)	(3 872)
Reversal of impairments due to reimbursements and recoveries[1]	22 171	4 612	3 779	13 780
Net impairment [2]	(35 629)	(7 607)	(909)	(27 113)
Write-offs	10 271		2	10 269
Sales	1 259			1 259
Transfers and other		(1)	(2)	3
Balance at 30-06-2023	**(543 363)**	**(88 749)**	**(107 888)**	**(346 726)**

[1] Includes automatically renewed operations.

[2] Includes 1 011 th.euros related to impairments to offset part of the interest on credits in stage 3, included in net interest income.

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

	Consolidated / Individual			
	Impairments for loans and advances	Of which:		
		Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2020	**(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.

12.3. Written-off loans

Written-off loans

The movement in written off loans, consolidated and individual, in the first half of 2023 and 2022 was as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Balance at beginning of period	**679 502**	**745 481**
Increases:		
Written-off loans	10 272	21 301
Decreases:		
Recovery of written-off principal and interest	(1 710)	(4 498)
Amount received on sale of written-off loans		(9 579)
Remission of written-off credits due to disposals		(57 771)
Other	(2 277)	(15 432)
Balance at end of period	**685 787**	**679 502**

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.

13. DERIVATIVES – HEDGE ACCOUNTING

The detail of hedging derivatives is as follows:

	Consolidated / Individual					
	30-06-2023			31-12-2022		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest rates	6 588 600	3 421	22 389	7 409 443	35 726	21 909
By type of counterparty:						
Of which: OTC - credit institutions	3 135 317	3 386	21 694	2 670 462	35 686	17 053
Of which: OTC - other financial companies	3 453 283	35	695	4 738 981	40	4 856

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	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022 Restated[1]	30-06-2023	31-12-2022
Investments in associates						
Banco Comercial e de Investimentos, S.A.	35.7 %	35.7 %	139 004	152 137	39 651	39 651
Companhia de Seguros Allianz Portugal, S.A.	35.0 %	35.0 %	49 246	50 842	41 680	41 680
Cosec – Companhia de Seguros de Crédito, S.A.[2]		50.0 %		39 588		7 051
Unicre - Instituição Financeira de Crédito, S.A.[3]		21.0 %		35 059		5 850
			188 250	**277 626**	**81 331**	**94 232**

Note: Book values net of impairments

[1] Balance sheet value of Allianz at 31 December 2022 restated for application of IFRS17 and IFRS9 (Note 1.4).

[2] Company reclassified to the portfolio of Non-current assets and disposal groups classified as held for sale, as it was in the process of being sold (note 18).

[3] Company reclassified to the portfolio of 'Financial Assets at fair value through other comprehensive income' following Banco BPI's loss of significant influence (Notes 1.1 and 11).

The movement that occurred in investments in joint ventures and associates during the first half 2023 was as follows:

	Consolidated			
	Book Value	Goodwill	Impairment	Total
Balance at 31-12-2022 Restated	**264 820**	**18 467**	**(5 661)**	**277 626**
Net profit / (loss) for the year	27 816		(1 568)	
Dividends [1]	(41 290)			
Exchange difference	(3 150)			
Reclassification of Unicre	(28 582)	(13 194)	5 661	
Reclassification of Cosec	(39 361)		1 568	
Changes in associates' other comprehensive income	2 190			
Other	534			
Balance at 30-06-2023	**182 977**	**5 273**		**188 250**

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

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			
Impairment allowance for equity holding in InterRisco	(201)		201	
Changes in associates' other comprehensive income	(39 935)			
Allianz transition to IFRS17 and IFRS9	9 047			
Other[3]	(1 867)			
Balance at 31-12-2022 Restated	**264 820**	**18 467**	**(5 661)**	**277 626**

[1] Impairment in 31 December 2022 for Unicre equity holding.

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

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

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	
	30-06-2023	31-12-2023 Restated[2]
Banco Comercial e de Investimentos, S.A.R.L.	17 851	18 697
Companhia de Seguros Allianz Portugal, S.A.	9 368	8 805
Cosec – Companhia de Seguros de Crédito, S.A.	0	2 226
Unicre - Instituição Financeira de Crédito, S.A.	597	1 816
	27 816	**31 544**

[1] Banco BPI's subsidiaries and associates contribution to the consolidated profit or loss is detailed in Note 36.

[2] Allianz's results at 30 June 2022 restated for application of IFRS17 and IFRS9 (Note 1.4).

15. TANGIBLE ASSETS

The movement in tangible assets during the first half of 2023 and 2022 was as follows:

	Consolidated									
	2023					2022				
	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	122 145	341 560	20 707	161 913	646 325	103 349	341 452	18 205	178 079	641 085
Acquisitions		246	2 044	4 373	6 663		5 989	27 021	4 409	37 419
Disposals and write-offs [1]	(4 125)	(8 544)		(8 297)	(20 966)	(404)	(7 016)		(23 358)	(30 778)
Transfers and other	5 892	7 577	(14 548)	4 268	3 189	19 200	1 061	(24 519)	2 783	(1 475)
Foreign exchange differences							74			74
Balance at end of period	**123 912**	**340 839**	**8 203**	**162 257**	**635 211**	**122 145**	**341 560**	**20 707**	**161 913**	**646 325**
Depreciation										
Balance at beginning of period	78 710	304 413		64 987	448 110	69 242	305 103		57 516	431 861
Depreciation in period	5 890	4 175		11 299	21 364	10 014	8 183		26 719	44 916
Disposals and write-offs [1]	(3 520)	(8 376)		(7 892)	(19 788)	(364)	(6 985)		(19 243)	(26 592)
Transfers and other		(8)		7	(1)	(182)	(1 960)		(5)	(2 142)
Foreign exchange differences							72			72
Balance at end of period	**81 080**	**300 204**		**68 401**	**449 685**	**78 710**	**304 413**		**64 987**	**448 110**
Net value at end of period	**42 832**	**40 635**	**8 203**	**93 856**	**185 526**	**43 435**	**37 147**	**20 707**	**96 926**	**198 215**

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

The movement in tangible assets during the first half of 2023 and 2022 was as follows:

	Individual									
	2023					2022				
	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	122 145	341 560	20 707	161 913	646 325	103 349	339 464	18 205	178 079	639 097
Acquisitions		246	2 044	4 373	6 663		5 985	27 021	4 409	37 415
Disposals and write-offs [1]	(4 125)	(8 544)		(8 297)	(20 966)	(404)	(7 016)		(23 358)	(30 778)
Transfers and other	5 892	7 577	(14 548)	4 268	3 189	19 200	3 127	(24 519)	2 783	591
Balance at end of period	**123 912**	**340 839**	**8 203**	**162 257**	**635 211**	**122 145**	**341 560**	**20 707**	**161 913**	**646 325**
Depreciation										
Balance at beginning of period	78 710	304 413		64 987	448 110	69 242	303 200		57 516	429 958
Depreciation of period	5 890	4 166		11 299	21 355	10 014	8 123		26 719	44 856
Disposals and write-offs [1]	(3 519)	(8 376)		(7 892)	(19 787)	(364)	(6 985)		(19 243)	(26 592)
Transfers and other				7	7	(182)	75		(5)	(112)
Balance at end of period	**81 081**	**300 203**		**68 401**	**449 685**	**78 710**	**304 413**		**64 987**	**448 110**
Net value at end of period	**42 831**	**40 636**	**8 203**	**93 856**	**185 526**	**43 435**	**37 147**	**20 707**	**96 926**	**198 215**

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

16. INTANGIBLE ASSETS

The movement in intangible assets during the first half of 2023 and 2022 was as follows:

	Consolidated / Individual							
	2023				2022			
	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	256 039	14 845	14 280	285 164	237 083	9 071	14 285	260 439
Acquisitions	28	8 486		8 514	141	33 598		33 739
Disposals and write-offs	(995)			(995)	(7 853)		(5)	(7 858)
Transfers and other	10 501	(11 786)		(1 285)	26 668	(27 824)		(1 156)
Balance at end of period	**265 573**	**11 545**	**14 280**	**291 398**	**256 039**	**14 845**	**14 280**	**285 164**
Amortization								
Balance at beginning of period	162 491		14 280	176 771	147 716		14 285	162 001
Amortization of period	13 179			13 179	22 628			22 628
Disposals and write-offs	(995)			(995)	(7 853)		(5)	(7 858)
Balance at end of period	**174 675**		**14 280**	**188 955**	**162 491**		**14 280**	**176 771**
Net value at end of period	**90 898**	**11 545**		**102 443**	**93 548**	**14 845**		**108 393**

17. OTHER ASSETS

The detail of this heading is as follows:

	Consolidated	
	30-06-2023	31-12-2022
Accrued income		
Dividends receivable from Banco de Fomento Angola (Note 11)		36 165
Dividends receivable from Banco Comercial e de Investimentos	26 081	
Fees for Allianz's profit sharing	10 043	21 917
Other accrued income	26 873	49 227
	62 997	**107 309**
Deferred expenses		
Rents	1 593	1 598
Other deferred expenses	7 101	3 685
	8 694	**5 283**
Liabilities for pensions and other benefits (Note 22)		
Past service liabilities	1 804 756	1 760 709
Pension fund assets	(1 602 176)	(1 561 837)
	202 580	**198 872**
Other assets	7 714	5 059
Assets pending settlement	50 589	46 805
	58 303	**51 864**
	332 574	**363 328**

At June 2023 and 31 December 2022, the caption other income receivable includes 20 935 th.euros and 42 792 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 30 June 2023 and 31 December 2022, 7 858 th.euros and 9 323 th.euros, respectively, relating to taxes paid but which were challenged by Banco BPI, of which:
  - – 2 387 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 1 480 th.euros relating to other proceedings (tax processes of various types) prior to the merger carried out in 2002.
- At 30 June 2023 and 31 December 2022, 1 939 th.euros and 3 827 th.euros, respectively, concerning transactions pending settlement in respect of services provided to other CaixaBank Group companies.
- At 30 June 2023 and 31 December 2022, 7 432 th.euros and 5 242 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 30 June 2023 and 31 December 2022, 5 752 th.euros and 5 979 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	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Assets received in settlement of defaulting loans and other tangible assets				
Buildings	4 390	5 590	4 390	5 590
Equipment	343	414	343	414
Other				
Impairment	(3 048)	(3 285)	(3 047)	(3 285)
Other tangible assets				
Buildings	13 207	13 207	13 207	13 207
Impairment	(803)	(1 792)	(803)	(1 792)
	14 089	**14 134**	**14 090**	**14 134**
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	240	278	240	278
BPI Suisse		11 510		2 021
Cosec	39 361		7 051	
Impairment	(1 568)			
	38 033	**12 251**	**7 291**	**2 762**
	52 122	**26 385**	**21 381**	**16 896**
Liabilities included in disposal groups classified as held for sale		**1 655**		

In the first half of 2023, the stake in Cosec (Note 14) was reclassified to the portfolio of non-current assets held for sale, as it is in the process of being sold. The completion of this transaction, which is expected to take place in the second half of 2023, is subject to regulatory approvals, including with regard to competition matters.

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).

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 30 June 2023 and 31 December 2022 is as follows:

30-06-2023

	Consolidated			
	Nominal value	Accrued interest	Commissions relating to amortised cost	Book value
Deposits				
Central Banks	592 000	811		592 811
Credit Institutions	2 467 709	(5 796)		2 461 913
Customers	29 710 594	22 969		29 733 563
Debt securities issued	2 325 000	20 157	(1 478)	2 343 679
Other financial liabilities	258 931			258 931
	35 354 234	**38 141**	**(1 478)**	**35 390 897**

31-12-2022

	Consolidated			
	Nominal value	Accrued interest	Commissions relating to amortised cost	Book value
Deposits				
Central Banks	442 000	(5 367)		436 633
Credit Institutions	1 055 703	1 347		1 057 050
Customers	30 318 556	7 731		30 326 287
Debt securities issued	2 325 000	16 496	(2 046)	2 339 450
Other financial liabilities	276 462			276 462
	34 417 721	**20 207**	**(2 046)**	**34 435 882**

19.1. Deposits - Central Banks and Credit Institutions

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Deposits - Central Banks		
Deposits	592 000	442 000
Interest payable	811	(5 367)
	592 811	**436 633**
Deposits - Credit Institutions		
Loans and advances to credit institutions in Portugal		
Deposits	38 138	42 016
Interest payable	362	255
	38 500	**42 271**
Funds of credit institutions abroad		
International financial organisations	465 165	465 165
Very short-term funds	45 600	57 637
Deposits	339 729	410 144
Debt securities sold with repurchase agreement	1 531 272	
Other funds	47 805	80 741
Interest payable	(6 158)	1 092
	2 423 413	**1 014 779**
	2 461 913	**1 057 050**
	3 054 724	**1 493 683**

19.2. Deposits – Customers

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	**31-12-2022**
By type		
Demand deposits	18 332 222	21 802 171
Term deposits	10 200 206	8 404 681
Saving accounts	77 902	100 477
Compulsory deposits	11 228	11 227
Debt securities sold with repurchase agreement	1 089 036	
Interest payable	22 969	7 731
	29 733 563	**30 326 287**
By sector		
Public sector	751 664	400 803
Private sector	28 981 899	29 925 484
	29 733 563	**30 326 287**

19.3. Debt securities issued

The detail of this heading is as follows:

	Consolidated / Individual							
	30-06-2023				31-12-2022			
	Issues	Repurchased	Balance	Interest rate[1]	Issues	Repurchased	Balance	Interest rate[1]
Covered bonds	6 950 000	(6 200 000)	750 000	3.6 %	7 900 000	(7 150 000)	750 000	2.3 %
Senior non-preferred bonds	1 150 000		1 150 000	3.0 %	1 150 000		1 150 000	2.0 %
Interest payable			11 110				10 201	
Commissions relating to amortised cost, net			(1 467)				(2 036)	
			1 909 643				**1 908 165**	
Subordinated bonds	425 000		425 000	6.7 %	425 000		425 000	4.6 %
Interest payable			9 046				6 295	
Commissions relating to amortised cost, net			(10)				(10)	
			434 036				**431 285**	
			2 343 679				**2 339 450**	

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

In the first half of 2023, Banco BPI reimbursed three collateralised issues in the amount of 950 000 th.euros that had been fully repurchased.

In 2022, Banco BPI issued subordinated bonds in the amount of 425 000 th.euros and redeemed in advance a subordinated bond issue in the amount of 300 000 th.euros, both fully subscribed by the shareholder Caixabank.

