REPORT AND CONSOLIDATED ACCOUNTS '22

BANCO INVEST

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GRUPO ALVES RIBEIRO

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Board of Director's Report

1. Governing Bodies

1. Governing Bodies

General Meeting of Shareholders

Charmain

Francisco Xavier Ferreira da Silva

Secretaries

Helena Isabel Nunes Menúria Neves Francisco

Paula Alexandra Silva dos Santos Viegas

Board of Directors

Charmain

Afonso Ribeiro Pereira de Sousa

Deputy Charmain

António Miguel Rendeiro Ramalho Branco Amaral

Members

Francisco Manuel Ribeiro

Luís Miguel da Rocha Barradas Ferreira

Marília Boavida Correia Cabral

Alexandre Wende Dias da Cunha

Carlos António Antolin da Cunha Ramalho

Miguel Alves Ribeiro Fontão de Carvalho

Supervisory Board

Charmain

Jean-éric Gaign

Members

José Manuel Lopes Neves de Almeida

Luis Alberto Monsanto Póvoas Janeiro

Alternate Member

Donato João Lourenço Viçoso

Statutory Auditor

KPMG, SROC, SA, represented by Miguel Afonso

Alternate Statutory Auditor

Vitor Manuel da Cunha Ribeirinho

2. Mail Financial indicators

2. Main financial indicators

Indicators (Euros)	2018	2019	2020	2021	2022
Net interest income	20.415.619	25.287.537	29.257.925	31.602.344	36.901.008
Net income from financial operations	(689.976)	4.470.719	5.258.393	6.912.047	(4.429.704)
Net fees and commissions income	6.986.101	8.896.965	10.977.132	14.266.301	15.043.479
Other operating income / (expenses)	1.993.808	1.350.654	1.821.454	905.795	3.845.099
Net operating revenue	**28.705.552**	**40.005.875**	**47.314.904**	**53.686.487**	**51.359.882**
Staff costs	(10.153.804)	(11.381.855)	(11.514.418)	(12.536.944)	(13.230.441)
Other administrative costs	(7.692.853)	(6.985.004)	(6.312.052)	(7.315.663)	(8.023.731)
Overheads	**(17.846.657)**	**(18.366.858)**	**(17.826.470)**	**(19.852.607)**	**(21.254.172)**
Depreciation	(945.379)	(1.960.465)	(1.674.258)	(1.563.974)	(1.915.148)
Net provisions and impairments	(577.270)	(4.979.188)	(9.283.534)	(5.523.572)	(8.144.700)
Income from investment in associate companies and joint ventures	-	-	-	-	102.542
Income before taxes	9.336.246	14.699.364	18.530.641	26.746.334	20.148.404
Provision for taxes	(248.955)	(2.482.867)	(4.626.826)	(7.727.619)	(2.913.587)
Net profit attributable to non(controlling interests	54.216	31.181	69.045	81.754	72.504
Net income for the year	**9.033.075**	**12.185.316**	**13.834.770**	**18.936.961**	**17.162.313**
Comprehensive income	**7.519.812**	**14.758.894**	**15.710.556**	**17.084.338**	**5.029.074**
Net credit extended (1)	545.042.001	619.806.815	644.437.591	712.718.687	669.117.543
Loans and advances to customers	312.163.551	392.573.397	401.376.720	413.379.017	420.124.250
Borrowings / Funds raised	232.878.450	227.233.417	243.060.871	299.339.670	248.993.293
Funds attracted	643.052.322	685.196.634	753.579.712	914.973.245	816.962.203
Equity	**112.896.361**	**126.815.255**	**141.685.811**	**157.465.537**	**149.384.724**
Net assets	**772.076.755**	**840.692.558**	**923.903.525**	**1.104.104.283**	**997.274.082**
Transformation ratio (Loans and advances to customers / Resources from Customers)	53.5%	65.1%	67.0%	59.9%	70.5%
Liquidity coverage ratio (LCR)	220.4%	166.6%	232.3%	173.4%	169.2%
Cost-to-income ratio	68.5%	51.0%	41.2%	39.9%	45.1%
Net interest income (as % of net operating revenue)	71.1%	63.2%	61.8%	58.9%	71.8%
Provisions and impairments (as % of net operating revenue)	2.0%	12.4%	19.6%	10.3%	15.9%
Common equity tier 1 ratio (CeT1)	17.3%	16.9%	16.7%	17.0%	18.9%
Total capital ratio	18.1%	17.5%	17.0%	17.1%	18.9%
RWAs (as % of Total assets)	74.2%	79.6%	82.4%	76.8%	78.1%

(1) Financial assets at amortised cost, as from 2019
(2) Securities portfolio at amortised cost, as from 2019

3. Banco Invest

3. Banco Invest

Who we are

Banco Invest, S.A. (Banco Invest or the Bank) was incorporated in 1997 as Banco Alves Ribeiro, S.A., with head office in Lisbon and share capital of 20 million euros, wholly owned by the Alves Ribeiro Group.

In October 2005, the name was changed to Banco Invest, seeking to unequivocally reflect its Mission: to be recognised by the market as the financial institution that best meets the needs of private, corporate or institutional customers, in all the financial products that distance themselves from a routine bank relationship, and require greater involvement, proposing solutions which traditional banking, with its standardised offer, is unable to provide.

Banco Invest is a specialised and flexible bank, with highly qualified experts, devoted to the offer of sophisticated investment and savings operations. In a globalised and sophisticated world, investment opportunities are increasingly complex, requiring higher levels of specialisation and monitoring, which do not fall within the typical standardised offer of retail banks.

Since its foundation, the Bank has based its performance on principles of Ethics, Innovation, Independence and Security, values that cut across all areas of the Bank's operations. These values have allowed the Bank to achieve, since its incorporation, a sustained growth performance and levels of financial solidity far above the average of the national banking sector. At the end of 2022, the Bank's solvency ratio stood at 19.0% and Resources from Customers reached 635.7 million euros, corresponding to an annual average growth of 14.8% since 2008.

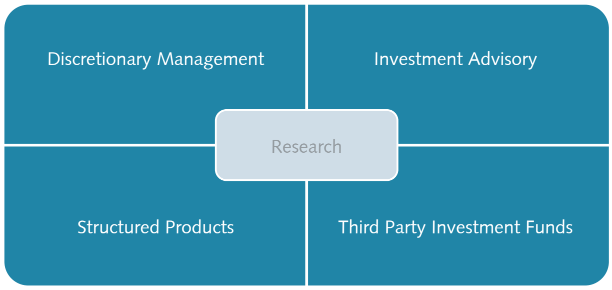
What we do

Banco Invest is specialised in the management of the Savings and Investments of its private, corporate and institutional customers, offering an open and independent structure, with a global and diversified offer of products and services.

The Bank's operations are currently divided into six main business areas: **Asset Management, Brokerage, Specialised Credit, Institutional Custody, Corporate Finance and Treasury and Capital Markets**.

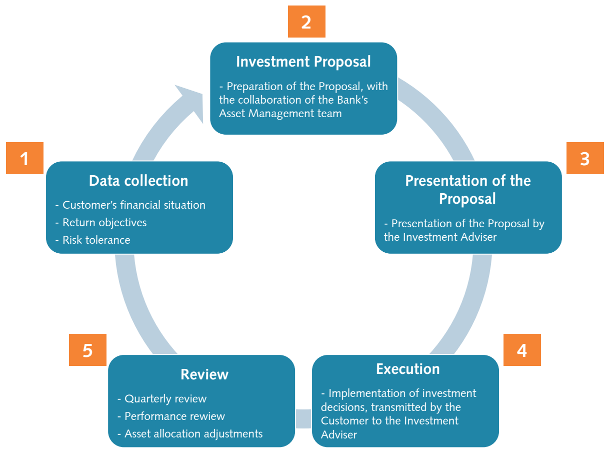
The **Asset Management** Department of Banco Invest includes Discretionary Portfolio Management, Investment Consulting, the issue of Structured Products and the Distribution of Investment Funds managed by third parties.

Asset Management



Discretionary Portfolio Management and Investment Consulting services are provided in accordance with each Customer's risk profile and the intended level of return. In both cases, management is based on the principles of Asset Allocation and the advantages of diversification and investment in the medium and long term. The investment process depends on the objectives, risk tolerance and time horizon of each Customer.

In the case of Investment Consulting, the service is based on a high degree of proximity to the Customer, namely in the assessment of his/her investment objectives and in the periodic and detailed monitoring of the investment portfolio, in a continuous process of interaction with the Consultant.



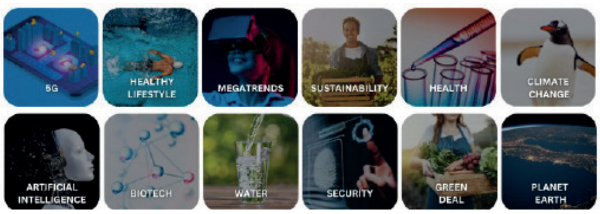
The Asset Management department structures and manages the Structured Products issued by the Bank, namely structured deposits. It is also responsible for the production of research and material supporting the sale of products on offer to Bank customers.

Structured Products

Finally, the Bank selects and distributes investment funds managed by other management companies (third party funds), offering its Customers around 1.000 investment funds managed by the most prestigious national and international management companies. The offer includes the various asset classes and geographical regions, providing a wide range of diversification alternatives for different risk profiles. Most of these investment funds are available on the Bank's website. Customers can search and compare products independently or subscribe to thematic portfolios. The Bank, through Invest Trends, offers 40 thematic portfolios that reflect market trends and investment strategies that offer long-term growth potential. The portfolios are exclusively composed of investment funds and constructed by Banco Invest's Asset Management team.

Banco Invest, through Invest Trends provides investment solutions in categories such as Sustainability, New Trends and Lifestyle, among others.

Invest in the Trends that will define the next decade



Invest Gestão de Activos – SGOIC, SA

Banco Invest also distributes funds managed by Invest Gestão de Activos - Sociedade Gestora de Organismos de Investimento Colectivo, S.A (Invest Gestão de Activos), a company wholly-owned by the Bank. At the end of 2022, Invest Gestão de Activos managed four mutual funds - the Alves Ribeiro PPR, Invest Ibéria, Smart Invest and Invest Tendências Globais, marketed exclusively by Banco Invest.

The **Brokerage** area includes the brokering and intermediation of shares, bonds, exchange traded funds, warrants and futures contracts. Banco Invest is present in the Prime Brokerage and Online Brokerage segments.

In the Prime Brokerage segment, the Bank offers a premium service, whereby Customers benefit from a direct relationship with traders. Traders' activity includes technical analyses, namely analyses of trends and of theoretically ideal levels of subscription and sale of securities, as well as the management of Customers' orders.

In the Online Brokerage segment, Bank customers can give orders through the website, from a desktop or mobile phone, or through the Invest Trader, Invest BTrader Plus and Invest BTrader Next trading platforms.

BTRADER NEXT	BTRADER PLUS	INVEST TRADER	INVEST BOND TRADER
Trade on the world's financial markets with the largest CFD offer	**Trade like a professional investor on an innovative platform**	**Access financial markets with no minimum account opening**	**Bond Platform with access through Invest Online**
▪ Free, award-winning trading app for iPhone, iPad and Android ▪ Intuitive interface, configurable to the needs of experienced traders or beginner investors ▪ Over 10,000 financial assets available, including 300 currency pairs ▪ Standard recognition of technical figures	▪ Multi-product platform, with professional tools and advanced trading ▪ Direct Market Access (DMA), ensuring best price and execution ▪ Invest on over 120 markets globally from a single account ▪ Trade from market depth and charts	▪ Trade directly with the world's major stock warrant, ETF and ADR markets ▪ Real-time security depth and vault, with continuous ticker trades ▪ No custodian fees ▪ Fast and simple order execution	▪ All trades are automatically integrated into your account ▪ 1000+ government and private bonds available in Europe, US and Emerging Markets ▪ Detailed research and analysis tools ▪ Full information on every issue ▪ Firm Pricing and Validity Orders

Invest BTrader

2022	2022	2022	2022
Best Online Broker Best Broker for Day Trading Best Broker for Investing	#1 Best Online Broker #1 for Active Traders #1 for Information	Best Broker for International Trading	#1 for Professional Tools #1 for Futures Trading #1 for Offering of Investments #1 International Trading

The **Institutional Custody** area serves independent management companies of undertakings for collective investment in securities, real estate and venture capital. In addition to custody, the services offered include financial intermediation, risk hedging and management products and asset management for institutional customers.

The **Specialised Credit** area is divided into four types of offers: Margin Account, Mortgages, Popular Economic Credit (CEP) and BI Credit.

Margin Accounts
- Leveraging of own funds under the pledge of their security portfolios;
- Only securities with liquidity and listed on official markets are eligible.

Mortgages
- Medium and long-term credit, with real guarantees.

Popular Economic Credit
- Loans with precious metals as collateral;
- Directed at Customers with a significant part of their savings invested in precious metals, and which intend to resort to this reserve value to obtain funding.

BI Credit
- Auto loans;
- Vehicle leasing;
- Stock credit (line of credit for traders and to finance car fleets);
- Financing for new and used cars.

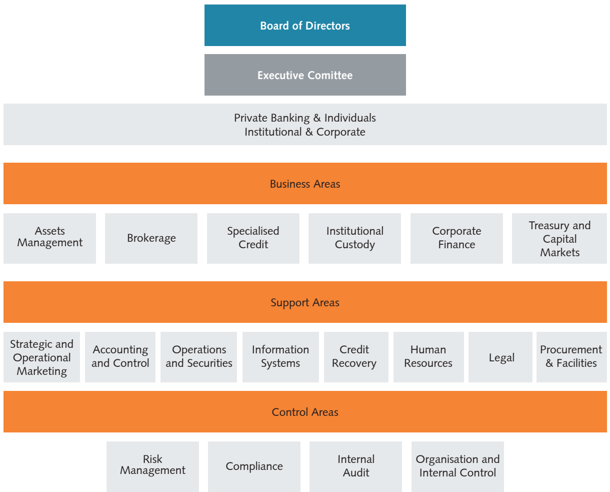
The Corporate Finance area, operating under the **Invest Corporate Finance** brand, is composed of a team with more than 25 years of experience in domestic and cross-border transactions. The services offered include Corporate Finance Advisory Services (e.g. Mergers and Acquisition Consulting, Valuation of Companies, and Strategic and Financial Consulting, among others) and Capital Market Transaction Advisory Services (e.g. Bond Issuance, Syndicated Loans, Project Finance and Commercial Paper, among others). Banco Invest is an exclusive member for Portugal of IMAP, an international network of merger and acquisition advisory services with a presence in 41 countries. In 2022, operations carried out by the IMAP network came to approximately 26 billion American dollars.

The **Treasury and Capital Markets** area focuses its activity on liquidity and balance sheet management, optimisation of the use of funding and management of Banco Invest's equity and bond portfolio.