19.4. Other financial liabilities

This caption is made up as follows:

	Consolidated	
	30-06-2023	31-12-2022
Other Customer funds		
Checks and orders payable	61 592	60 278
Guaranteed rate deposits		59
Creditors and other resources		
Creditors for futures operations	7 117	7 580
Consigned resources	12 433	12 428
Captive account resources	2 818	3 052
Guarantee account resources	1 608	1 654
Public sector		
VAT payable	1 638	5 939
Tax withheld at source	14 980	14 293
Contributions to the Social Security	3 245	3 211
Other	2 740	2 740
Contributions to other healthcare systems	1 327	1 333
Creditors for factoring agreements	25 258	24 047
Creditors for the supply of goods	1 848	6 443
Subscribed but not paid-up capital in venture capital funds		
Fundo de Recuperação, FCR	3 993	7 625
Fundo de Reestruturação Empresarial, FCR	212	212
Fundo Pathena SCA Sicar	1 504	1 592
Sundry creditors	15 943	20 379
Lease liabilities (IFRS 16)	100 675	103 597
	258 931	**276 462**

20. PROVISIONS AND CONTINGENT LIABILITIES

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Pending legal issues and tax litigation		
VAT Recovery processes	6 511	7 261
Tax contingencies and other	17 226	16 901
Impairment and provisions for guarantees and commitments (Note 25)	12 567	12 399
Other provisions	12 274	12 518
	48 578	**49 079**

The movement in provisions in the first half of 2023 was as follows:

	Consolidated / Individual					
	Balance at 31-12-2022	Increases	Decreases / Reversals	Amounts used	Transfers and others	Balance at 30-06-2023
Pending legal issues and tax litigation	24 162	2 972	(1 001)	(2 396)		23 737
Commitments and guarantees given	12 399	2 781	(2 613)			12 567
Other provisions	12 518		(62)		(182)	12 274
	49 079	**5 753**	**(3 676)**	**(2 396)**	**(182)**	**48 578**

The movement in provisions in 2022 was as follows:

	Consolidated / Individual					
	Balance at 31-12-2021	Increases	Decreases / Reversals	Amounts used	Transfers	Balance at 31-12-2021
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).

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.

In 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.

On 22 June 2023, the parties and other interested parties presented oral arguments before 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 30 June 2023.

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 30 June 2023 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	
	30-06-2023	**31-12-2022**
Expenses payable		
Staff Expenses	65 368	77 441
Other administrative expenses	57 593	41 305
Interest payable on Additional Tier 1 issue	583	638
Other	7 569	11 287
	131 113	**130 671**
Deferred income		
From guarantees given and other contingent liabilities	1 543	1 495
	1 543	**1 495**
Other adjustment accounts		
Foreign exchange transactions pending settlement		572
Liabilities pending settlement	95 880	1 734
Other transactions pending settlement	384 567	335 889
	480 447	**338 195**
	613 103	**470 361**

At 30 June 2023 and 31 December 2022, the caption staff expenses includes 18 017 th.euros and 18 210 th.euros in liabilities for end-of-career bonuses and for medical services (SAMS) of former Employees, respectively. The main actuarial assumptions used to calculate these liabilities are the same as those used to calculate employee pension liabilities (Note 22). In the first half 2023 and the year of 2022, (593) th.euros and 4 044 th.euros, respectively, were recognised for actuarial deviations arising from the change in the financial and demographic assumptions used to calculate these liabilities.

The caption 'Liabilities pending settlement' includes:

- At 30 June 2023 and 31 December 2022, 343 036 th.euros and 248 742 th.euros, respectively, relating to transfers under SEPA (Single Euro Payment Area).
- At 30 June 2023 and 31 December 2022, (939) th.euros and 19 013 th.euros respectively, relating to securities operations pending settlement.
- At 30 June 2023 and 31 December 2022, 3 612 th.euros and 16 528 th.euros, respectively, concerning transactions pending settlement in the Large-Value Gross Settlement System.
- At 30 June 2023 and 31 December 2022, 8 932 th.euros and 14 928 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.

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 38.

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:

	30-06-2023	31-12-2022
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	3.8 %	1.3 %
Year-end	3.6 %	3.8 %
Pensionable salaries growth rate [3]	1.25% [4]	1.25% [4]
Pensions growth rate	0.75% [5]	0.75% [5]

[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] Pensionable salaries estimated growth rate in 2025 and following years. The rates considered for 2023 at 30 June 2023 and 31 December 2022 were 5.0% and 4.5%, respectively. The rate considered for 2024 at both periods was 3.5%.

[5] Pensions estimated growth rate in 2025 and following years. The rates considered for 2023 at 30 June 2023 and 31 December 2022 were 4.5% and 4.0%, respectively. The rate considered for 2024 at both periods was 3.0%.

The past service liabilities for Pensioners and Employees of BPI and respective coverage by the Pension Fund show the following composition:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Total past service liabilities	(1 554 677)	(1 514 370)
Net assets of the Pension Fund	1 757 207	1 713 552
Contributions to be transferred to the Pension Fund		
Coverage surplus/(shortfall)	202 530	199 182
Coverage ratio of liabilities	113%	113%

In the first half of 2023, the return of the pension fund was 4.5% (non-annualised).

The movement in deviations in the first half 2023 and the year of 2022 was as follows:

	Consolidated / Individual
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)**
Deviation in pension funds return	45 130
ACTV table update	(10 142)
Change in discount rate	(39 649)
Deviation in pensions paid	1 264
Other deviations	219
Amount at 30 June 2023	**(88 747)**

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 %	(51 961)
0.25% decrease	3.5 %	54 921
Change in salaries growth rate [2]		
0.25% increase	0.6 %	9 380
Change in pensions growth rate [3]		
0.25% increase	3.3 %	51 599
Mortality Table		
+1 year	3.1 %	48 379

[1] The calculation method and assumptions were the same as used for the calculation of the liabilities, except for the assumption under analysis.

[2] The change in the increase in salaries applies only to the pensionable salaries component of the pension plan foreseen in ACT, there being no change in the growth rate of the pensionable salaries for Social Security pension purposes, since what is considered is the maximum risk in the wage evolution component.

[3] The change in the pension increase applies to pensions and supplements provided by the Bank, as well as to pensions transferred to the Social Security, for whose future revisions the Bank remain responsible.

The Members 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:

	30-06-2023	31-12-2022
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	3.8 %	1.3 %
Year-end	3.6 %	3.8 %
Pensionable salaries growth rate	0.75% [3]	0.75% [3]
Pensions growth rate	0.75% [4]	0.75% [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 years longer than considered in the mortality table used.

[3] Pensionable salaries estimated growth rate in 2025 and following years. The rates considered for 2023 at 30 June 2023 and 31 December 2022 were 4.5% and 4.0%, respectively. The rate considered for 2024 at both periods was 3.0%.

[4] Pensions estimated growth rate in 2025 and following years. 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 / Individual	
	30-06-2023	31-12-2022
Present value of past service liabilities	(47 500)	(47 467)
Net assets of the Pension Fund	47 549	47 157
Contributions to be transferred to the Pension Fund		209
Coverage surplus/(shortfall)	49	(101)
Coverage ratio of liabilities	100 %	100 %

The return of the pension fund in the first half of 2023 was 4.2% (non-annualised).

The movement in deviations in 2023 and 2022 was as follows:

	Consolidated / Individual
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)**
Deviation in pension funds return	1 103
Change in financial and demographic assumptions	
Change in the Mortality Table	(859)
Change in salary and pension growth rates	(10)
Deviation in pensions paid	2
Amount at 30 June 2023	**(15 782)**

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 %	(1 115)
0.25% decrease	2.4 %	1 161
Change in salaries growth rate[2]		
0.25% increase	-0.1 %	(38)
Change in pensions growth rate[3]		
0.25% increase	2.6 %	1 216
Mortality Table		
+1 year	3.4 %	1 592

[1] The calculation method and assumptions were the same as used for the calculation of the liabilities, except for the assumption under analysis.

[2] The change in the increase in salaries applies only to the pensionable salaries component of the pension plan foreseen in ACT, there being no change in the growth rate of the pensionable salaries for Social Security pension purposes, since what is considered is the maximum risk in the wage evolution component.

[3] The change in the pension increase applies to pensions and supplements provided by the Bank, as well as to pensions transferred to the Social Security, for whose future revisions the Bank remains responsible.

23. SHAREHOLDERS' EQUITY

Capital

At 30 June 2023 and 31 December 2022, 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.