The management of liquidity seeks to optimise the structure of the balance sheet in order to maintain the temporal structure of maturities between assets and liabilities under control, taking into account the foreseeable growth of the Bank. Management is also conditioned by the need to maintain a prudent level of liquidity to accommodate market stress situations. Liquidity risk is managed in such a way as to keep pace with the growth of the Bank's assets and to ensure that cash requirements are met without incurring abnormal losses, while maintaining in the portfolio marketable assets that constitute a sufficient liquidity reserve. The definition of overall and partial risk limits is based on statistical methodologies for quantifying risk and credit risk analysis - rating, stress tests and concentration limits by asset, by sector and by country.

The Financial Department is responsible for the management of the Bank's Cash Flow and Own Portfolio, according to the policies defined by the Bank's Investment Committee (CIB). The CIB, comprising the heads of the various areas involved, determines overall guidelines governing the Bank's position. It is then up to the Financial Department to manage the Bank's exposure to each market risk within the defined risk limits.

Organisation of the Bank



Over the course of the year, the Bank reinforced its commercial capacity with the creation and development of an external network of **Private Financial Advisers**, with extensive professional experience in banking and financial services, distributed throughout the various regions of the country. At the end of 2022, the physical distribution network of Private Banking was composed of the **Private Banking** unit, located at the Bank's head office, and 4 **Investment Centres**, located in Lisbon, Oporto, Leiria and Braga. In 2023, the Bank plans to open a new Investment Centre in Funchal.

Awards

Banco Invest's solid performance continued to be publicly acknowledged in several areas of financial activity by independent national and international entities.

In 2022, Banco Invest received the prize for *Excellence in Innovation Wealth Management* Portugal for the first time, awarded by the Global Banking & Finance Review.

We also highlight the Bank's recognition in the International Banker Awards 2022 as *Best Investment Bank* Portugal, for the 8th consecutive time.

In addition, we would like to highlight the receipt of the prize for *Best Performance* Portugal for the 5th time and *Best Distributor* Portugal for the 2nd time, in the Structured Products and Deposits category, awarded by Structured Retail Products.

4. Macroeconomic background

World economy

The world economy continues to show signs of slowing down. After more than two years of pandemic, the invasion of Ukraine and its global effects on commodity markets, supply chains, the inflation rate and, consequently, interest rates, have led to a slowdown in global growth.

In particular, the war in Ukraine has led to sharp price rises and volatility in energy markets, contributing to more persistent inflation than initially expected. As a result, the main central banks have continued to raise interest rates and tighten monetary policies, adding uncertainty to the evolution of the world economy.

In this context, according to the latest estimates from the International Monetary Fund (IMF), the world economy should grow by 3.4% and 2.9% in 2022 and 2023, respectively. Advanced economies are expected to grow, on average, by 2.7% and 1.2%, respectively. In turn, emerging economies should do relatively better, with average annual growth of around 4.0% over the same period.

Normalisation of the inflation rate is anticipated to be slow, with the IMF estimating an average inflation of 8.3% this year, and 5.7% in 2023 in the eurozone. In the United States, the average inflation rate is expected to be 8.1% in 2022, and to slow to 3.5% in 2023.

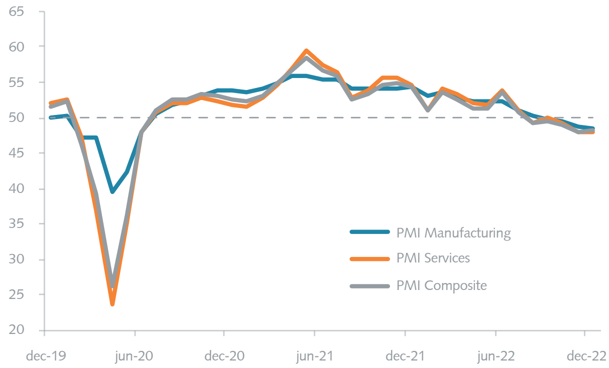
Estimates for GDP Growth and Inflation

	Real GDP Growth			Inflation		
	2021	2022	2023	2021	2022	2023
World Economy	**6.2%**	**3.4%**	**2.9%**	-	-	-
United States	**5.9%**	**2.0%**	**1.4%**	**4.7%**	**8.1%**	**3.5%**
Eurozone	**5.3%**	**3.5%**	**0.7%**	**2.6%**	**8.3%**	**5.7%**
Germany	2.6%	1.9%	0.1%	3.2%	8.5%	7.2%
France	6.8%	2.6%	0.7%	2.1%	5.8%	4.6%
Spain	5.5%	5.2%	1.1%	3.1%	8.8%	4.9%
Portugal	4.9%	6.2%	0.7%	0.9%	7.9%	4.7%
United Kingdom	**7.6%**	**4.1%**	**(0.6%)**	**2.6%**	**9.1%**	**9.0%**
Emerging Countries	**6.7%**	**3.9%**	**4.0%**	-	-	-
China	8.4%	3.0%	5.2%	0.9%	2.2%	2.2%
India	8.7%	6.8%	6.1%	5.5%	6.9%	5.1%
Brazil	5.0%	3.1%	1.2%	8.3%	9.4%	4.7%
Russia	4.7%	(2.2%)	0.3%	6.7%	13.8%	5.0%

Source: IMF, January-23 (Inflation, October-22)

Throughout 2022, inflation continued to increase on a global scale, reaching levels not seen since the 1980s, leading most central banks to change the orientation of their monetary policies. This rise in the inflation rate, and the ensuing fall in disposable income and household confidence, is the main threat to economic growth over the next few quarters, due to lower demand. The PMI indexes thus maintain a decelerating trend, both in the industrial and services sectors.

Global PMI indices



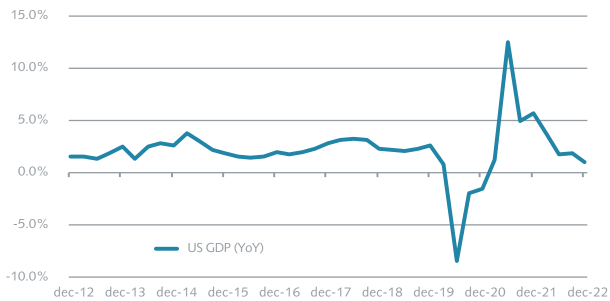
Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

United States

The North American economy grew by 2.9% (annualised rate) in the fourth quarter of this year, confirming the recovery from the technical recession recorded during the first half of the year (contraction of 1.6% and 0.6% in the first and second quarters, respectively). Real GDP growth in the quarter reflected increases in private inventory investment, private and public consumption and non-residential fixed investment, which were partly offset by reductions in residential property investment and exports. Year-on-year, the real GDP growth rate came to 1.0% in the fourth quarter of 2022.

The unemployment rate fell slightly to 3.5% in December, matching the previous year's historic low in July. The number of unemployed people decreased by 278.000 to 5.72 million and the number of employed people increased by 717.000 to 159.2 million. Particularly important in a context of inflationary pressures, the year-on-year growth in wages was 5.3% in December, but with a decelerating trend since February this year (11.4%).

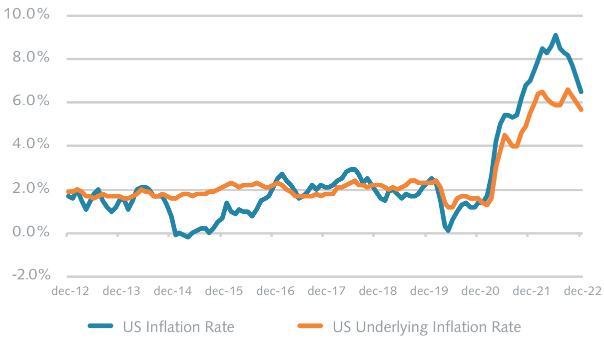
GDP of the United States (Year-on-Year)



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

The annual inflation rate declined for the sixth consecutive month to 6.5% in December, the lowest since October 2021. Energy price growth slowed to 7.3% from 13.1% in November, but accommodation costs increased by 7.5%, the highest since 1979. Excluding food and energy costs, core inflation is 5.7%, the highest since 1982.

US Inflation Rate



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

According to the latest IMF estimates, the North American economy, after the 5.9% growth recorded in 2021, is expected to advance 2.0% and 1.4% in 2022 and 2023, respectively. In turn, the average annual inflation rate, which stood at 4.7% in 2021, is expected to rise to 8.1% in 2022, falling to 3.5% next year.

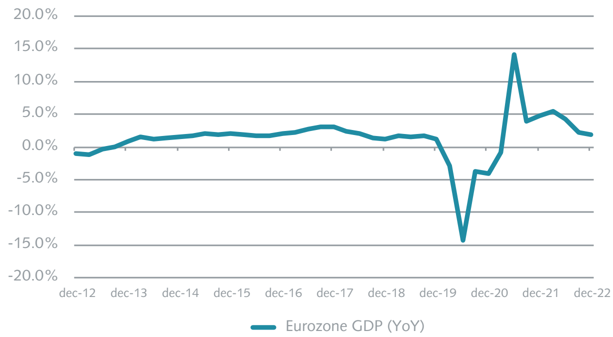
Eurozone

The eurozone economy grew by 0.1% quarter-on-quarter in the fourth quarter of 2022 (0.3% in the third quarter). This was therefore the seventh consecutive positive quarter, although the lowest in the sequence. Among the major economies, Italy and Germany contracted -0.1% and -0.2%, respectively, while France and Spain expanded 0.1% and 0.2%, in the quarter.

Year-on-year, in the fourth quarter, GDP in the eurozone increased 1.9% (2.3% in the third quarter), confirming the deceleration of economic activity in recent months due to the increase in inflation and consequent erosion of household disposable income and the fall in investment due to the increase in interest rates.

Despite this deceleration, the unemployment rate remained stable at 6.6% in December, the lowest on record and lower than the 7.3% recorded in the same period last year. Among the largest economies of the eurozone, the unemployment rate closed the year at 5.5% in Germany, 7.3% in France, 7.8% in Italy and 12.9% in Spain.

Eurozone GDP growth rate (in %)



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

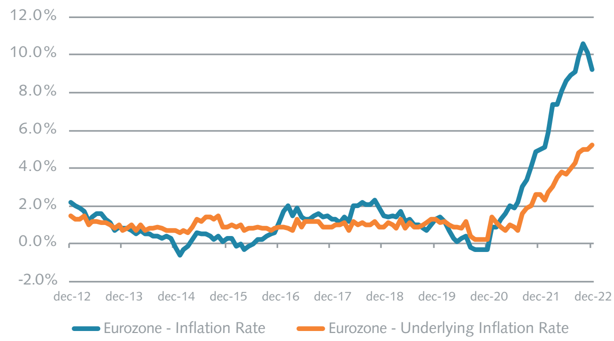
The annual inflation rate in the eurozone closed 2022 at 9.2%, after reaching 10.6% in October, and 4.2 p.p. more than at the end of last year.

In December, the lowest inflation rates were recorded in Luxembourg (6.2%), France (6.7%) and Malta (7.3%). On the contrary, the highest values were observed in Latvia (20.7%), Lithuania (20.0%) and Estonia (17.5%). In Germany and Italy, the inflation rate was 9.6% and 12.3% respectively.

The main contributors to this rise in the inflation rate have been energy (25.5% in the last year), followed by food, alcohol and tobacco (13.8%), services (4.4%) and non-industrial goods (6.4%). Excluding energy and food costs, core inflation rose to a record high of 5.2% in December.

As a result of the deterioration of growth prospects and the increase in the inflation rate, consumer confidence, despite a slight recovery in December, is close to the lowest value since records began (-22.1 points).

Eurozone inflation rate



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

According to the latest IMF estimates, the eurozone economy, after the 5.3% growth recorded in 2021, is expected to advance by 3.5% and 0.7% in 2022 and 2023, respectively. In turn, the inflation rate, which stood at 2.6% in 2021, is expected to rise to 8.3% in 2022, falling to 5.7% in 2023.

Emerging Countries

The current economic slowdown is not exclusive to developed economies. According to the latest IMF forecasts, emerging and developing economies, which last year grew by an average of 6.7%, are expected to grow by 3.9% in 2022, and by 4.0% in 2023.

The Chinese economy recorded zero growth in the fourth quarter, quarter-on-quarter, which compares with 3.9% recorded in the previous quarter. This slowdown in the last quarter, combined with the rare protests against the pandemic restrictions, will have underpinned the sudden reopening of the economy and the end of the lockdowns in December. Year-on-year, the economy grew 2.9%. According to the latest IMF forecasts, China is expected to grow by 3.0% and 5.2% in 2022 and 2023, respectively, with an average inflation rate of 2.2% during that period.

Among the main emerging economies, India stands out on the positive side, with an expected growth of 6.8% in 2022, and 6.1% in 2023. However, unlike China, the inflation rate in 2022 is expected to accelerate to 6.9% (5.5% in 2021), and to slow again in 2023 to 5.1%, according to the IMF.

On the negative side, the performance of the Russian economy should contract 2.2% in 2022 and grow only 0.3% in 2023, which is not unconnected to the economic sanctions imposed by several countries following the invasion of Ukraine in February 2022.

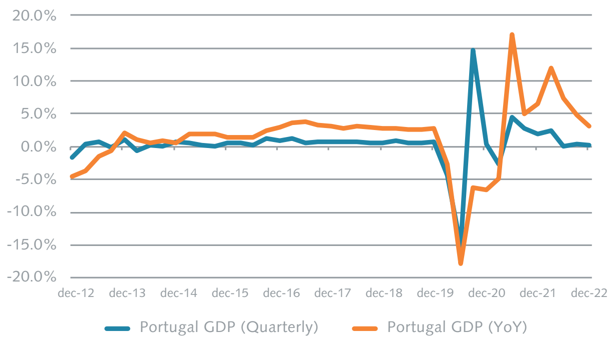
Finally, the Brazilian economy is anticipated to grow 3.1% in 2022, and slow down to 1.2% in 2023. The inflation rate, which in 2021 amounted to 8.3%, is expected to remain high at 9.4% and 4.7% in 2022 and 2023, respectively.

Portuguese Economy

According to Statistics Portugal (INE), national GDP, in real terms, recorded a year-on-year variation of 3.1% in the fourth quarter of 2022 (4.9% in the previous quarter). The contribution of domestic demand to the year-on-year change in GDP decreased in the fourth quarter, with a deceleration of private consumption and a fall in investment. The positive contribution of net external demand also decreased, with exports of goods and services in volume decelerating more intensely than imports. In the fourth quarter of 2022, there was a loss in terms of trade in year-on-year terms, but less intense than the losses observed since the second quarter of 2021, as a result of the more pronounced deceleration of the import deflator than that of exports.

Compared with the third quarter of 2022, GDP increased by 0.2% in volume (quarter-on-quarter growth of 0.4% in the previous quarter), with the positive contribution of domestic demand to the GDP quarter-on-quarter change having diminished, while the contribution of net external demand remained slightly negative.

Portugal GDP growth rate



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

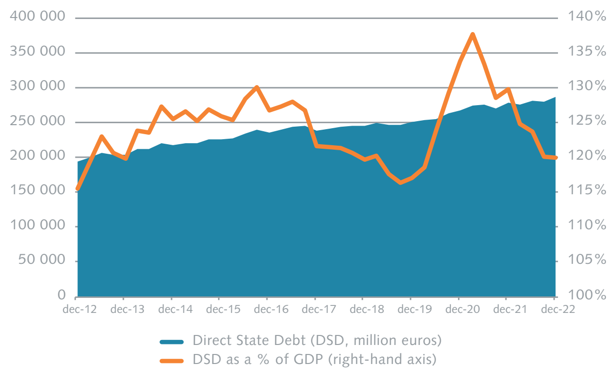
Also according to INE, the year-on-year change in the Consumer Price Index (CPI) was 9.6% in December, down 0.3 p.p. on the previous month. The underlying inflation indicator (total index excluding unprocessed food and energy) maintained the upward trend of previous months, recording a variation of 7.3% (7.2% in November). The change in the energy products index decreased to 20.9% (24.7% in the previous month), while the unprocessed foodstuffs index decelerated to 17.6% (18.4% in the previous month).

In terms of the labour market, the unemployment rate in December 2022 came to 6.7%, higher than in November and September 2022 (0.2 p.p. and 0.6 p.p., respectively) and December 2021 (0.8 p.p.).

According to the Directorate General for Budget (DGO), at the end of December 2022, General Government recorded a negative balance of 3.6 billion euros, which corresponds to an improvement of 5.0 billion euros compared to the same period of the previous year, resulting from the fact that revenue growth (+11.0%) was higher than expenditure growth (5.1%). The primary balance stood at 3.0 billion euros, up 4.6 billion euros from December 2021.

Thus, according to the Treasury and Public Debt Management Agency (IGCP), the Direct State Debt (DSD) at the end of December stood at 287 billion euros, around 120% of GDP.

Total debt Portugal



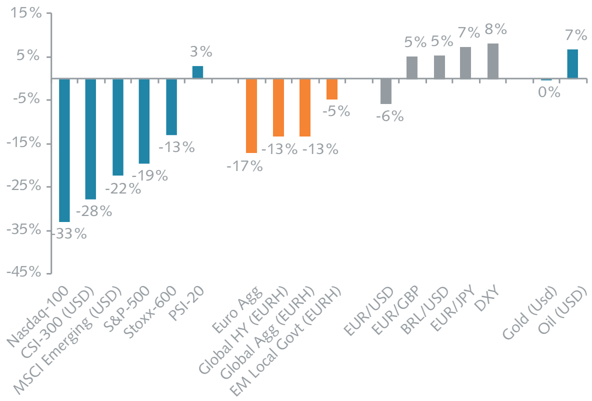
Source: INE, IGCP, Banco Invest. Amounts up to 31-Dec-22

Finally, according to the latest IMF estimates, the Portuguese economy, after growing 4.9% in 2021, is expected to grow 6.2% in 2022 and a mere 0.7% in 2023. In turn, the average annual inflation rate, which in 2021 was 0.9%, is expected to rise to 7.9% in 2022, falling to 4.7% in 2023.

Financial markets

For the year as a whole, 2022 closed with the major equity markets in negative territory. In the United States, losses were led by the technology sector, mainly penalised by the rise in interest rates (Nasdaq-100, -33.0%). In Europe, among the main markets, Italy (FTSE MIB) lost -13.3%, Germany lost -12.3% and France fell -9.8%. In Iberia, Spain lost -5.6% and Portugal stood out positively, having appreciated 2.8%. The emerging markets, in USD, fell -21.8%, with the weak performance of the Chinese markets standing out (Shangai Composite -21.8%, CSI-300 -27.8%, in USD), pressured by the economic slowdown resulting from the Covid-19 lockdowns.

Financial Markets in 2022



Source: Bloomberg, Banco Invest. Amounts as at 31-Dec-22

Among Bonds, 2022 was also a year of heavy losses, pressured by the rise in Central Bank interest rates, as a way of combating the increase in the inflation rate, and by the rise in credit spreads, given the increased probability of economic recession in the coming quarters.

In the Investment Grade (IG) segment, the fourth quarter saw a strong recovery, with credit spreads declining on average by -26 bp and -44 bp in the US and Europe, respectively. Nonetheless, for the year as a whole, spreads increased by 32 bp and 43 bp. Thus, since the beginning of the year, combined with the rise in sovereign yields, IG losses amount to -15.2% and -17.2%, respectively, in EUR. In the High Yield segment, credit spreads decreased on average by -126 bp and -119 bp in the United States and Europe in the fourth quarter, respectively. For the year as a whole, spreads increased by 191 bp and 194 bp. The Bloomberg Global High Yield Total Return index thus recorded a loss of -13.4%, since the beginning of the year, in EUR.

In the exchange markets, in 2022, the great highlight will be the strong appreciation of the USD against the majority of the main currencies, as a result of the increase in risk aversion (including geopolitical risk), which historically tends to benefit the North American currency, and the more aggressive stance of the Federal Reserve (FED) in order to curb the rise in consumer prices. Hence, since the beginning of the year, the USD has gained 6.2% against the EUR, 12.0% against the GBP and 13.9% against the JPY.

The exception to the general losses described above was in commodities (+8.7%, in USD). Indeed, Russia's invasion of Ukraine had, among many other consequences, a disruptive effect on energy and grain supply chains, particularly in Europe. As such, since the beginning of the year, measured by the S&P GSCI indices, in USD, Energy prices have risen by 14.2%, and Agricultural products have risen by 5.7%, even correcting from the highs recorded in the middle of the year. On the contrary, the prospect of a global economic slowdown, particularly in China, led to a correction of -9.6% in the prices of industrial metals and the strong appreciation of the USD limited the gains in the price of Gold (-0.3% since the beginning of the year).

Interest Rates and Inflation

As previously mentioned, the performance of the financial markets in 2022 was strongly conditioned by the evolution of the inflation rate and by the action of the main Central Banks, in order to control its increase.

In the United States, the FED raised interest rates to the 4.00% - 4,25% range. Since the beginning of the year, the FED has raised interest rates on seven occasions, bringing them to their highest level since 2008. For 2023, the market is pricing in a terminal interest rate of close to 5.0%.

In the Eurozone, the European Central Bank (ECB) raised the interest rate for deposits by 250 bp, from -0,50% to 2,00%. According to the rates implied by the markets, interest rates are expected to continue rising to close to 3,50% in mid-2023.

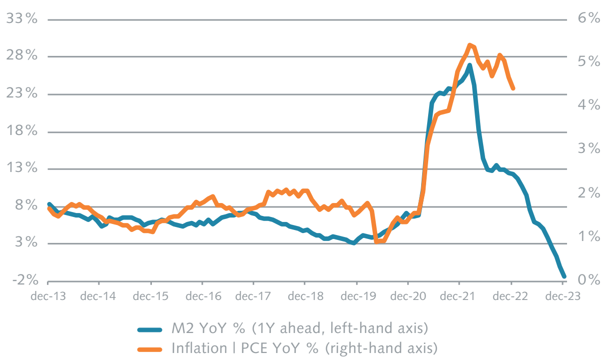
However, despite the sharp rise in inflation in recent months, implicit market expectations for future inflation remain relatively moderate and anchored close to the Central Banks' target.

In the United States, based on the 5-year forward, 5-year interest rates (5Y5Y), the market is currently pricing in an inflation rate of around 2.6%, well below the 6.5% recorded last December. In turn, in the Eurozone the market is pricing in a future inflation of 2.4% (9.2% in December).

In other words, although a rapid return of inflation to pre-pandemic levels is not anticipated, the markets appear confident that the Central Banks will be successful, and that inflation will gradually normalise at levels close to 2.0%-3.0%.

On the other hand, the expectation of a normalisation of the inflation rate is supported by the historical relationship between liquidity and changes in consumer prices. As shown in the graph below, the current restrictive monetary policies of the main Central Banks - by rapidly increasing interest rates and abruptly reducing liquidity, measured here by the annual change in the M2 aggregate - should start to be felt in the decrease in the inflation rate in the next few quarters. The other side of the coin will be the impact that this reduction in liquidity in the economy will have on economic growth itself.

USA - Inflation (PCE) vs Liquidity (M2)



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-22

5. Business

Evolution of the National Banking Sector

Despite the significant adverse shocks that have occurred recently, the Portuguese Banking Association (APB) considers that the national banking system is well capitalised, with a greater capacity to accommodate a possible deterioration in credit risk and an increase in non-productive assets. In an overview of the Portuguese banking sector for June 2022, the APB highlights that the deteriorating macroeconomic outlook due to the prolonged invasion of Ukraine exacerbates the complexity of banks' challenges. In effect, the APB considers that there is likely to be a higher probability of market and credit risks materialising, which could lead to an increase in the impairment expenses to be recognised by banks. However, the change in monetary policy could lead to an increase in banks' net interest income, which may partially offset the potential increase in impairments.

According to the APB, in the first nine months of 2022, the total Assets of the national banking system increased by 4.1%, compared to the end of the previous year, as a result of the increase in net loans to customers and cash and deposits at central banks. This development was accompanied by an improvement in the quality of assets, with the Non-Performing Loans (NPL) ratio of the sector falling to 3.2%, down 0.5 percentage points (pp) compared to the end of 2021. Thus, the Portuguese banking sector continued the downward trajectory of NPLs, which has been recorded since 2014 (16.6%).

On the liabilities side, according to the APB, in the first nine months of 2022, Customer Deposits continued to increase significantly, up 5.1% compared to the end of 2021. Conversely, the change in monetary policy resulted in a reduction in financing for the sector from Central Banks. According to Banco de Portugal, interest rate rises by the European Central Bank (ECB) led to several banks repaying in advance the amounts obtained through refinancing operations. According to BdP, during 2022, these financings decreased by 25.9 billion euros (-61.7%), to a total of 16.1 billion euros.

The transformation ratio continued its downward trend, which started in 2010, due to the growth in deposits exceeding the growth in loans and advances to customers. At the end of September 2022, the sector's average Transformation Ratio fell to 79.0% (81.1% at the end of 2021) and the liquidity coverage ratio (LCR) decreased to 253.9% (down 6.1 pp from December 2021).

In the first 9 months of 2022, the solvency ratio of the national banking sector decreased, in line with the trend in the Eurozone. Even so, the APB points out that the sector's solvency ratios are at very robust levels. At the end of September 2022, the Common Equity Tier 1 (CET1) of the sector came to 14.6% (down 0.9 pp compared to December 2021), and the total solvency ratio was 17.1% (down 0.9 pp compared to the end of 2021).

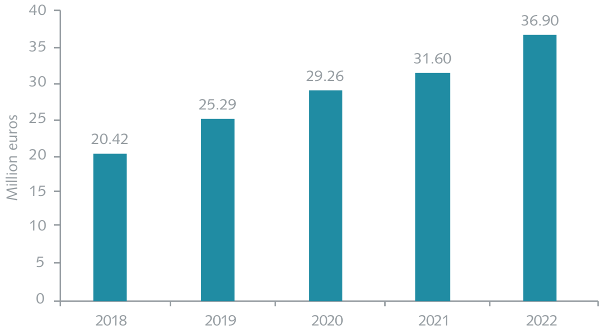
The return on equity (ROE) of the national banking system recorded, in the first nine months of 2022, a strong recovery to 8.3%, up from the 5.4% observed in 2021, which was mainly due to the rise in net interest income and net commissions, and the decrease in impairment losses.

Balance Sheet and Net Income

Against this backdrop, Banco Invest maintained a profitability above the average of the sector, with ROE reaching 11.2% and ROA 1.6%.

Net interest income increased by 5.3 million euros (16.8%) to 36.9 million euros, driven by the increase in ECB reference interest rates from the second half of the year onwards.

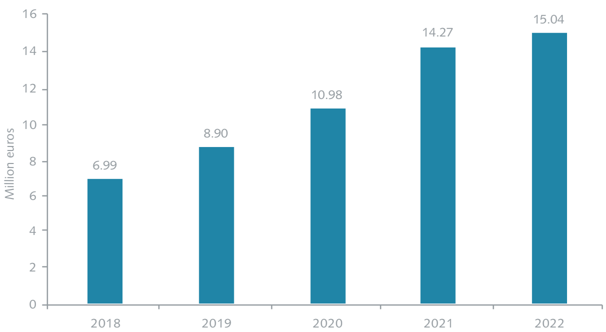
Net Interest Income



Source: Banco Invest

Net commissions increased by 0.8 million euros (5.4%) to 15.0 million euros, as a result of the decrease in services and commissions paid (-0.7 million euros compared to the previous year) and the increase in commissions for services provided (+0.2 million euros compared to 2021).

Net Commissions



Source: Banco Invest

Net income from financial operations decreased by 11.3 million euros, from 6.9 million euros in 2021 to -4.4 million euros in 2022. This performance was justified by losses in the fair value portfolio that reached a total of -6.9 million euros, compared to gains of 5.1 million euros in the previous financial year, justified in part by the devaluation of debt securities due to the sharp rise in interest rates over 2022.

Net operating revenue declined by 2.3 million euros (-4.3%) to 51.4 million euros. The increases in net interest income and net commissions were not enough to offset the reduction in net income from financial operations.

Impairments for the year reached a total of 5.7 million euros, compared to 3.7 million euros in the previous year, which is partly explained by the adoption of a more cautious stance in view of the foreseeable deterioration in economic activity given the rise in interest rates and the continuation of uncertain geopolitical factors.

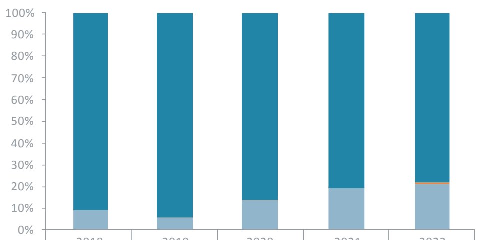
The provisions of 2.5 million euros correspond essentially to commitments made to business partners that intend to be segregated in the future and become subsidiaries of the Bank.

Net assets decreased by 106.8 million euros (-9.7%) to 997.3 million euros, with emphasis on the decrease in Cash and deposits at central banks of 96.3 million euros (-75.6%) to 31.2 million euros and of 43.6 million euros in Net Credit Extended (-6.1%) to a total of 669.1 million euros, partially offset by the increase of 39.0 million euros (25.7%) in Financial assets at fair value through other comprehensive income.

Liabilities fell by 98.7 million euros (-10.4%) to 847.9 million euros, with emphasis on the decrease in Resources from customers of 102.8 million euros (-13.9%) due to competition from Savings Certificates and the reduction in institutional deposits, as a result of the Bank's policy of giving preference to deposits from private customers.