Retained earnings and other reserves

This caption is made up as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022 Restated [1]	30-06-2023	31-12-2022
Retained earnings				
Legal reserve	350 528	317 119	350 528	317 119
Other reserves and retained earnings	1 908 846	1 825 491	1 806 593	1 789 917
Reserves of fully consolidated companies	5 388	3 578		
Profit/(loss) recognised in equity instruments at fair value through other comprehensive income	14 975	14 975	14 975	14 975
	2 279 737	**2 161 163**	**2 172 096**	**2 122 011**
Other reserves				
Merger reserve	1 665	1 665	1 665	1 665
Interest payable on Additional Tier 1 issue	(67 627)	(58 745)	(67 627)	(58 745)
Reserves of equity consolidated companies	109 215	141 621		
	43 253	**84 541**	**(65 962)**	**(57 080)**

[1] Reserves of equity accounted companies at 31 December 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI. (Note 1.4).

24. TAX POSITION

24.1. Tax assets and liabilities

The breakdown of tax assets and liabilities is as follows:

Tax assets

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Current tax assets	1 931	2 437	1 931	2 437
Recoverable VAT		2 925		2 925
Deferred tax assets	157 085	178 369	157 085	178 369
	159 016	**183 731**	**159 016**	**183 731**

Tax liabilities

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Current tax liabilities	80 062	48 993	80 062	48 993
Deferred tax liabilities	75 390	76 075	65 178	64 201
	155 452	**125 068**	**145 240**	**113 194**

24.2. Deferred tax assets and liabilities

Deferred tax assets and liabilities correspond to the amount of tax recoverable and payable in future periods resulting from temporary differences between the amount of assets and liabilities on the balance sheet and their tax base. Deferred tax losses carried forward and tax credits are also recognised as deferred tax assets.

In accordance with IAS 12, deferred tax assets and liabilities are recognised to the extent that it is probable that taxable profits will be available in the future against which they can be utilised. Accordingly, Banco BPI prepared future taxable income projections to support the deferred tax assets accounted for, namely regarding the consumption of reportable tax losses.

Deferred tax assets and liabilities were measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability settled. The tax rates applied to the 2023 and 2022 deferred taxes are 31%. 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 the first half of 2023 was as follows:

	Consolidated / Individual			
	31-12-2022	Increases	Decreases	30-06-2023
Tax losses	2 951		(2 951)	
Application of Art. 4 of the regime set forth in Law 61/2014	(1)	1		
Taxed provisions and impairments	46 204	1 107	(7 380)	39 931
Tax deferral of the impact of the partial transfer of pension liabilities to the Social Security	12 023		(858)	11 165
Early retirements	24 595		(3 677)	20 918
Actuarial deviations	49 877		(223)	49 654
Voluntary terminations programme	3 192	138	(304)	3 026
End-of-career bonus	2 431	186	(54)	2 563
Financial instruments at fair value	30 567	41	(3 693)	26 915
Other	6 530	491	(4 108)	2 913
	178 369	**1 964**	**(23 248)**	**157 085**

The movement in deferred tax liabilities in the first half of 2023 was as follows:

	Consolidated			
	31-12-2022	Increases	Decreases	30-06-2023
Taxable temporary differences in subsidiaries and associated companies (BCI)	11 874		(1 661)	10 213
Financial instruments at fair value	1 187	95		1 282
Pension fund	61 886	1 064		62 950
Other	1 128		(183)	945
	76 075	**1 159**	**(1 844)**	**75 390**

	Individual			
	31-12-2022	Increases	Decreases	30-06-2023
Financial instruments at fair value	1 188	95		1 283
Pension fund	61 886	1 064		62 950
Other	1 128		(183)	945
	64 202	**1 159**	**(183)**	**65 178**

25. OFF-BALANCE SHEET ITEMS

This caption is made up as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Loan commitments given		
Irrevocable credit lines	850	750
Securities subscribed	803 141	780 997
Revocable commitments	2 788 349	2 914 536
	3 592 340	**3 696 283**
Financial guarantees given		
Financial guarantees and sureties	124 994	135 009
Financial standby letters of credit	15 973	10 546
	140 967	**145 555**
Other commitments given		
Non-financial guarantees and sureties	1 860 300	1 716 144
Non-financial standby letters of credit	11 436	11 534
Documentary credits	121 402	205 184
Term liabilities for annual contributions to the Deposit Guarantee Fund	38 714	38 714
Term liabilities for annual contributions to the Resolution Fund	18 529	15 507
Potential liability to the Investor Compensation Scheme	9 281	9 679
Other irrevocable commitments	2 440	2 440
Other commitments given	408	
	2 062 510	**1 999 202**
	5 795 817	**5 841 040**
Assets pledged as collateral		
European System of Central Banks	5 434 102	7 082 372
Deposit Guarantee Fund	44 841	44 952
Investors Compensation Scheme	4 684	4 481
European Investment Bank	379 872	579 619
Repos	2 665 406	
	8 528 905	**7 711 424**
Securities deposit and custody responsibilities [1]	**29 746 770**	**28 101 605**

[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.

The breakdown by stage of the exposure and impairment in guarantees and commitments at 30 June 2023 is as follows:

	Consolidated / Individual							
	Exposure				Impairments			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loan commitments given	3 486 140	96 329	9 871	3 592 340	725	1 220	6	1 951
Financial guarantees given	139 234	1 389	344	140 967	953	27	317	1 297
Other commitments given	1 925 682	45 772	24 530	1 995 984	2 217	1 072	6 030	9 319
	5 551 056	143 490	34 745	5 729 291	3 895	2 319	6 353	12 567

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 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.

26. NET INTEREST INCOME

This caption is made up as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Interest income				
Financial assets held for trading	37 479	9 430	37 479	9 430
Non-trading financial assets mandatorily at fair value through profit or loss	190	57	190	57
Financial assets at fair value through other comprehensive income	4 935	1 735	4 935	1 735
Financial assets at amortised cost				
Debt securities	61 122	19 858	61 122	19 858
Loans and advances - central banks and other credit institutions	16 503	2 821	16 503	2 821
Loans and advances - Customers	448 433	196 687	448 433	196 687
Derivatives - Hedge accounting, interest rate risk				
Asset hedging operations	10 601	(6 769)	10 601	(6 769)
Demand deposits at Central Banks	26 233		26 233	
Interest on deposits - Central Banks (liabilities)		23 905		23 905
Interest on loans and advances to credit institutions (liabilities)	9	4 689	9	4 689
Interest on pension liabilities net of the amount of the fund	3 902		3 902	
Other[1]	4 257	7 560	4 257	7 560
Commissions received relating to amortised cost	11 588	11 436	11 588	11 436
	625 252	**271 409**	**625 252**	**271 409**
Interest expense				
Financial liabilities held for trading	(35 338)	(8 926)	(35 338)	(8 926)
Financial liabilities at amortised cost				
Deposits - Central Banks	(6 184)		(6 184)	
Deposits - Credit Institutions	(35 641)	(928)	(35 641)	(928)
Deposits - Customers	(33 755)	(2 637)	(33 755)	(2 637)
Debt securities issued	(31 182)	(12 292)	(31 182)	(12 292)
Interest on lease liabilities (IFRS 16)	(775)	350	(775)	350
Derivatives - Hedge accounting, interest rate risk				
Liability hedging operations	(43 231)	8 828	(43 231)	8 828
Interest on deposits at Banco de Portugal (assets)		(14 403)		(14 403)
Interest on deposits at Credit Institutions and other (assets)	(26)	(159)	(26)	(139)
Other	(330)	(257)	(328)	(257)
Commissions paid relating to amortised cost	(173)	(150)	(173)	(150)
	(186 635)	**(30 574)**	**(186 633)**	**(30 554)**
Net interest income	**438 617**	**240 835**	**438 619**	**240 855**

[1] At 30 June 2023 and 2022 includes 3 121 th.euros and 6 952 th.euros relating to the accrual of the financial effect of the amount receivable in 2022 and 2023 from the distribution of free reserves from BFA (Note 11 and 27).