The portfolio of net eligible assets for refinancing operations with the European Central Bank increased by 21.2% to 346.4 million euros, of which 173.8 million euros were drawn down at the end of 2022, with 172.6 million euros of financing from the Eurosystem still available.

Structure of Resources



	2018	2019	2020	2021	2022
Deposits	588.1	650.6	654.5	745.5	642.2
Securitisations	0.0	0.0	0.0	0.0	0.0
Bonds issued	0.0	0.0	0.0	0.0	0.0
From other credit institutions	1.8	0.2	0.3	0.6	7.3
From Central Banks	56.7	39.2	105.0	175.6	173.8

Source: Banco Invest

The **transformation ratio i**ncreased by 10.6 p.p. to 70.5%.

The **total capital ratio**, with the inclusion of net income for 2022, stood at 18.9%, as did the Common Equity Tier I ratio, which compares with 17.1% and 17.0% in the previous year, respectively.

In operating terms, the distribution of income and of the main balance sheet items, in 2022 and 2021, was as follows:

Distribution by Operating Segments

Indicators (Thousands of Euros)

	2022			2021		
	Commercial	Markets	Total	Commercial	Markets	Total
Net interest income	28.310	8.591	36.901	25.282	6.320	31.602
Dividends from equity instruments	-	-	-	-	-	-
Net fees and commissions income	15.043	-	15.043	14.266	-	14.266
Net gains / (losses) arising from financial assets and liabilities assessed at fair value through profit or loss	-	(6.896)	(6.896)	-	5.109	5.109
Net gains / (losses) arising from financial assets at fair value through other comprehensive income	-	(377)	(377)	-	380	380
Other operating income / (expense) and other	3.845	2.844	6.689	906	1.423	2.329
Net operating revenue	47.199	4.161	51.360	40.454	13.233	53.687
Staff costs and general administrative costs	(15.941)	(5.314)	(21.254)	(14.889)	(4.963)	(19.852)
Amortisations and depreciations	(1.436)	(479)	(1.915)	(1.173)	(391)	(1.564)
Provisions and impairment	(4.849)	(3.296)	(8.145)	(5.314)	(231)	(5.545)
Share profit of associates accounted for using the equity method	103	-	103	-	-	-
Income before taxes	25.076	(4.927)	20.148	19.077	7.647	26.724
Income taxes	(3.626)	713	(2.914)	(1.536)	(6.186)	(7.722)
Non-controlling interests	(73)	-	(73)	(82)	-	(82)
Consolidated net profit / (loss) for the year	21.377	(4.215)	17.162	17.459	1.461	18.921
Financial assets held for trading	-	34.782	34.782	-	42.456	42.456
Financial assets not held for trading mandatorily at fair value through profit or loss	-	17.432	17.432	-	16.013	16.013
Financial assets at fair value through other comprehensive income	-	190.990	190.990	-	151.951	151.951
Loans and advances to customers	420.124	-	420.124	413.379	-	413.379
Debt securities	-	248.993	248.993	-	299.340	299.340
Resources from Central Banks	-	173.826	173.826	-	175.568	175.568
Resources from credit institutions	-	7.258	7.258	-	562	562
Resources from customers and other loans	635.668	-	635.668	738.506	-	738.506
Non subordinated debt securities issued	-	-	-	-	-	-

Source: Banco Invest. The 'Markets' segment includes the Own Portfolio

Asset Management

Investment Funds of Invest Gestão de Activos - SGFIM, S.A.

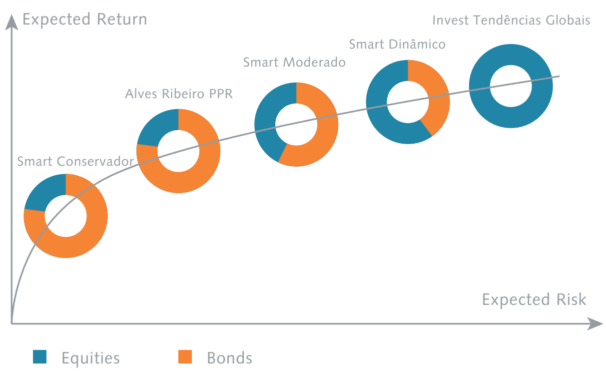
At the beginning of 2021, Invest GA launched the "SMART INVEST PPR/OICVM - Fundo de Investimento Mobiliário Aberto de Poupança Reforma" ("Smart Invest") fund, complementing its offer, which until then had only consisted of the "ALVES RIBEIRO PPR/OICVM - Fundo de Investimento Mobiliário Aberto de Poupança Reforma" ("AR PPR") fund.

The constitution of the investment fund "INVEST TENDÊNCIAS GLOBAIS PPR/OICVM - Fundo de Investimento Mobiliário Aberto de Ações de Poupança Reforma" ("Global Trends"), at the beginning of July 2022, is part of the growth strategy of Invest GA and of its positioning as a recognised manager of medium and long-term savings products, namely Retirement Savings Plans (PPR) funds.

With the launch of Invest Tendências Globais, Invest GA aims to continue its recent growth, complementing its product offer with another PPR fund, this time with 100% shares, directed at younger investors, with a longer investment time horizon and greater tolerance to the volatility of the equity markets.

Thus, the Invest GA offer in terms of PPR Funds will now include two actively managed funds, the Alves Ribeiro PPR and the Invest Tendências Globais, with approximately 25% and 100% shares, respectively, and a fund with passive management and exposure of 20%, 45% and 70% to shares, the Smart Invest, as shown in the figure below.

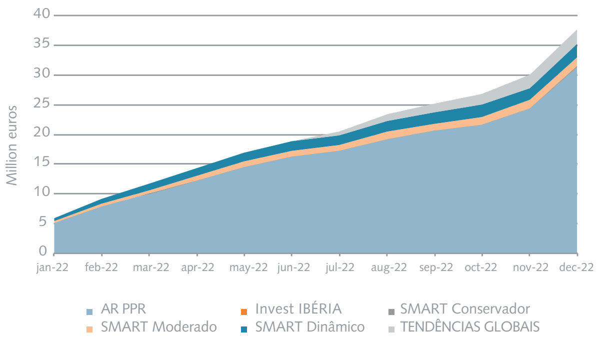
PPR Offer of Invest Gestão Ativos - SGOIC



Source: Invest GA. For illustrative purposes only

In 2022, total net subscriptions of funds under management reached a total of 37.6 million euros, which compares with the 60.0 million euros recorded in 2021, but in a totally different market context, marked by strong devaluations in both the equity and bond markets. As in the previous year, the main contributor to this growth was the Alves Ribeiro PPR fund, with around 31.5 million euros (83.8% of total net subscriptions), followed by the Smart Invest PPR fund, with approximately 3.9 million euros (10.4%), and the new Invest Tendências Globais PPR fund, with some 2.3 million euros (6.2%). The Invest Ibéria fund closed the year with negative net subscriptions of 131 thousand euros (-0.4%).

Net subscriptions in 2022



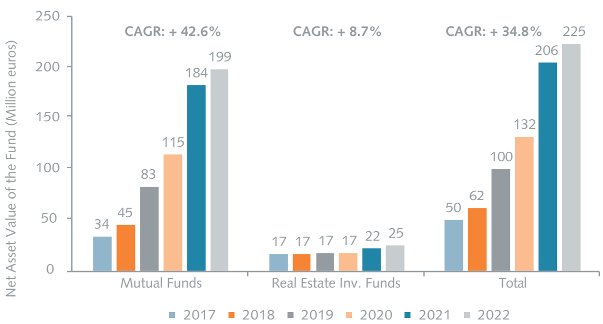
Source: Invest Gestão de Activos.

Thus, in 2022, the total assets under management by Invest Gestão de Ativos - SGOIC increased by 18.3 million euros (+8.9%), to 224.6 million euros. In the last five years, the annual growth rate has been 34.8%.

Among the securities investment funds, the main contributor to total growth was the Alves Ribeiro PPR fund, with a 6.8% increase in assets under management to 179.3 million euros. In turn, the Smart Invest fund ended the year with 16.0 million euros under management (+12.5%), and the Invest Global Trends ended 2022 with 2.2 million euros under management.

In turn, total net assets under management of real estate investment funds increased by 13.4% to 25.2 million euros, largely due to the 28.0% growth in assets of the "Inspirar" fund.

Amounts under management



Source: Invest Gestão de Activos.

Mutual funds

The **Alves Ribeiro - Plano Poupança Reforma** fund closed 2022 down 11.1%.

The bond component, corresponding to approximately 61.6% of the total average portfolio throughout the year, was the main contributor to this negative performance, with a devaluation of 10.4% in 2022. The contribution of this class of assets to total return was -6.6%.

The equity component (around 27% of the average portfolio) contributed -2.8% to the total return, following a devaluation of 10.6%. Among the different geographies, of particular note are domestic shares, which rose 25.5% (a positive contribution of 50 basis points to the total return of the fund).

In turn, the contribution of the 'Alternative Investments' component was positive in 28 basis points. The average exposure increased to 4.0%, following the reinforcement in this asset class as a means of diversifying risk and as a source of returns less correlated with the financial markets.

At the end of 2022, the fund's net asset value (NAV) came to 179.3 million euros.

Since the start of activity, in November 2001, the annualised return stands at 5.9%, net of commissions. Over the last 10 years, the annualised return has been 6.1%, the highest among PPR funds of similar risk, according to the APFIPP.

The **Invest Ibéria** fund closed 2022 down 3.4%. In the same period, the IBEX-35 and PSI-20 indices registered variations of -5.6% and 2.8%, respectively.

In relative terms, compared to the Iberian indices, the Fund's return was therefore positive in 2022. The domestic equity component, corresponding to about 32.5% of the average portfolio over the year, rose 14.8%, thus contributing about 4.8% to the total return of the Fund. In turn, the allocation to the Spanish market (64.9% of the average portfolio) contributed 0.2%, as a result of an average appreciation of 0.3%.

In 2022, the Fund recorded negative net subscriptions of 131.9 thousand euros, ending the year with a NAV of 1.9 million euros.

Since the start of the new Iberian strategy in December 2016, the Fund has recorded a loss of 1.3%, which compares with -10.7% and 24.5% of the IBEX-35 and PSI-20 indices, respectively, over the same period.

The **Smart Invest** fund closed the year with a total of 16.0 million euros under management, distributed as follows: Smart Conservador, 2.3 million euros (-147.9 thousand euros); Smart Moderado, 5.8 million euros (+656.1 thousand euros); and Smart Dinâmico, 7.8 million euros (+1.3 million euros).

The annual returns of the sub-funds were penalised by the strong devaluations of the financial markets, both equity and bond, in a year marked by increased correlations between the two classes of assets, against a background of a sharp rise in the inflation rate. Thus, the Smart Conservador lost 13.9%; the Smart Moderado lost 13.1%; and the Smart Dinâmico declined 12.6%, in 2022.

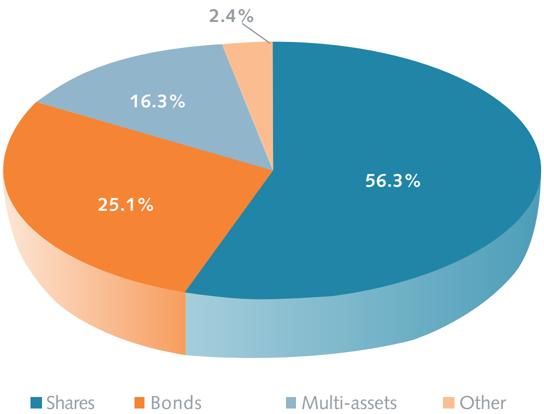
The Smart Invest fund is a passively managed product, giving investors diversified access to the main markets and asset classes, which is cheap and tax efficient. Management is carried out using a robo-advisory model, guaranteeing investors automatic rebalancing of portfolios.

Finally, the **Invest Tendências Globais** fund ended the year with 2.2 million euros under management and a return of -3.0%, since its inception on 1 July 2022. The fund invests in companies with exposure to four main trends with attractive growth potential in the medium to long term: i) Digitalisation, ii) New Consumer Trends, iii) Demographic Changes and iv) Energy Transition. Among these trends, the focus is on investing in companies with: high returns on invested capital (ROIC), obtained on a recurrent basis; competitive advantages that are difficult to replicate; efficient allocation of capital; low debt levels; possibility of growth above the average of the sector in which they operate; management teams with a positive track record; and, good ESG (Environmental, Social and Governance) ratings.

Third Party Investment Funds

In 2022, the amount distributed of investment funds managed by third parties registered a decrease of 11.8% to 221.3 million euros. This variation essentially reflected the strong devaluations registered in the financial markets, in a context of high economic uncertainty and strong increase in the inflation rate, at a global level. Of the total amount of funds, about 56% corresponded to equity funds, 25% to bond funds and 16% to multi-asset funds.

Distribution of Third Party Investment Funds



Source: Banco Invest. Average Amounts 4th Quarter 2022

At the end of the year, the Bank's offer included investment funds from 23 management companies, one more than the previous year, covering all asset classes, geographies and investment strategies. Among the latter, throughout the year, the Bank increased the offer of global thematic funds, as an alternative to the main geographic and sector benchmarks, and around trends considered to have medium to long-term potential.

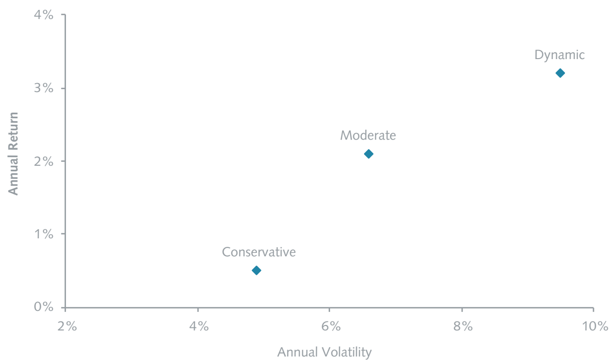
Discretionary Management

Periods of stagflation, characterised by slowing economic growth and rising inflation rates, are historically difficult periods for Asset Allocation. The year 2022 was no exception, with very few refuge alternatives for multi-asset portfolios. The correlations between Bonds and Equities rose and became positive due to the sharp rise in the inflation rate to levels not seen for several decades. Thus, in real terms, even Liquidity recorded negative real returns in 2022.

The pandemic drove demand for innovation and technology. The combination of this trend and extremely accommodative monetary conditions resulted in the strong appreciation of equity markets between March 2020 and the end of 2021. In 2022, however, the 'script' changed. Investors were faced with geopolitical tensions, disruptions in global supply chains, reversal of Central Banks' monetary policies and a sharp rise in the inflation rate, which resulted in the devaluation of markets, not only equity but also bond markets.

In this context, the portfolios under discretionary management closed 2022 with returns of between -13.0% (Conservative Profile) and -15.7% (Dynamic Profile).