In the first half of 2022, interest on pension liabilities net of the amount of the fund were booked under the headings of Staff expenses (Note 31).

27. DIVIDEND INCOME

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Financial assets at fair value through other comprehensive income				
Banco de Fomento Angola, S.A.	72 561	87 343	72 561	87 343
SIBS - Sociedade Interbancária de Serviços	1 602	3 508	1 602	3 508
Other	356	441	356	441
Investments in joint ventures and associates				
Banco Comercial e de Investimentos, S.A.			28 999	19 292
Companhia de Seguros Allianz Portugal, S.A.			12 291	11 599
Cosec - Companhia de Seguros de Crédito, S.A.				2 966
Unicre - Instituição Financeira de Crédito, S.A.			4 185	3 685
	74 519	**91 292**	**119 994**	**128 834**

In the first half of 2023 and 2022, the amount of dividends from BFA (gross amount) corresponds to the dividend on the 2022 and 2021 results, respectively.

28. FEE AND COMMISSION INCOME AND EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Fee and commission income				
On guarantees provided	6 589	6 288	6 589	6 288
On commitments to third parties	1 770	2 380	1 770	2 380
On other banking services provided	139 880	137 456	138 401	133 746
On operations performed on behalf of third parties	6 816	6 588	6 816	6 588
Other	278	310	278	310
Refund of expenses	2 552	2 023	2 552	2 023
Income from provision of sundry services	3 327	3 281	3 327	3 281
	161 212	**158 326**	**159 733**	**154 616**
Fee and commission expenses				
For guarantees received	(29)	(10)	(26)	(10)
On financial instruments transactions	(149)	(185)	(149)	(185)
On banking services provided by third parties	(4 099)	(4 245)	(4 098)	(4 243)
On operations performed by third parties	(963)	(1 248)	(963)	(1 248)
Commission-equivalent expenses	(2 586)	(2 412)	(2 586)	(2 412)
Other	(6 422)	(5 649)	(6 422)	(5 649)
	(14 248)	**(13 749)**	**(14 244)**	**(13 747)**

29. GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	**3**	**19**	**3**	**19**
Financial liabilities at amortised cost		15		15
Other	3	4	3	4
Gains or (-) losses on financial assets and liabilities held for trading, net	**5 840**	**7 858**	**5 840**	**7 858**
Trading derivatives	1 797	6 524	1 797	6 524
Debt securities	4 043	1 093	4 043	1 093
Equity instruments		241		241
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**(1 492)**	**927**	**(1 492)**	**927**
Debt securities	2	(65)	2	(65)
Equity instruments	(1 494)	992	(1 494)	992
Gains or (-) losses from hedge accounting, net	**3 575**	**1 054**	**3 575**	**1 054**
Hedging derivatives	22 582	17 168	22 582	17 168
Hedged items	(19 007)	(16 114)	(19 007)	(16 114)
Exchange differences [gain or (-) loss], net	**(33 960)**	**27 102**	**(33 960)**	**27 078**
	(26 034)	**36 960**	**(26 034)**	**36 936**

At 30 June 2023 and 2022, the caption foreign exchange differences includes (40 929) th.euros and 19 503 th.euros, resulting from the revaluation of the exposure in kwanza through the dividends to be received from Banco de Fomento Angola, between the attribution date and the dates of payment and transfer to Portugal.

30. OTHER OPERATING INCOME AND EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Other operating income				
Service provision agreements with CaixaBank Group companies	2 239	4 612	2 239	4 612
Gains on finance leases	5 483	8 394	5 483	8 394
Other operating income	327	2 979	327	2 979
	8 049	**15 985**	**8 049**	**15 985**
Other operating expenses				
Special tax on banks	(22 308)	(21 246)	(22 308)	(21 246)
Additional solidarity tax on banks	(4 066)	(3 863)	(4 066)	(3 863)
Contributions to the Deposit Guarantee Fund	(252)	(236)	(252)	(236)
Contribution to the Resolution Fund	(4 764)	(8 807)	(4 764)	(8 807)
Contributions to the Single Resolution Fund	(10 407)	(14 363)	(10 407)	(14 363)
Contribution to the Investor Compensation Scheme	(5)	(5)	(5)	(5)
Losses on finance leases	(5 135)	(7 995)	(5 135)	(7 995)
Other operating expenses	(3 245)	(1 642)	(3 245)	(1 642)
Taxes on dividends and interest	(5 859)	(7 005)	(8 761)	(8 935)
	(56 041)	**(65 162)**	**(58 943)**	**(67 092)**

31. STAFF EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
Staff expenses				
Remuneration	(96 465)	(92 222)	(95 774)	(90 721)
Other mandatory social costs	(25 569)	(23 710)	(25 513)	(23 758)
Pension costs				
Current service cost	2 536	3 577	2 606	3 433
Interest on the pension fund surplus/(shortfall)		1 230		1 230
Other	(219)	(435)	(224)	(124)
Other staff costs	(3 042)	(1 702)	(3 042)	(1 696)
	(122 759)	**(113 262)**	**(121 947)**	**(111 636)**
Costs with early retirements and terminations				
Early retirements		(465)		(465)
Voluntary terminations		113		113
		(352)		**(352)**
	(122 759)	**(113 614)**	**(121 947)**	**(111 988)**

In the second half of 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 the first half of 2023 e 2022, the average headcount is broken down as follows:

	Consolidated			
	30-06-2023		30-06-2022	
	Men	**Women**	**Men**	**Women**
Directors[1]	5		5	
Senior management	448	290	476	295
Other management staff	1 346	2 020	1 363	2 093
Other employees	96	182	88	159
	1 895	**2 492**	**1 932**	**2 547**

[1]Executive Directors of Banco BPI.

	Individual			
	30-06-2023		30-06-2022	
	Men	**Women**	**Men**	**Women**
Directors[1]	5		5	
Senior management	444	290	471	295
Other management staff	1 343	2 017	1 358	2 089
Other employees	95	181	87	158
	1 887	**2 488**	**1 921**	**2 542**

[1]Executive Directors of Banco BPI.

In the first half of 2023 e 2022, the headcount is broken down as follows:

	Consolidated			
	30-06-2023		30-06-2022	
	Men	**Women**	**Men**	**Women**
Directors[1]	4		5	
Senior management	447	289	467	294
Other management staff	1 347	2 016	1 350	2 054
Other employees	94	181	107	184
	1 892	**2 486**	**1 929**	**2 532**

[1] Executive Directors of Banco BPI.

	Individual			
	30-06-2023		30-06-2022	
	Men	**Women**	**Men**	**Women**
Directors[1]	4		5	
Senior management	447	289	462	294
Other management staff	1 347	2 016	1 345	2 050
Other employees	94	181	106	183
	1 892	**2 486**	**1 918**	**2 527**

[1] Executive Directors of Banco BPI.