Return and Risk



Source: Banco Invest Median net yields and volatilities by risk profile since the beginning of activity (except for the Dynamic Profile, last 10 years). Amounts as at 31-Dec-22

Investment Consulting

In 2022, the Bank continued to develop its Investment Consulting service, having registered a growth of 1.7% in the amount under advisory. In a context of high uncertainty surrounding the evolution of the world's main economies and financial markets, the Bank continues to identify a growing demand for professional and specialised advisory services, as a result of which it will continue to reinforce its technical and human capacities in the area of Investment Consulting.

Structured Products

During 2022, the Bank continued its activity of issuance of structured products for Private Customers and financial derivatives for Institutional Customers.

In the Individual Customers segment the amounts issued increased by 21.0% in 2022. This increase was mainly due to the rise in interest rates, which consequently improved the cost of funding. The impact was more visible in the last quarter of the year, as the issues made offered much more attractive coupons for Customers. Over the course of the year, 12 structured deposits, with an annual average return of 0.37% (guaranteed capital), and 3 structured products, with an annual average return of -1.38% (risk up to 2.5% of the invested capital), were repaid. Among the issues carried out, the following are noteworthy:

Matured in 2022

Invest Security Mar-20

Index Benchmarks: Allianz, IBM, 3M, Thales, Juniper

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

Remuneration (period): 3.10%

Matured in 2022

Invest Global Healthcare Apr-20

Index Benchmarks: Johnson & Johnson, Siemens, Novartis, Ahold Delhaize, Air Liquide

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

Remuneration (period): 3.00%

Matured in 2022

Invest 5G Jul-20

Index Benchmarks: Vodafone, ASML, Qualcomm, Crown Castle, Corning

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

Remuneration (period): 2.40%

Issued in 2022

Invest Multisector Sep-22

Index Benchmarks: Shell, Iberdrola, AT&T, BNP Paribas, Rio Tinto

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

AGNR Max: 1.951%

AGNR Min: 0.00%

Among the structured products that reached maturity during the year, the following stand out:

Matured in 2022

Invest Security Mar-20

Index Benchmarks: Allianz, IBM, 3M, Thales, Juniper

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

Remuneration (period): 3.10%

Matured in 2022

Invest Global Healthcare Apr-20

Index Benchmarks: Johnson & Johnson, Siemens, Novartis, Ahold Delhaize, Air Liquide

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

Remuneration (period): 3.00%

Matured in 2022

Invest 5G Jul-20

Index Benchmarks: Vodafone, ASML, Qualcomm, Crown Castle, Corning

Maturity: 24 months

Capital Protection: 100%

Currency: EUR

Remuneration (period): 2.40%

With regards to Institutional Customers, the Bank continued to serve domestic banks with risk coverages for their own issues. At the end of 2022, the portfolio under management came to 100.8 million euros, up 3.4% on the previous year, mostly composed of equity option swaps.

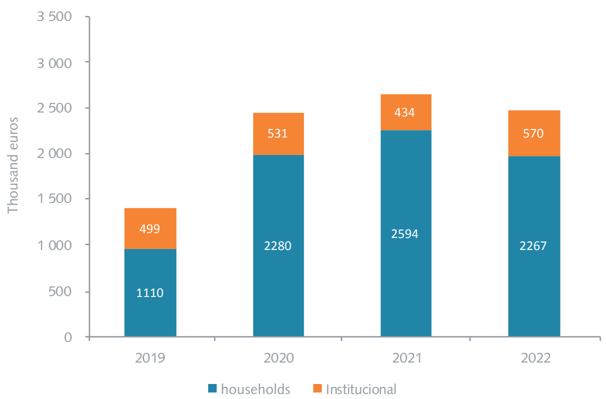
Brokerage

During 2022, brokerage commissions declined by 6,34% over the previous year to around 2.8 million euros.

By type of customer, the Private Customers segment registered a 13% decrease in 2022, representing about 80% of total Customer brokerage commissions. In the Institutional Customers segment, total brokerage commissions grew 31% compared to 2021.

In the Private Customers segment, online trading continued to dominate with a weight of about 84%. The Btrader platforms, after several years of strong growth, consolidated the volume of commissions, in a very difficult year for investors, recording a drop of 5.3%. The Prime Brokerage segment, which serves more sophisticated customers with access to the market room, grew 18.4%.

Brokerage commissions



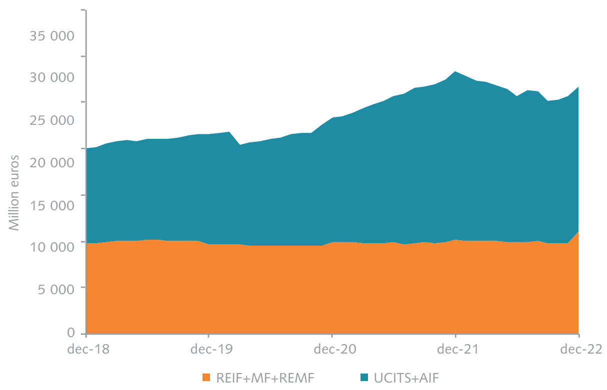
Source: Banco Invest

Financial Services and Institutional Custody

According to figures revealed by the CMVM, the amount managed by undertakings for collective investment in transferable securities (UCITS) and alternative investment funds in transferable securities (AIFs) reached a total 17.131 million euros at the end of 2022, down 2.728 million euros (-13.7) compared to the same period in 2021.

In turn, the value under management of real estate investment funds (REIFs), special real estate investment funds (SREIFs) and real estate management funds (REMFs) reached 12.027 million euros (11.101 million euros at the end of 2021), up 925 million euros (+8.3%) relative to the previous year.

Mutual and Real Estate Funds, value under management in Portugal



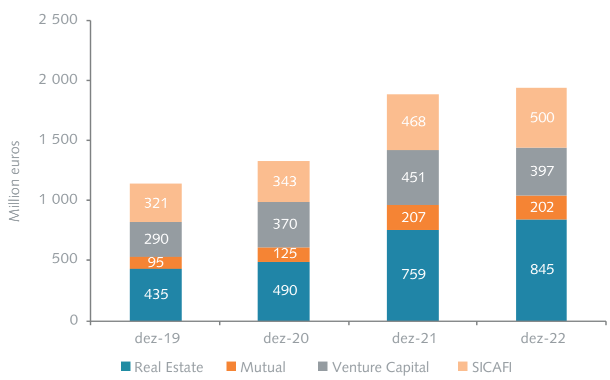
Source: CMVM

In this context, the Bank maintained a reference position as a depositary bank for independent investment fund management companies operating in the domestic market. At December 2022, the Bank provided custodian banking services to more than 50 Collective Investment Undertakings (CIUs), managed by various Management Entities, with a predominance of Real Estate Investment Undertakings.

At the end of 2022, the total assets of the CIUs to which the Bank provides custody services exceeded 1.900 million euros. Of this total, real estate investment undertakings accounted for 69.2% of assets, followed by venture capital funds (20.4%) and mutual funds (10.4%).

The growth registered by this area reflects not only the market's recognition of the quality of the services provided, but also the growth and success of our Customers.

Assets under Custody



Source: Banco Invest

Corporate Finance

During the year, under the Invest Corporate Finance brand, Banco Invest acted as Arranger and Lead Manager in about 50 Commercial Paper issue operations, which came to a total of 350 million euros. In the bond segment, operations in which Banco Invest participated exceeded 370 million euros.

Several Advisory and Euro Commercial Paper issues were also carried out, for both private companies and public entities.

Invest Corporate Finance

VIVALTO SANTÉ Advisory to Vivalto Santé on the acquisition of Lusíadas Saúde **Financial Advisor** **2022**	Carmo Wood Advisory to Carmo Wood on a capital raise process with two financial investors **Financial Advisor** **2022**	sata Advisory to SATA Airline Group and the Regional Government of the Azores on the operational restructuring, refinancing and recapitalization of SATA **Financial Advisor** **2022**	GRUPOMARQUES Advisory on the restructuring of Grupo Marques **Financial Advisor** **2022**
lineas Transport Concessions Advisory on the refinancing of Lineas (Mota Engil group), including the acquisition finance of a stake in Lusoponte (road/bridge concession in Portugal) **Financial Advisor** **2022**	lineas Transport Concessions Facility and Paying Agent to a Bond issued by Lineas (Mota Engil group) **Agent** **2022**	Hyperion renewables EUR 15,000,000 Bonds 2022-2027 Manager and Paying Agent **2022**	BENFICASAD EUR 60,000,000 **Bonds 2022-2025** Placement Syndicate **2022**
AQUILA CAPITAL EUR 40,000,000 (Total Investees Bond Issue) Sole Arranger, Manager and Paying Agent **2022**	Electricidade da Madeira EUR 10,000,000 **Commercial Paper** Arranger and Lead Manager **2022**	EDA EUR 10,000,000 **Commercial Paper** Arranger and Lead Manager **2022**	**ARA** EUR 200,000,000 **ECP** Joint Mandated Co-Lead Arranger **2022**

Financial assets at amortised cost
Loans and advances to customers

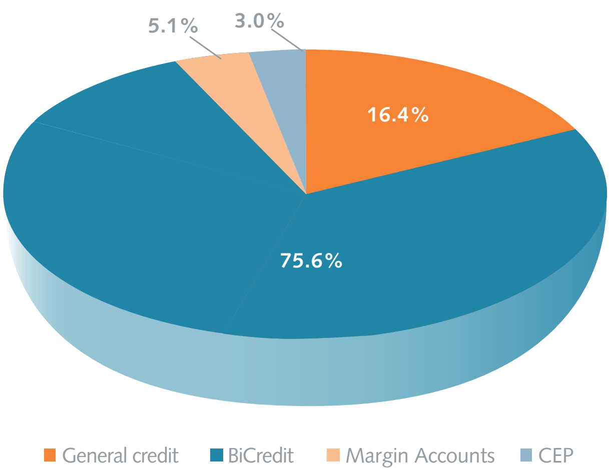
According to Banco de Portugal, the amount of consumer credit exceeded 7.5 billion euros in 2022, representing a significant increase of 15.6% relative to the previous year. Of this total, loans for the acquisition of used vehicles represented 2.0 billion euros (26.5%), with annual growth of 15.3%.

In this context, the Bank, under the BiCredit brand, granted credit for the acquisition of vehicles in the amount of 98.5 million euros (new production), of which 97% relates to the financing of used vehicles, a segment in which a market share, in number of financings, of 6.0% was reached in 2022. At the end of the year, BiCredit's gross loan portfolio amounted to 326.5 million euros.

In turn, at the end of 2022, general credit, essentially made up of financing secured by real estate assets, and which includes Financial Leasing operations, Medium-and-Long-Term Loans and Current Account Credits, amounted to 70.7 million euros, with the Bank also having personal guarantees from the respective debtors or guarantors in the vast majority of operations. Real estate guarantees are subject to periodic reassessment by certified and independent Technical Appraisers, in accordance with standards that reflect the evolution of the corresponding regional real estate markets, nature of properties, use and liquidity potential.

To a lesser extent, the amounts of gross loans from CEP, loans secured by precious metals, and of the Margin Accounts, ended the year at 12.8 and 21.8 million euros, respectively.

Total loans and advances to customers



Source: Banco Invest

Financial assets at amortised cost
Debt securities

At the end of 2022, total gross performing loans came to 666.0 million euros, of which 37.5% was securitised. In fact, the Bank has given priority to the granting of loans to medium-sized and large companies through securitised loans, considering their greater liquidity and lower raising and funding costs. Of this amount, about 34.4% was invested in public debt securities and the remainder in corporate bonds. The largest sectoral exposures were to the Mortgage Banking (12.3%), Utilities (8.9%), Energy (6.6%) and Non-Cyclical Consumption (6.1%) sectors.

Treasury and Capital Markets

Over the course of 2022, customer deposits (excluding interest payable) fell by 104.3 million euros (-14.1%) to a total of 634.2 million euros. In the capital markets, the rise in the inflation rate and in Central Bank interest rates led to sharp falls in Shares (MSCI World, -19.5%, in USD) and Bonds (Bloomberg Global Aggregate, -16.3%, in USD). The exception was commodities which, on average, ended the year with a gain of 8.7% (S&P GSCI Index, in USD), driven by the increase in Energy prices (+14.2%, S&P GSCI Energy, in USD).

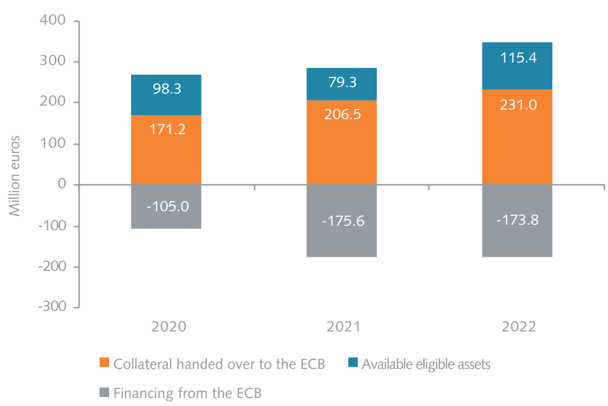
Liquidity and Funding

Since the entry into force of the Basel III rules in 2015, Banco Invest has presented a Liquidity Coverage Ratio clearly above the minimum required. Banco Invest's Liquidity Coverage Ratio in December 2022 was 169.2%, well above the legal minimum (100%).

In December 2022, Banco Invest held 346.4 million euros of net assets eligible for refinancing operations with the European Central Bank, 173.8 million euros having been drawn down on this date, with 172.6 million euros of financing from the Eurosystem still available. On the same date, deposits with the Central Bank amounted to 6.4 million euros.

These available liquid resources and the high capital ratio shown (16.9%), position Banco Invest as one of the most solid financial institutions operating in Portugal.

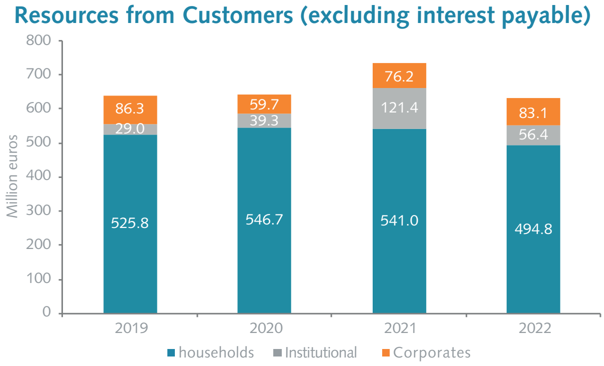
Eligible assets and funding from the ECB



Source: Banco Invest

In 2022, the funding obtained from the ECB (173.8 million euros) corresponded to funds obtained under the Target Longer-Term Refinancing Operations, launched by the ECB with the aim of promoting financing and the recovery of the economy.

Excluding interest payable, Resources from Customers declined by 14.1% to 634.2 million euros. This decrease was due to a 53.5% drop in Resources from Institutional Customers and a 8.5% fall in Resources from Private Customers, partially offset by 9.0% growth in Corporate Customers. At the end of 2022, the Private Customers segment represented about 78.0% of Resources from Customers.



Source: Banco Invest

Capital Markets

The Bank proactively manages the various market risks: equities, bonds, interest rates, exchange rates and respective derivatives.

• Equity Risk

The Bank intervenes in the equity markets through the Portfolio at Fair Value through Profit or Loss (FVTPL), according to two main approaches or strategies.

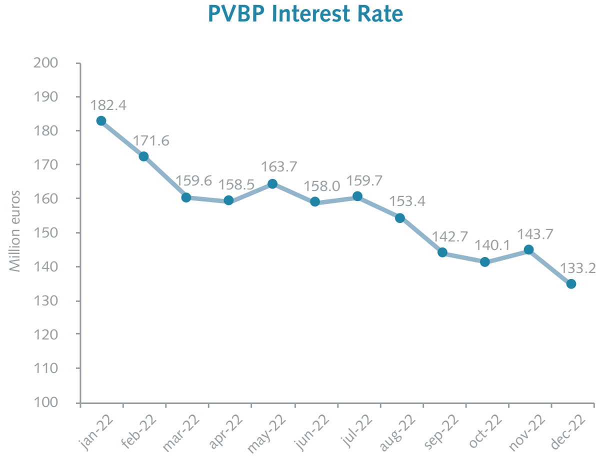
In the first approach, from a medium-term perspective, the operations undertaken are defined and approved by the Bank's Investment Committee and are based on the combination of a fundamental analysis of sectors and companies. In addition to a battery of macroeconomic and sectoral indicators, share evaluation models are used, together with a comparison of expected returns on equities and bonds.

In turn, the second approach is based on a short-term perspective, with a view to achieving a pre-established objective.

The strategies, risk limits and the trading portfolio budget are approved before the year commences by the Bank's Investment Committee, and the manager may intervene in the market, throughout the year, within the parameters previously defined.

• Interest Rate Risk of the Securities Portfolio

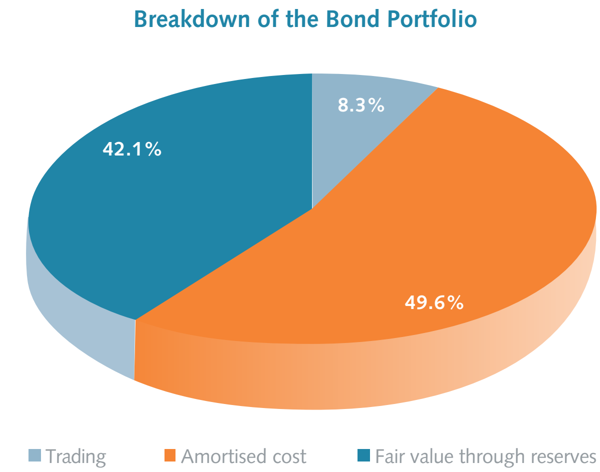
In a context of rising interest rates and bond yields throughout 2022, the average duration of the Bank's securities portfolio fell slightly, from 4.4 to 3.3 years. In turn, the interest rate risk of the securities portfolio, measured by the basis point value (BPV), decreased from EUR 182 thousand at the end of 2022 to EUR 133 thousand at the end of 2022 as a result of the strategy defined by the Board of Directors.



Source: Banco Invest

• Bond Risk

At the end of 2022, the Bank's bond portfolio came to 485.1 million euros, characterised by high geographical and sectoral diversification. The weight of sovereign debt was around 29.6% of the total portfolio, with Spanish public debt being the largest exposure to sovereign debt, representing 19.1% of the total portfolio. The Portuguese public debt saw its weight increase to 1.8% (1.4% in 2021).

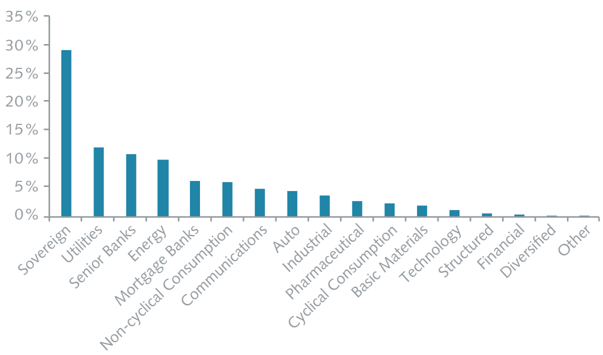


Source: Banco Invest

In geographical terms, European issuers accounted for 90.8% of the bond portfolio. In turn, the weight of emerging countries declined to 4.2% of the total, and US and Asian issuers (Australia) accounted for 4.3% and 0.6%, respectively.

On a sectoral basis, excluding public debt, the largest exposures were to the Utilities (12.3%), Senior Banking (11.2%), Energy (10.1%) and Mortgage Banking (6.4%) sectors.

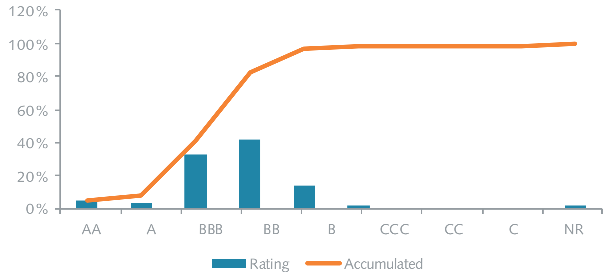
Sectoral allocation of the Bond Portfolio



Source: Banco Invest

Regarding the risk assessment of the debt securities portfolio, the Bank makes mainly use of external ratings. At the end of the year, 82.9% of the total portfolio was rated BBB or higher.

Distribution of the Bond Portfolio by credit rating



Source: Banco Invest

Distribution of the Bond Portfolio by credit rating and by type of portfolio

Rating Bonds	Portofolio				Accumulated
	Amortised cost	Fair Value Through OCI	Trading	Total	
AAA	8.7%	0.3%	-	4.5%	4.5%
AA	6.2%	0.8%	1.2%	3.6%	8.0%
A	22.7%	49.9%	6.9%	32.8%	40.8%
BBB	36.1%	46.5%	55.4%	42.1%	82.9%
BB	23.3%	0.7%	21.6%	13.6%	96.6%
B	0.9%	1.7%	3.7%	1.5%	98.0%
CCC	-	-	-	-	98.0%
CC	-	-	-	-	98.0%
C	-	-	-	-	98.0%
NR	2.1%	-	11.2%	2.0%	100,00%
Total	100.0%	100.0%	100.0%	100.0%	

Source: Banco Invest

• Foreign Exchange Risk

Foreign exchange management is essentially centred on hedging the positions in dollars, sterling and Swiss francs. In terms of balance sheet exposure, the Bank's foreign exchange activity remained low-level.

• Volatility Risk

The "Volatility Portfolio" is part of Banco Invest's own portfolio investment policy aimed at managing the market risks arising from the issue of structured products and other financial derivatives for third parties. These products can take three main forms: Structured Deposits (term deposits issued by the Bank, with guaranteed capital and remuneration indexed to one or more financial assets), Structured Products, with or without guaranteed capital, and with remuneration indexed to one or more financial assets) and Financial Derivatives (swaps and options).

As a rule, the products issued by the Bank are managed internally, within the scope of the own portfolio. This means that the Bank assumes the risk of the remuneration payable for the products, such that the correct hedging of this risk is extremely important in order to preserve the estimated margin for the products. In other words, the objective of portfolio management is the hedging of risk, ensuring that the expected margin of the products is not undermined.

Exposure limits are defined in terms of the amount used to hedge structured products and derivatives issued by the Bank, in the dynamic risk management process known as Delta Hedging. These limits are defined by the Bank's Investment Committee and reviewed annually.

At the end of 2022, the maximum expected loss of the Portfolio, with a confidence interval of 99.9% and a time horizon of 10 days, calculated by Monte-Carlo simulations, amounted to 74 thousand euros, for a Notional of 152.9 million euros. The Delta was approximately 1.7 million euros.

Volatility Portfolio

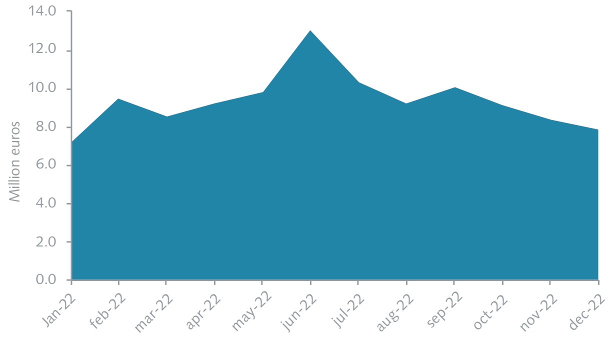
	Dec-22	Dec-21
Stress-test 10 days I 99.99%	74.724	74.237
Delta	(1.665.263)	(3.487.189)
Vega	2.092	3.376
Notional	152.877.647	155.326.266

Source: Banco Invest Amounts in euros.

• Market Risk

The Bank's trading portfolio (excluding Volatility Risk) ended with an Expected-Shortfall, with a 99% confidence interval, of 7.8 million euros. During the year, the monthly Expected Shortfall oscillated between a minimum of 7.2 million euros and a maximum of 13.0 million euros, as a result of the highly volatile environment registered throughout the year.

Expected-Shortfall of the Trading Portfolio (excluding Volatility Risk)

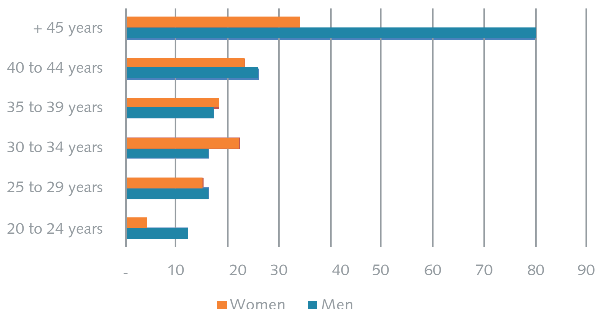


Source: Banco Invest

Human Resources

As at 31 December 2022, the Bank had 283 employees, the same as at 31 December 2021, broken down as follows:

Human Capital



Around 47% of the Employees have been with the Company for more than 5 years and around 67% of the total number of employees have an academic qualification equal to or higher than a university degree.

Environmental Responsibility

Banco Invest undertakes fundamental commitments in environmental policy through compliance with environmental legislation and other applicable requirements, a proactive attitude of pollution prevention and continuous improvement of environmental performance.

Banco Invest, through its "savings and investment" segment, presents and provides socially responsible investments in Companies that consider and incorporate environmental, social and governance factors in their investment decisions. The Invest Trends - Sustainability funds are made up of companies that reflect environmental concerns and promote a sustainable lifestyle. In terms of the Risk Framework, the Bank has included in its risk policy and respective risk matrices to be in force from 2022 onwards, a set of indicators relating to ESG, which include environmental risk indicators to be monitored. The evolution of these indicators will be analysed periodically.

Since 2022, Environmental Risk monitoring indicators have been integrated, such as: The monitoring of the evolution of the number of active digital customers in the Bank; the consumption of paper in the Bank's premises; the monitoring of investments in environmentally conditioned and/or prohibited sectors both for the Bank's own portfolio and for the issue of structured products to customers.

6. Transactions with members of the Board of Directors and Supervisory Board

The Legal Framework of Credit Institutions and Financial Companies forbids the Bank from granting credit to members of its governing or supervisory bodies, or to its related parties, either directly or indirectly, under any form, including the provision of guarantees.

However, the above does not apply to transactions of a social nature or purpose or arising from the personnel policy, as well as to loans granted as a result of the use of credit cards associated with the deposit account, under similar conditions to those practised with other customers of a similar profile and risk.

As at 31 December 2022, the balances under the Assets item with reference to members of the Board of Directors and Supervisory Board are related to a loan granted to a member of the Board of Directors, under the personnel policy, of a total amount 219.275 euros.

The members of the Board of Directors or of the Supervisory Board, executive officers and other employees of the Bank may not intervene in the assessment and decision of operations in which the interested parties are, directly or indirectly, themselves, their spouses, or persons with whom they live in a de facto union, relatives, siblings or first-degree relations, or legal persons, even if not legally incorporated, associations without legal personality, special committees, civil companies or condominiums over which they may exercise a dominant influence or in which they hold a stake equal to or greater than 2%.

Principles relating to transactions with related parties

The Bank applies the following rules in transactions with related parties:

(a) Transactions are always subject to prior analysis by the Compliance Department and the Risk Management Department, which issue the respective written opinions;

(b) The transactions are subsequently reviewed by the Supervisory Board, which also issues a prior written opinion;

(c) The Board of Directors, after having obtained the prior opinions of the compliance function and the risk management function and of the Supervisory Board, shall ensure that transactions are carried out at arm's length and are approved by at least two-thirds of its members.

7. Risk Control

The risk strategy is reviewed annually and defines the principles and limits for the management of the different risks arising from the Bank's activity, which are formalised in its overall risk appetite.

Risk control is assumed at the highest levels at Banco Invest, with all risk limits – market, credit, liquidity and operational – defined and approved by the Bank's Board of Directors. Furthermore, there are five functional bodies - the Investment Committee, ALCO Committee, Credit Committee, IT Committee, Investment and Asset Management Committee, Rating Committee, and Product Committee - that work together to control approval processes, procedures and information circuits established in advance, ensuring compliance with the limits set by the Board of Directors.

Autonomously, according to the requirements set out in Notice 3/2020 of Banco de Portugal, there is also the risk control function, regarding which the person responsible reports directly to the Board of Directors, focusing its activity, among others, on the preparation of audits regarding the compliance of the risk models used by the Bank in different business areas and the verification of the adequacy of the same models in the valuation and mitigation of risks, according to the risk policies issued by the Board of Directors.

The risk control system developed at Banco Invest allows monitoring and continually assessing the risk of each functional area through risk matrices that ensure the timely prevention of unwanted situations for the Bank and the immediate adoption of corrective measures, if any unwanted situations are detected at a later stage.

The aim of the implemented system is to cover all Bank products, activities, processes and systems in order to permit the identification and prioritisation of all the material risks and the documentation of the associated assessment, follow-up and control processes.

The Risk Management process also involves the systematic monitoring of the size and composition of the Bank's assets and liabilities, which can change according to the activities of the customers and market conditions.

Additionally, there is a Risk Committee consisting of the non-executive members of the Board of Directors and a member of the Supervisory Board, whose primary mission is to advise the Board of Directors on risk tolerance and risk management strategy.

There is also an ICAAP Model Validation and Monitoring Committee whose main responsibilities are: i) to monitor and confirm the validity of the ICAAP models and analyse their suitability to reality and in accordance with the regulatory requirements in force; ii) to propose to the BD changes to the models and respective methodologies; iii) whenever necessary, to propose to the BD the outsourcing of the external validation of models; and iv) to monitor the models taking into account the provisions of the ICAAP Model Validation Policy.