32. OTHER ADMINISTRATIVE EXPENSES

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	31-12-2022	30-06-2023	31-12-2022
General administrative expenses				
Supplies				
Water, energy and fuel	(3 513)	(2 673)	(3 509)	(2 667)
Consumables	(865)	(1 071)	(859)	(1 062)
Other	(401)	(310)	(401)	(310)
Services				
Rents and leases	(6 408)	(6 633)	(6 287)	(6 372)
Communications and IT	(36 053)	(24 724)	(36 038)	(24 689)
Travel, lodging and representation	(1 458)	(1 248)	(1 435)	(1 212)
Advertising and publishing	(6 682)	(5 291)	(6 682)	(5 291)
Maintenance and repairs	(6 568)	(6 691)	(6 567)	(6 686)
Insurance	(579)	(557)	(572)	(553)
Fees	(925)	(921)	(835)	(865)
Legal expenses	(1 137)	(1 176)	(1 134)	(1 156)
Security and cleaning	(3 803)	(3 164)	(3 803)	(3 164)
Information services	(1 978)	(1 650)	(1 900)	(1 556)
Studies, consultancy and auditing	(6 879)	(4 633)	(6 869)	(4 606)
Clearing and ATM system	(1 337)	(1 440)	(1 337)	(1 440)
Outsourcing	(8 395)	(8 486)	(8 395)	(8 486)
Subscriptions and donations	(382)	(387)	(378)	(386)
Other taxes	(918)	(846)	(908)	(823)
Other	(4 953)	(3 204)	(4 953)	(3 202)
	(93 234)	**(75 105)**	**(92 862)**	**(74 526)**

33. IMPAIRMENT OR (-) REVERSAL OF IMPAIRMENT ON FINANCIAL ASSETS NOT MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The detail of this heading is as follows:

	Consolidated / Individual	
	30-06-2023	31-12-2022
Financial assets at amortised cost		
Loans and advances		
Net allowances		
Credit Institutions	(451)	26
Customers	(34 618)	(26 871)
Recovery of loans written off from assets	1 710	2 125
Expenses associated with recovery of loans	(292)	(193)
Debt securities		
Net allowances	(3 245)	(1 744)
	(36 896)	**(26 657)**

34. GAINS OR (-) LOSSES ON DERECOGNITION OF INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES, NET

The detail of this heading is as follows:

	Consolidated		Individual	
	30-06-2023	30-06-2022	30-06-2023	30-06-2022
Gains or (-) losses on derecognition of Investments in subsidiaries, joint ventures and associates, net				
Sale of equity holding in BPI Suisse (Note 18)	9 304		14 934	
Reclassification of the equity holding in Unicre to 'Financial assets at fair value through other comprehensive income – equity instruments' (Note 14)	921		27 001	
Reclassification of the equity holding in InterRisco to 'Non-current assets and liabilities and disposal groups classified as available for sale[1]		39		(4)
	10 225	**39**	**41 935**	**(4)**

[1] InterRisco was sold in the second half of 2022.

35. 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	
	30-06-2023	31-12-2022
Profit or (-) loss on assets received in settlement of defaulting loans		
Real Estate	987	419
Equipment	(19)	(20)
Impairments on assets received in settlement of defaulting loans		
Real Estate	1 184	439
Equipment and other	(50)	(18)
	2 102	**820**

36. PROFIT

In the first half of 2023 and 2022, the contribution of Banco BPI and its subsidiaries and associates to the consolidated net income was as follows:

	30-06-2023	30-06.2022 Restated[1]
Banks		
Banco BPI, S.A.	220 604	171 972
Banco Comercial e de Investimentos, S.A.R.L.	16 713	17 108
Asset management		
BPI (Suisse), S.A.	9 546	1 265
Insurance		
Cosec - Companhia de Seguros de Crédito, S.A.	(1 568)	2 226
Companhia de Seguros Allianz Portugal, S.A. [1]	9 368	8 805
Other		
Unicre - Instituição Financeira de Crédito, S.A.	1 518	1 816
	256 181	**203 192**

[1] Allianz contribution to consolidated net profit in first half of 2022 restated for application of IFRS17 and IFRS9 (Note 1.4)

37. INFORMATION ON FAIR VALUE

Note 38 to the individual and consolidated financial statements of Banco BPI at 31 December 2022 describes the criteria for the classification of financial instruments by levels in accordance with the hierarchy established in IFRS 13, according to the methodology used to calculate their fair value. There were no significant changes to the criteria described in the previous year's notes to the financial statements.

37.1. Fair value of financial instruments recorded in the balance sheet at fair value

The detail of the financial assets measured at fair value on the consolidated and individual balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	30-06-2023					31-12-2022				
	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	**76 121**	**76 121**		**13 970**	**62 151**	**96 071**	**96 071**		**37 687**	**58 384**
Derivatives	71 901	71 901		13 970	57 931	91 886	91 886		37 687	54 199
Equity instruments										
Debt securities	4 220	4 220			4 220	4 185	4 185			4 185
Non-trading financial assets mandatorily at fair value through profit or loss	**67 568**	**67 568**	**1 612**		**65 956**	**73 509**	**73 509**	**1 238**		**72 271**
Equity instruments	61 967	61 967	1 612		60 355	67 806	67 806	1 238		66 568
Debt securities	5 601	5 601			5 601	5 703	5 703			5 703
Financial assets at fair value through other comprehensive income	**1 392 509**	**1 392 509**	**968 769**		**423 740**	**1 443 572**	**1 443 572**	**954 388**		**489 184**
Equity instruments	424 735	424 735	995		423 740	490 133	490 133	949		489 184
Debt securities	967 774	967 774	967 774			953 439	953 439	953 439		
Derivatives - Hedge accounting	**3 421**	**3 421**		**3 421**		**35 726**	**35 726**		**35 726**	
Total	**1 539 619**	**1 539 619**	**970 381**	**17 391**	**551 847**	**1 648 878**	**1 648 878**	**955 626**	**73 413**	**619 839**

The detail of financial liabilities measured at fair value on the consolidated and individual balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	30-06-2023					31-12-2022				
	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	**83 506**	**83 506**		**27 769**	**55 737**	**87 113**	**87 113**		**34 387**	**52 726**
Derivatives	83 506	83 506		27 769	55 737	87 113	87 113		34 387	52 726
Derivatives - Hedge accounting	**22 389**	**22 389**		**22 389**		**21 909**	**21 909**		**21 909**	
Total	**105 895**	**105 895**		**50 158**	**55 737**	**109 022**	**109 022**		**56 296**	**52 726**

The movement in level 3 financial assets at fair value and financial liabilities held for trading, in the first half of 2023 and the year of 2022, was as follows:

	Consolidated / Individual									
	30-06-2023					31-12-2022				
	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	**4 185**	**1 473**	**66 568**	**5 703**	**489 184**	**4 258**	**3 342**	**107 247**	**5 354**	**429 877**
Total profit or (-) loss	35	705	(3 037)	(102)	(98 131)	(73)	(1 850)	(6 539)	349	68 265
Losses or gains	35	705	(3 037)	(102)		(73)	(1 850)	(6 539)	349	
Adjustments to equity					(98 131)					68 265
Purchases			1 046							406
Liquidations and other		16	(4 222)		32 687		(19)	(34 140)		(9 364)
Balance at end of the period	**4 220**	**2 194**	**60 355**	**5 601**	**423 740**	**4 185**	**1 473**	**66 568**	**5 703**	**489 184**

[1] Net value

37.2. Fair value of financial assets at amortised cost

The fair value of the financial assets at amortised cost on the consolidated balance sheet, broken down by levels, is as follows:

	Consolidated / Individual									
	30-06-2023					31-12-2022				
	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	7 913 633	7 481 824	3 812 247	111 282	3 558 295	7 466 754	7 061 753			7 061 753
Loans and advances	27 040 823	28 309 002		1 330 785	26 978 217	26 285 968	27 406 563		811 382	26 595 181
Central Banks and Credit Institutions	1 332 501	1 330 785		1 330 785		819 149	811 382		811 382	
Customers	25 708 322	26 978 217			26 978 217	25 466 819	26 595 181			26 595 181
Total	**34 954 456**	**35 790 826**	**3 812 247**	**1 442 067**	**30 536 512**	**33 752 722**	**34 468 316**		**811 382**	**33 656 934**

The fair value of financial liabilities at amortised cost on the consolidated balance sheet, broken down by levels, is as follows:

	Consolidated									
	30-06-2023					31-12-2022				
	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	32 788 287	30 834 051		591 121	30 242 930	31 819 970	31 853 069		419 365	31 433 704
Central Banks	592 811	591 121		591 121		436 633	419 365		419 365	
Credit Institutions	2 461 913	2 574 243			2 574 243	1 057 050	1 107 290			1 107 290
Customers	29 733 563	27 668 687			27 668 687	30 326 287	30 326 414			30 326 414
Debt securities issued	2 343 679	2 497 367			2 497 367	2 339 450	2 497 298			2 497 298
Other financial liabilities	258 931	258 931			258 931	276 462	276 462			276 462
Total	**35 390 897**	**33 590 349**		**591 121**	**32 999 228**	**34 435 882**	**34 626 829**		**419 365**	**34 207 464**

38. 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 30 June 2023, are the following

Name of related entity	Registered office	Effective holding	Direct holding
Shareholders of Banco BPI			
CaixaBank Group	Spain	100.0 %	
Associated entities of Banco BPI			
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 %
Pension Funds of BPI Employees			
Fundo de Pensões Banco BPI	Portugal	100.0 %	
Fundo de Pensões Aberto BPI Acções	Portugal	5.2 %	
Fundo de Pensões Aberto BPI Valorização	Portugal	28.4 %	
Fundo de Pensões Aberto BPI Segurança	Portugal	14.0 %	
Fundo de Pensões Aberto BPI Garantia	Portugal	5.9 %	
Members of the Board of Directors of Banco BPI			
Fernando Ulrich			
António Lobo Xavier			
Elsa Maria Roncon			
Fátima Barros			
Francisco Artur Matos			
Francisco Barbeira			
Gonzalo Gortázar Rotaeche			
Javier Pano Riera			
João Pedro Oliveira e Costa			
Lluís Vendrell			
Manuel Sebastião			
Natividad Capella			
Pedro Barreto			
Susana Trigo Cabral [2]			
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.

[2] Co-opted by the Board of Directors to replace Ignacio Alvarez-Rendueles, who resigned as a director. Pending authorisation from the Supervisor.

In accordance with these criteria, BPI's related parties at 31 December 2022, were the following:

Name of related entity	Registered office	Effective holding	Direct holding
Shareholders of Banco BPI			
CaixaBank Group	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.

At 30 June 2023 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	633				201
Financial assets held for trading	51 429				
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	1 612				
Financial assets at fair value through other comprehensive income - equity instruments	560				60 600
Financial assets at amortised cost					
Debt securities					446 773
Loans and advances - central banks and other credit institutions	218 798				
Loans and advances - Customers	64 396			417	11 465
Derivatives - Hedge accounting	2 516				
Tangible assets	(5)				55
Other assets	21 792	36 300		1	59
Non-current assets and disposal groups classified as held for sale		37 793			
	361 731	**74 093**		**418**	**519 153**
Liabilities					
Financial liabilities held for trading	3 770				
Financial liabilities at amortised cost					
Deposits - Credit Institutions	36 979	491			29
Deposits - Customers	196 244	29 893	17 944	12 358	27 304
Debt securities issued	1 591 944				
Other financial liabilities	153	19			(813)
Derivatives - Hedge accounting	18 618				
Provisions - Commitments and guarantees given					(125)
Other provisions		7 147			
Other liabilities	24 860	34		3 983	213
	1 872 568	**37 584**	**17 944**	**16 341**	**26 608**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	33 201			337	15 240
Financial guarantees given					
Guarantees and sureties given	403	535			40 796
Liabilities for services provided					
Deposit and safekeeping of valuables	8 487 058	1 059 867	1 964 035	2 516	79 137
Other	4 889				
Foreign exchange transactions and derivative instruments					
Purchase	2 020 883				
Sale	(1 286 157)				
Other				11	
	9 260 277	**1 060 402**	**1 964 035**	**2 864**	**135 173**

[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	633				201
Financial assets held for trading	51 429				
Non-trading financial assets mandatorily at fair value through profit or loss - equity instruments	1 612				
Financial assets at fair value through other comprehensive income - equity instruments	560				60 600
Financial assets at amortised cost					
Debt securities					446 773
Loans and advances - central banks and other credit institutions	218 798				
Loans and advances - Customers	64 396			417	11 465
Derivatives - Hedge accounting	2 516				
Investments in joint ventures and associates		81 331			
Tangible assets	(5)				55
Other assets	21 792	36 300		1	59
Non-current assets and disposal groups classified as held for sale		7 051			
	361 731	**124 682**		**418**	**519 153**
Liabilities					
Financial liabilities held for trading	3 770				
Financial liabilities at amortised cost					
Deposits - Credit Institutions	36 979	491			29
Deposits - Customers	196 244	29 893	17 944	12 358	27 304
Debt securities issued	1 591 944				
Other financial liabilities	153	19			(813)
Derivatives - Hedge accounting	18 618				
Provisions - Commitments and guarantees given					(125)
Other provisions		7 147			
Other liabilities	24 860	34		3 983	213
	1 872 568	**37 584**	**17 944**	**16 341**	**26 608**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	33 201			337	15 240
Financial guarantees given					
Guarantees and sureties given	403	535			40 796
Liabilities for services provided					
Deposit and safekeeping of valuables	8 487 058	1 059 867	1 964 035	2 516	79 137
Other	4 889				
Foreign exchange transactions and derivative instruments					
Purchase	2 020 883				
Sale	(1 286 157)				
Other				11	
	9 260 277	**1 060 402**	**1 964 035**	**2 864**	**135 173**

[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 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 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				
Tangible assets	330				2 778
Intangible assets					
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
Liabilities included in disposal groups classified as held for sale				57	
	1 951 282	**39 914**	**47 815**	**11 529**	**40 673**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	51 966	5 000		353	17 213
Irrevocable commitments					
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				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	51 966	5 000		353	17 213
Irrevocable commitments					
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 30 June 2023, the total amount of results relating to transactions with Shareholders of BancoBPI, 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]**
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 882)				
	(8 882)				
Results					
Net interest income	(20 141)	(8)		(18)	(49)
Dividend income					1 602
Fee and commission income	23 464	24 833		2	113
Fee and commission expenses	(7 447)	(1)			(1 045)
Gains or (-) losses on financial assets and liabilities held for trading, net	2 252				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	197				
Gains or (-) losses from hedge accounting, net	2 527				
Other operating income	2 281				
Other operating expenses	3 121				(1 289)
Administrative expenses					
Staff expenses				(3 300)	
Other	(18 464)	(191)	(4 765)	(820)	(305)
Provisions or (-) reversal of provisions - Commitments and guarantees given					(24)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					(225)
	(12 210)	**24 633**	**(4 765)**	**(4 136)**	**(1 222)**

[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]**
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 882)				
	(8 882)				
Results					
Net interest income	(20 141)	(8)		(18)	(49)
Dividend income		41 290			1 602
Fee and commission income	23 464	24 833		2	113
Fee and commission expenses	(7 447)	(1)			(1 045)
Gains or (-) losses on financial assets and liabilities held for trading, net	2 252				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	197				
Gains or (-) losses from hedge accounting, net	2 527				
Other operating income	2 281				
Other operating expenses	3 121				(1 289)
Administrative expenses					
Staff expenses				(3 300)	
Other	(18 464)	(191)	(4 765)	(820)	(305)
Provisions or (-) reversal of provisions - Commitments and guarantees given					(24)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					(225)
	(12 210)	**65 923**	**(4 765)**	**(4 136)**	**(1 222)**

[1] Includes the CaixaBank Group and the companies which it controls.