Market Risk

Market risk control is designed to assess and monitor the potential devaluation of the Bank's assets, and the consequent reduction of profits, caused by an adverse movement of the market values of financial instruments, interest rates and/or exchange rates.

The Bank's securities portfolios are segmented according to investment objectives and their accounting treatment. The Bank calculates and monitors the market risk of all the portfolios it holds, defining risk limits per portfolio, considering the potential impacts of each one, both on results and on equity.

Management rules subject each portfolio to restrictions in terms of size, composition, assets and risk levels. Risk limits are defined for credit exposure - concentration by country, activity segment and rating - as well as in terms of market and liquidity.

Additionally, thresholds are defined for internal capital requirements calculated under the models used in the Internal Capital Adequacy Assessment Process (ICAAP).

For assessment and quantification of market risk the bank uses the following indicators:

- Expected-Shortfall, estimating for the trading portfolio, with a confidence interval of 97.5%, the expected loss in a bad period, that is, the value of the expected loss whenever this is greater than the VaR value.

- Present Value of Basis Point (PVBP) calculation, which determines potential losses in the Bank's results caused by a one-basis point change in interest rates.

- Economic value of the Banking portfolio, which is determined as the net fair value of the assets and liabilities in the balance sheet, sensitive to the interest rate and the fair value of the items. In addition, the Bank resorts to the periodic undertaking of stress tests, which involve the simulation of adverse historical and/or hypothetical scenarios for each portfolio and a sensitivity analysis based on changes in various factors, to measure the impact on assets, results and solvency. The stress tests are also an integral part of the annual assessment of the ICAAP, in order to assess its suitability to the development of economic activity. An example of this is assessing the sensitivity of the economic value of assets, liabilities and off-balance sheet items sensitive to interest rate changes resulting from hypothetical parallel and non-parallel shocks to interest rate curves.

Overall trading risks are kept in check using diversification strategies by asset class, bearing in mind the correlation between several markets and assets.

The Investment Committee is responsible for setting exposure limits for the Bank's own portfolio, monitoring the management performance of the trading portfolios and defining investment guidelines. On a daily basis the Risk Management Department reports on the evolution of the Expected-Shortfall of the trading portfolio and on a monthly basis the other internal capital requirement calculation models.

Monthly concentration limits by market, by asset, by sector and by rating notation, proposed by the Investment Committee and approved by the Board of Directors, are monitored and reported by the Accounting and Control Department (Middle Office Area).

All these indicators are additionally present in the risk matrices of the Risk Management Department and are permanently analysed by this Department, with quarterly meetings being held with the Board of Directors and the Supervisory Board in order to assess their evolution and take measures to mitigate the risks, if necessary.

Credit Risk

Credit risk control involves assessing the degree of uncertainty and monitoring the possibility of a loss caused by the customer/counterparty's breach of its contractual obligations towards the Bank. Credit risk assumes a special purpose in banking activity, not only due to its materiality, but because of its connection with other risks as well.

In the loan granting activity, aimed at guaranteeing the correct determination of the risk profile of operations, the analysis and decision process passes through the autonomous opinions of the Credit Risk Analysis Area, the Credit Department and at least two executive members of the Bank´s Board of Directors, being supported by a battery of external and internal information elements considered relevant to the substantiated decision of any loan proposal.

The consistency of the collateral is determined by systematic assessments conducted by duly certified external technicians, subject to regular periodic reassessments. The integrity of the said collateral is safeguarded by insurance policies, covering common risks, whose sufficiency in terms of capital and validity is permanently monitored by the Bank.

The impairments of the loan portfolio are calculated monthly, based on a collective analysis of the loan portfolio, and on the individual analysis of the larger loans and those that are in default. The impairment in the loans subject to collective analysis is calculated based on a proprietary model, duly validated by the external auditors, which estimates the probabilities of default and the amount of expected losses, based on information relative to the portfolio's past behaviour.

Effort tests, in accordance with Banco de Portugal rules, are also conducted periodically on the loan portfolio, with the aim of analysing the impact on the Bank's accounts of the adverse movement of some variables considered as sensitive, namely the default rate, interest rate and real estate market prices.

The credit risk of the securities portfolio is calculated and monitored based on the Credit Value-at-Risk methodology. Through this model, the maximum expected loss is calculated, resulting from the occurrence of defaults in the portfolio. The maximum loss is calculated based on the historical probabilities of default and recovery rate (loss given default) obtained from the main rating agencies in securities with a similar credit risk rating to those held in portfolio.

Within the scope of the concentration of credit risk, overall analyses of the portfolio (securitised credit and non-securitised credit) are undertaken, measuring exposure by sector of activity and the greatest individual exposures.

On a monthly basis, the Risk Management Department calculates and reports the internal capital requirements related to Credit Risk (Securitised and Unsecuritised Portfolio, Counterparty, Concentration).

In addition, regarding counterparty credit risk, on a daily basis, the Accounting and Control Department assesses the liabilities of each functional area towards its counterparties and confirms compliance with the established limits and the levels of authorisation used in approving transactions.

Liquidity Risk

Liquidity risk control is designed to evaluate and monitor the possibility of a loss stemming from the Bank's inability, at a given time, to finance its assets in order to meet its financial commitments on the scheduled dates.

Liquidity risk is evaluated on the basis of the assets and liability tables that allow the Bank's cash flow to be monitored and its cash requirements over a forecasting period of five years to be determined. Mismatch analyses and stress tests are undertaken to determine safe liquidity levels to cope with unexpected events.

To finance its short-term business and to ensure liquidity management with adequate safety margins, the Bank has interbank money market facilities and securities contango facilities negotiated with several banks, in addition to its growing customer fund attraction capacity. There is also a definition of the list of authorised counterparties and their approved exposure limits.

The ALCO Committee monitors the Bank's liquidity, defines funding policies and strategies and reviews the Institution's Solvency Ratio.

The Risk Management Function collaborates with the Board of Directors in defining the liquidity risk policy and liquidity risk appetite and in defining and monitoring liquidity risk indicators.

Operating Risk

Operating risk arises from the probability of there being losses resulting from the inadequacy or failure of internal procedures, systems, people or from external events.

The aim of controlling operating risk is to prevent possible failures in the Bank's internal control system that may give rise to fraud or unauthorised transactions, as well as avoid the possibility of the results of the Bank being negatively affected by the occurrence of an event that is not inherent to its activity.

Banco Invest's business is subject to several prevention and control mechanisms to mitigate the risk of the occurrence of losses of an operational nature, among which the following are worthy of mention:

- Code of Conduct and Internal Regulations of the Bank;
- Internal Regulations;
- Physical and logical access controls;
- Reports of exceptions;
- Business continuity plan.

The Bank has internal procedures that define the scope of responsibility of each area involved in the daily operation of the institution, the circuits of information and deadlines to be met, mitigating the possibility of the occurrence of operating losses.

The process of recording and monitoring operational risk events is defined in the Procedures Manual for the management of operational risk events. The Bank has a database for recording reported and detected events that is permanently monitored by the Risk Management Department. Management information on these events is analysed quarterly by the Bank's management and supervisory bodies.

In addition, in accordance with its Activity Plan, the Internal Audit Department carries out audits to evaluate the control systems implemented to ensure compliance with Internal Regulations and reduce the likelihood of mistakes in recording and accounting the various operations.

8. Future Prospects

Throughout 2023, the Bank will remain committed to improving the levels of efficiency and quality of services provided, while remaining close to customers and complying with all regulatory standards.

In order to improve the user experience of our customers we will begin the development of a new website in 2023.

To meet environmental challenges and reduce carbon emissions, the Bank will incorporate sustainability criteria and criteria for the monitoring of climate risks into its business policies and strategies, including in the areas of loan granting and investment.

The Bank will strengthen investment in digitalisation, automating back-office and front-office processes, reducing the number of interveners in the processes and shortening their execution time.

A slowdown in economic activity is forecasted for 2023 as a result of the successive increases in interest rates made by Central Banks in order to reduce the inflation rate. In its Economic Bulletin of the end of 2022, Banco de Portugal estimates a GDP growth of 1.5% for 2023, compared to 6.2% in 2022, and predicts that the inflation rate will remain high and above the 5% level (5.8%, as measured by the HICP).

Taking into consideration the above framework, the Bank has incorporated in 2022 in its impairment models a worsening of economic conditions, thus anticipating the impact of a possible deterioration in credit risk. With regard to interest rate risk, the Bank has reduced its exposure to this risk in the securities portfolio throughout 2022 and is comfortable with its exposure in light of the outlook for 2023.

9. Subsequent events

To date, the following events with an impact on the Bank's business have occurred:

Incorporation of the entity Bicredit, Sociedade Financeira de Crédito, SA on 2nd of january of 2023. This financial institution will be specialised in granting consumer credit, namely auto loans.

In 2016, the Bank began providing financing to private customers for the acquisition of used vehicles, through a partnership with a number of minority partners with experience in the sector. Under authorisation from Banco de Portugal, Bicredit, Sociedade Financeira de Crédito, SA, was incorporated on 2nd of january of 2023, to incorporate the used car financing business carried on by Banco Invest. Banco Invest owns 81% of this new company.

Bicredit, Sociedade Financeira de Crédito, SA is registered with the Commercial Registry Office of Lisbon under the single registration number 517 263 157, with the legal entity identifier (LEI Code) 5299004W8FKOCM5RT537 and its head office is at Avenida Engenheiro Duarte Pacheco, Torre 1 - 12º andar, 1070-101 Lisboa. Bicredit, Sociedade Financeira de Crédito, SA is an institution registered with Banco de Portugal under code 0344.

10. Net Income and its Appropriation

The financial year's accounts reflect the business carried on by Banco Invest within the established guidelines and its effects on the balance sheet and on results. The financial statements have been externally audited by a prestigious firm of auditors which has issued an opinion thereon and is presented hereunder.

Consolidated net income came to 17.162.313.00 euros.

Individual net income came to 17.159.313.73 euros. It is proposed that this amount be appropriated as follows:

Free Reserves....................................17.159.313.73 euros

11. Acknowledgements

The Board of Directors of Banco Invest would like to take this opportunity to extend its appreciation and gratitude:

- To all our Customers for their preference and trust, which constitute the Bank's greatest encouragement in confronting the challenges it faces;
- To Banco de Portugal and the Securities Market Commission for their attention given to the Bank;
- To the Board of the General Meeting, and its Chairman in particular, for the availability shown in the performance of such important duties;
- To the Supervisory Board and the Firm of Statutory Auditors, for their cooperation and support in the management of the Bank's business;
- To those employees who, with a sense of responsibility and a spirit of dedication, have worked hard to achieve the established goals with full regard for the ethical, human and corporate values assumed and shared within the organisation.

Lisbon, 28 March 2023

The Board of Directors

4. Financial Stetements

Consolidated income statement for the year ended 31 December 2022

(Amounts in euros)

	Notes	2022	2021 Restated
Interest and similar income		45.260.036	40.038.307
Interest and similar charges		(8.359.028)	(8.435.963)
NET INTEREST INCOME	3	**36.901.008**	**31.602.344**
Net fees and commissions income	4	15.043.479	14.266.301
Gains / (losses) on financial operations at fair value through profit or loss		(6.896.163)	5.109.352
Foreign exchange gains / (losses)		1.478.436	1.623.293
Gains / (losses) on hedge accounting	5	1.365.066	(200.524)
Income from financial assets at fair value through other comprehensive income		(377.043)	379.926
Income from sales of other assets	6	3.503.164	403.814
Other operating income / (losses)	7	341.935	501.981
TOTAL OPERATING INCOME		**51.359.882**	**53.686.487**
Staff costs	8	(13.230.441)	(12.536.944)
Other administrative costs	9	(8.023.731)	(7.315.663)
Depreciations and amortisations	10	(1.915.148)	(1.563.974)
TOTAL OPERATING EXPENSES		**(23.169.320)**	**(21.416.581)**
OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS		**28.190.562**	**32.269.906**
Impairment of financial assets at amortised cost	11	(5.525.200)	(3.833.804)
Impairment of financial assets at fair value through other comprehensive income	12	(35.980)	(3.471)
Impairment of other assets	13	(123.106)	118.186
Other provisions	14	(2.460.414)	(1.804.483)
NET OPERATING INCOME		**20.045.862**	**26.746.334**
Share of profit of associates accounted for using the equity method	15	102.542	-
INCOME BEFORE TAXES		**20.148.404**	**26.746.334**
Income taxes			
Current	29	(2.383.241)	(6.185.652)
Deferred	30	(530.346)	(1.541.967)
NET INCOME AFTER INCOME TAXES		**17.234.817**	**19.018.715**
Net income for the year attributable to:			
Bank's Shareholders		17.162.313	18.936.961
Non-controlling interests	41	72.504	81.754
NET INCOME FOR THE YEAR		**17.234.817**	**19.018.715**

The Notes are an integral part of these financial statements

Consolidated statement of comprehensive income for the year ended 31 December 2022

(Amounts in euros)

	2022	2021
Consolidated net income / (loss)	**17.162.313**	**18.936.961**
Items that may be reclassified to the income statement		
Revaluation reserves of financial assets at fair value through other comprehensive income:		
Revaluation of financial assets at fair value through other comprehensive income	(16.702.158)	(2.302.812)
Impact on taxes	4.296.796	644.495
Transfer to profit or loss due to impairment	35.980	3.471
Impact on taxes	(9.355)	(902)
Transfer to profit or loss due to disposal	377.043	(379.926)
Impact on taxes	(98.031)	98.781
	(12.099.725)	**(1.936.893)**
Items that will not be reclassified to the income statement		
Revaluation reserves of financial assets at fair value through other comprehensive income:		
Revaluation of financial assets at fair value through other comprehensive income	(143.268)	3.400
Fiscal impact	37.250	(884)
Result not recognised in the income statement	**(106.018)**	**2.516**
Comprehensive consolidated income before non-controlling interests	**4.956.570**	**17.002.584**
Non-controlling interests	72.504	81.754
Consolidated comprehensive income	**5.029.074**	**17.084.338**

The Notes are an integral part of these financial statements

Consolidated balance sheet as at 31 December 2022

(Amounts in euros)