[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

At 30 June 2022, the total amount of results relating to transactions with Shareholders of BancoBPI, 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]**
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 889)				
	(8 889)				
Results					
Net interest income	(8 180)	35			39
Dividend income					3 508
Fee and commission income	20 860	26 467		1	122
Fee and commission expenses	(6 615)				(1 387)
Gains or (-) losses on financial assets and liabilities held for trading, net	22 122				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	158				
Gains or (-) losses from hedge accounting, net	(6 011)				
Other operating income	4 612				
Other operating expenses	5 734	(184)			(1 831)
Administrative expenses					
Staff expenses				(3 531)	
Other	(17 943)	(1 059)	(5 836)	(755)	(1 164)
Provisions or (-) reversal of provisions - Commitments and guarantees given					20
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					256
	14 737	**25 259**	**(5 836)**	**(4 285)**	**(437)**

[1] Includes the CaixaBank Group and the companies which it controls.

[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

	Individual				
	Shareholders of Banco BPI 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]**
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 889)				
	(8 889)				
Results					
Net interest income	(8 180)	35			39
Dividend income		37 542			3 508
Fee and commission income	20 860	26 467		1	122
Fee and commission expenses	(6 615)				(1 387)
Gains or (-) losses on financial assets and liabilities held for trading, net	22 122				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	158				
Gains or (-) losses from hedge accounting, net	(6 011)				
Other operating income	4 612				
Other operating expenses	5 734	(184)			(1 831)
Administrative expenses					
Staff expenses				(3 531)	
Other	(17 943)	(1 059)	(5 836)	(727)	(1 164)
Provisions or (-) reversal of provisions - Commitments and guarantees given					20
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					256
	14 737	**62 801**	**(5 836)**	**(4 257)**	**(437)**

[1] Includes the CaixaBank Group and the companies which it controls.

[2] Includes the companies in which the Members of the Board of Directors have significant influence, not included in other categories.

Operations with CaixaBank Group companies are part of the Bank's regular business activity and are carried out on arm's length terms. The most significant operations included in this note are the following:

- In 2019 Banco BPI approved an overdraft to Caixabank Payments & Consumer E.F.C. E.P., S.A. with a ceiling of 175 000 th.euros, a commitment fee of 0.40% and interest rate at the 12-month Euribor + 0.80%. At 30 June 2023 and 31 December 2022, the unused amount of the credit, 15 721 th.euros and 15 653 th.euros, respectively, is booked under the off-balance sheet heading 'revocable commitments'.
- In September 2019 Banco BPI issued Additional Tier 1 (AT1) capital instruments in the amount of 275 000 th.euros, and fixed coupon of 6.5%. The issue, whose conditions are described in Note 23, was fully subscribed by CaixaBank, S.A.. The value of this operation is recognised in the caption "Equity instruments issued, except for share capital", and its remuneration is recognised under "Other reserves (Note 23).
- In March 2020 Banco BPI issued senior non-preferred debt in the amount of 450 000 th.euros, with a coupon of 0.875% and yield equivalent to the 5-year swap rate plus a spread of 130 basis points, fully subscribed by CaixaBank. This transaction was booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2023 and 31 December 2022 amounts to 450 693 th.euros and 452 514 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 30 June 2023 and 31 December 2022 amounts to 707 206 th.euros and 704 588 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. This transaction is booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2023 and 31 December 2022 amounts to 434 046 th.euros and 428 862 th.euros, respectively (Note 19.3).

39. SUBSEQUENT EVENTS

In July 2023, Banco BPI placed with institutional investors a 500 million euro issue of Covered Bonds (Premium) under its Covered Bonds Programme maturing in July 2028 and with a fixed coupon of 3.625%.

Banco BPI is considering the sale of a portfolio of non-performing loans to Customers in the Individuals and Corporate segments. The completion of this operation (and the recognition of the recovery of loans/reversal of impairments) is scheduled for the second half of 2023.

40. NOTE ADDED FOR TRANSLATION

These consolidated and individual financial statements are a translation of financial statements originally issued in Portuguese in conformity with the International Financial Reporting Standards (IFRS) as endorsed by the European Union, some of which may not conform to or be required by generally accepted accounting principles in other countries. In the event of discrepancies, the Portuguese language version prevails.

Review Report on the Condensed Consolidated Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Banco BPI, S.A. ("Grupo", "Banco BPI" or "Banco"), which comprise the condensed consolidated interim statement of financial position as at 30 June 2023 (which shows total assets of Euros 39.932.129 thousand and total shareholder's equity of Euros 3.739.455 thousand, including a profit attributable to the owners of the parent of Euros 256.181 thousand, the condensed interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed consolidated financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed consolidated financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these condensed consolidated financial statements.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
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Tel +351 213 599 000, Fax +351 213 599 999, www.pwc. pt
Matriculada na CRC sob o NUPC 506 628 752, Capital Social Euros 314.000
Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed consolidated financial statements of Banco BPI, S .A. as at 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

28 July 2023

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

Claúdia Sofia Parente Gonçalves da Palma, ROC no. 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

(This is a translation, not to be signed)

Review Report on the Condensed Financial Statements

(Free translation from the original in Portuguese)

Introduction

We have reviewed the accompanying condensed financial statements of Banco BPI, S.A. ("Banco BPI" or "Banco"), which comprise the condensed interim statement of financial position as at 30 June 2023 (which shows total assets of Euros 39.794.469 thousand and total shareholder's equity of Euros 3.612.007 thousand, including a profit attributable to the owners of the parent of Euros 305.226 thousand, the condensed interim statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed financial statements.

Management's responsibility

The Management is responsible for the preparation of the condensed financial statements in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union, as well as to create and maintain appropriate systems of internal control to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the accompanying condensed financial statements. We conducted our review in accordance with ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Those standards require that we conduct the review in order to conclude whether anything has come to our attention that causes us to believe that the condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

A review of financial statements is a limited assurance engagement. The procedures performed mainly consist of making inquiries and applying analytical procedures, and evaluating the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISAs). Accordingly, we do not express an opinion on these condensed financial statements.

PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda.
Sede: Palácio Sottomayor, Rua Sousa Martins, 1 - 3º, 1069-316 Lisboa, Portugal
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Inscrita na lista das Sociedades de Revisores Oficiais de Contas sob o nº 183 e na CMVM sob o nº 20161485

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed financial statements of Banco BPI, S.A. as at 30 June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

28 July 2023

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

Claúdia Sofia Parente Gonçalves da Palma, ROC no. 1853
Registered with the Portuguese Securities Market Commission under no. 20180003

(This is a translation, not to be signed)

Statement

DECLARATION REFERRED TO IN ARTICLE 29-J (1) C) OF THE SECURITIES CODE

Article 29-J (1) (c) of the Securities Code prescribes that each one of the persons responsible for the company issues a declaration, the content of which is defined therein.

The Members of the Executive Committee of Banco BPI's Board of Directors, identified here by name, individually subscribe to the declaration transcribed as follows:

"I declare in the terms and for the purposes of article 29-J (1) (c) of the Securities Code that, to the best of my knowledge, the financial statements and the directors' report of Banco BPI, S.A., relating to the 1st half of 2023, were prepared in conformity with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial situation and the results of that company and of the companies included in the consolidation perimeter, and that the directors' report contains an indication of the important events which occurred in the 1st half of 2023 and their impact on the respective financial statements, as well as a description of the principal risks and uncertainties for the six following months."

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Chairman	João Pedro Oliveira e Costa
Members	Francisco Artur Matos
	Francisco Manuel Barbeira
	Pedro Barreto

24 July 2023

This is a translation from the Portuguese original. In the event of any inconsistency the Portuguese version shall prevail.

BANCO BPI, S.A.
Registered at Commercial Registry of Porto
under registration number PTIRNMJ 501 214 534
and tax identification number 501 214 534
Registered office: Avenida da Boavista 1117, 4100-129 Porto, Portugal
Share capital: € 1 293 063 324.98