	Notes	31 December 2022	31 December 2021 Restated	1 January 2021
ASSETS				
Cash and deposits at Central Banks	17	31.172.573	127.509.487	42.722.541
Loans and advances to credit institutions repayable on demand	18	20.690.409	24.505.278	20.351.813
Financial assets at amortised cost				
Loans and advances to credit institutions	21	997.400	695.730	968.068
Loans and advances to customers	22	420.124.250	413.379.017	401.376.720
Debt securities		248.993.293	299.339.670	243.060.871
Financial assets at fair value through profit or loss				
Financial assets held for trading	19	34.781.503	42.455.792	39.971.859
Financial assets not held for trading mandatorily at fair value through profit or loss		17.432.208	14.607.405	19.837.835
Hedging derivatives	23	-	361.023	-
Financial assets at fair value through other comprehensive income	20	190.990.326	151.950.571	126.064.925
Investments in subsidiaries, associated companies and joint ventures	24	25.042	12.500	12.500
Non-current assets held for sale	26	5.586.373	7.067.651	8.048.186
Investment properties	25	6.271.600	6.151.623	5.883.931
Other tangible assets	27	5.781.176	6.274.453	6.491.480
Intangible assets	28	725.195	467.677	403.426
Current tax assets	29	2.217.213	-	-
Deferred tax assets	30	5.767.373	3.235.556	4.431.742
Other assets	31	5.718.148	6.090.850	4.813.018
Total Assets		**997.274.082**	**1.104.104.283**	**924.438.915**
LIABILITIES				
Financial liabilities at amortised cost				
Resources at Central Banks	32	173.826.422	175.567.747	105.000.000
Resources from credit institutions	34	7.257.569	561.689	251.093
Resources from customers and other loans	35	635.667.852	738.505.535	648.080.017
Non-subordinated debt securities issued		-	-	-
Financial liabilities at fair value through profit or loss				
Financial liabilities held for trading	33	210.360	338.274	239.905
Hedging derivatives		-	-	8.698
Provisions	36	6.790.554	4.330.139	2.525.657
Current tax liabilities	28	252.425	2.476.902	2.317.093
Deferred tax liabilities	29	-	1.164.498	1.560.205
Other liabilities	37	23.884.177	23.693.962	22.235.047
Total Liabilities		**847.889.359**	**946.638.746**	**782.217.715**
EQUITY				
Share capital	38	47.500.000	58.500.000	59.500.000
Revaluation reserves	39	(9.972.400)	2.233.343	4.167.720
Other reserves and retained earnings		93.505.819	76.523.747	77.363.747
Net income for the year attributable to the Bank's shareholders		17.162.313	18.936.961	-
Total equity attributable to the Bank's shareholders		**148.195.732**	**156.194.051**	**141.031.467**
Non-controlling interests	41	1.188.991	1.271.486	1.189.733
Total Equity		**149.384.723**	**157.465.537**	**142.221.200**
Total Liabilities and Equity		**997.274.082**	**1.104.104.283**	**924.438.915**

The Notes are an integral part of these financial statements

Consolidated statement of changes in equity for the year ended 31 December 2022

(Amounts in euros)

		Revaluation reserves			Other reserves and retained earnings						
	Share capital	Fair value reserves	Deferred taxes	Total	Legal reserve	Other reserves and retained earnings	Total	Net income for the year attributable to the Bank's shareholders	Shareholders' equity attributable to the Bank's shareholders	Non-controlling interests (Note 41)	Total
Balances as at 31 December 2020	**59.500.000**	**5.632.054**	**(1.464.334)**	**4.167.720**	**8.341.102**	**54.720.518**	**63.061.620**	**13.834.770**	**140.564.110**	**1.121.700**	**141.685.810**
Change in accounting policy (Note 2.2)	-	-	-	-	-	**467.357**	**467.357**	-	**467.537**	**68.033**	**535.390**
Balances as at 1 January 2020 restated	**59.500.000**	**5.632.054**	**(1.464.334)**	**4.167.720**	**8.341.102**	**55.187.875**	**63.528.977**	**13.834.770**	**141.031.467**	**1.189.733**	**142.221.200**
Appropriation of profit for 2020											
Appropriation of profit/ (loss)	-	-	-	-	1.297.428	12.537.342	13.834.770	(13.834.770)	-	-	-
Comprehensive income for 2021	-	(2.675.868)	741.491	(1.934.377)	-	-	-	18.936.961	17.002.584	81.754	17.084.338
Distribution of reserves to shareholders	-	-	-	-	-	(840.000)	(840.000)	-	(840.000)	-	(840.000)
Remission of shares	(1.000.000)	-	-	-	-	-	-	-	(1.000.000)	-	(1.000.000)
Balances as at 31 December 2021	**58.500.000**	**2.956.186**	**(722.843)**	**2.233.343**	**9.638.530**	**66.885.217**	**76.523.747**	**18.936.961**	**156.194.051**	**1.271.487**	**157.465.538**
Appropriation of profit for 2021											
Appropriation of profit/ (loss)	-	-	-	-	1.297.428	17.639.533	18.936.961	(18.936.961)	-	-	-
Comprehensive income for 2022	-	(16.432.403)	4.226.660	(12.205.743)	-	-	-	17.162.313	4.956.570	72.504	5.029.074
Transfer to reserves	-	-	-	-	-	(146.000)	(146.000)	-	(146.000)	-	(146.000)
Distribution of reserves to shareholders	-	-	-	-	-	(1.808.889)	(1.808.889)	-	(1.808.889)	(155.000)	(1.963.889)
Remission of shares	(11.000.000)	-	-	-	-	-	-	-	(11.000.000)	-	(11.000.000)
Balances as at 31 December 2022	**47.500.000**	**(13.476.217)**	**3.503.817**	**(9.972.400)**	**10.935.958**	**82.569.861**	**93.505.819**	**17.162.313**	**148.195.732**	**1.188.991**	**149.384.723**

The Notes are an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2022

(Amounts in euros)

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES:		
Income from interest and commissions	60.788.858	56.926.783
Payment of interest and commissions	(12.483.897)	(13.234.440)
Payments to staff and suppliers	(21.250.017)	(19.646.091)
Payments of short-term and low-value leasing	(316)	(5.106)
Income tax (payable)/receivable	(6.839.164)	(5.817.816)
Other payments related to the operating activity	1.131.302	862.486
Operating income before changes in operating assets	**21.346.766**	**19.085.816**
(Increases) / reductions in operating assets:		
Financial assets at fair value through profit or loss	(2.712.733)	(54.828)
Dividends received	927.688	6.641.671
Financial assets at fair value through other comprehensive income	(56.000.748)	(27.396.538)
Loans and advances to credit institutions	(300.000)	-
Financial assets at amortised cost	40.290.538	(71.730.679)
Non-current assets held for sale	1.714.306	1.188.991
Other assets	917.792	(1.390.577)
	(15.163.157)	**(92.741.960)**
Increases / (reductions) in operating liabilities:		
Resources from central banks	-	71.510.000
Resources from other credit institutions	6.692.821	310.596
Resources from customers	(102.426.300)	90.959.120
Other liabilities	4.509.685	4.150.523
	(91.223.794)	**166.930.239**
Cash net of operating activities	**(85.040.185)**	**93.274.095**
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase and sale of tangible and intangible assets	(1.189.233)	(1.353.646)
Dividends from financial holdings	90.000	-
Cash net of investment activities	**(1.099.233)**	**(1.353.646)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Distribution of reserves to shareholders	(1.808.889)	(840.000)
Remission of shares	(11.000.000)	(1.000.000)
Payments related to lease liabilities	(1.144.556)	(1.141.936)
Cash net of financing activities	**(13.953.445)**	**(2.981.936)**
Net increase / (decrease) in cash and cash equivalents	(100.092.863)	88.938.513
Cash and cash equivalents at the beginning of the year	152.021.640	63.083.127
Cash and cash equivalents at the end of the year	51.928.777	152.021.640
	(100.092.863)	**88.938.513**

The Notes are an integral part of these financial statements

5. Notes to the Financial Statem

1. INTRODUCTORY NOTE

Banco Invest, S.A. (Group, Bank or Banco Invest) is a limited liability company with its registered office in Lisbon. The Bank was incorporated on 14 February 1997 under the name Banco Alves Ribeiro, S.A., and started trading on 11 March 1997. The incorporation of the Bank was authorised by Banco de Portugal on 4 December 1996. The Bank changed its name to its current designation on 16 September 2005.

The deed of merger by incorporation of Probolsa – Sociedade Corretora , S.A. into the Bank was executed on 22 December 2004. (Probolsa). In the wake of this process, the merged company was wound up and all its rights and obligations were transferred to the Bank. For accounting purposes, the merger took effect on 1 January 2004, with the Probolsa assets and liabilities having been transferred to the Bank on the basis of their net book value as at that date.

The Bank is registered with the Commercial Registry Office of Lisbon under the single number 503 824 810, with legal entity identifier (LEI Code) 529900GZL0HS66P9SW37 and head office at Avenida Engenheiro Duarte Pacheco, Torre 1 - 11º andar, 1070-101 Lisboa.

The Bank is 99.59% owned by Alves Ribeiro - Investimentos Financeiros, Sociedade Gestora de Participações Sociais, S.A., and its financial statements are consolidated using the global integration method.

The corporate object of the Bank is to undertake financial transactions and to provide related services with such latitude as the law allows. It is primarily engaged in the asset management, capital markets, and loan and development capital business.

The Bank has six branches, located in Lisbon, Oporto, Leiria and Braga.

As indicated in Note 24, the Bank holds all the share capital of Invest Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (Invest Gestão de Activos). This company was incorporated on 11 February 1998 and its corporate object is the management of mutual funds on behalf of the participants.

The consolidated financial statements with reference to 31 December 2022 were approved by the Board of Directors on 28 February 2023 and are presented in euros.

The Bank's financial statements with reference to 31 December 2022 are pending approval by the General Meeting. The Board of Directors believes, however, that the financial statements will be approved without any significant changes.

2. ACCOUNTING POLICIES

2.1.1. Basis of Presentation

The Bank's consolidated financial statements have been prepared on a going concern basis.

Under the provisions of Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 and Banco de Portugal Notice 1/2005, the Bank's financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) from the financial year 2016. IFRS comprise standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

2.1.2. Consolidation principles

The consolidated financial statements include the accounts of Banco Invest and the entities it directly or indirectly controls (Note 50), including special purpose entities.

Under the requirements of IFRS 10, the Bank considers that it exercises control when it is exposed or holds rights to the variable returns generated by a specific entity (designated as a "subsidiary") and has the ability, through its power over and the ability to direct the relevant activities of the entity, to affect the amount of its returns (de facto power).

The consolidation of the accounts of subsidiaries employed the full integration method, with significant transactions and balances between the companies in the consolidation being eliminated. In addition, consolidation adjustments have been made where applicable to ensure the consistent application of the Group's accounting criteria.

Third party shareholdings in subsidiaries are recorded in the "Non-controlling interests" item under equity.

The consolidated profit is the aggregation of the net income of Banco Invest and its subsidiaries, in proportion to the effective shareholding, after consolidation adjustments, that is, the elimination of dividends received and gains or losses arising from transactions between companies included in the consolidation.

2.2. Comparability of information

The Bank adopted IFRS and interpretations of mandatory application for the financial years beginning on or after 1 January 2022. The accounting policies have been applied in the Bank and are consistent with those used in the preparation of the previous year's financial statements.

The financial statements were prepared under the historical cost convention, modified by the application of the fair value accounting to derivative financial instruments, financial assets and financial liabilities recognised at fair value through profit or loss and assets at fair value through other comprehensive income. Financial assets and financial liabilities that are hedged under hedge accounting are stated at fair value in respect of the risk that is being hedged, when applicable.

The preparation of financial statements in accordance with IFRS requires the Board of Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances and form the basis for judgements regarding the carrying amounts of assets and liabilities whose valuation is not evident from other sources. Actual results may differ from estimates. The issues involving a higher degree of judgement or complexity, or where assumptions and estimates are considered to be significant, are presented in the accounting policy described in Note 2.22.

The Group used the Cost Model to measure the Investment properties until 2021. To standardise its accounting policies with the management of the real estate properties, the Group changed the accounting policy to the Fair Value Model.

In these circumstances, for the consolidated accounts the Bank has restated the accounts for the year 2021 to allow comparability between the year 2021 and the year 2022, as shown in the following table:

	1 January 2021	restatement	1 January 2021 (restated)
ASSETS			
Non-current assets held for sale	9.138.823	(1.090.637)	8.048.186
Investment properties	4.069.796	1.814.137	5.883.933
Deferred tax assets	4.619.850	(188.110)	4.431.740
EQUITY	141.685.810	535.390	142.221.200
of which change in accounting policy	-	535.390	535.390

The investment properties include all the real estate properties of the Tejo Fund and the non-current assets held for sale include the real estate properties owned by Banco Invest and received as payment in kind for credit default.

The balances included in the financial statements relative to 31 December 2021 are presented exclusively for comparative purposes.

2.3. Conversion of foreign currency balances and transactions

The Bank's accounts are prepared in accordance with the currency used in the economic sphere of operation (termed "operating currency"), that is, the Euro.

Transactions in foreign currency are recorded based on exchange rates on the date of the transaction. Assets and liabilities expressed in foreign currency are converted into euros at the exchange rate displayed on each balance sheet date.

Exchange rate differences arising from currency conversion are shown in the profit or loss for the year, except where they arise from non-monetary financial instruments, such as equities, classified at fair value through other comprehensive income, which are recorded under equity until they are sold.

2.4. Financial instruments

a) Financial Assets

1. *Classification, initial recognition and subsequent measurement*

At initial recognition, financial assets are classified into one of the following categories:
i) Financial assets at amortised cost;
ii) Financial assets at fair value through other comprehensive income; and
iii) Financial assets at fair value through profit or loss.

Classification is carried out taking into account the following aspects:
- the business model defined for the management of the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Business Model Evaluation

With reference to 1 January 2018, the Bank carried out an evaluation of the business model in which financial instruments are held at the portfolio level, since this approach reflects the best way in which assets are managed and how that information is made available to the management bodies.

Financial assets held for trading and financial assets designated at fair value through profit or loss are measured at fair value through profit or loss because they are not held either for the collection of contractual cash flows nor for the collection of contractual cash flows and sale of those financial assets.

Assessment of whether the contractual cash flows correspond only to the receipt of principal and interest (SPPI - Solely Payment of Principal and Interest)

For the purposes of this evaluation:
- "principal" is defined as the fair value of the financial asset at initial recognition;
- "interest" is defined as the counterpart for the time value of money, for the credit risk associated with the amount outstanding over a given period of time and for other risks and costs associated with the activity (e.g. liquidity risk and administrative costs), as well as a profit margin ("spread").

In evaluating the financial instruments in which contractual cash flows refer exclusively to the receipt of principal and interest, the Bank considered the original contractual terms of the instrument. This evaluation includes the analysis of the existence of situations in which the contractual terms may modify the periodicity and amount of cash flows so that they do not comply with the SPPI - Solely Payments of Principal and Interest. In the evaluation process, the Bank took into consideration:
- contingent events that may change the periodicity and amount of cash flows;
- characteristics that result in leverage;
- prepayment and maturity extension terms;
- terms that may limit the Bank's right to claim cash flows in relation to specific assets (e.g. contracts with clauses that prevent access to assets in case of default - "non-recourse asset"); and
- characteristics that may change the compensation for the time value of money.

In addition, a prepayment is consistent with the SPPI criterion, if:
- the financial asset is acquired or originated with a premium or discount to its contractual nominal value;
- the prepayment represents substantially the nominal amount of the contract plus accrued but unpaid contractual interest (may include reasonable compensation for prepayment); and
- the fair value of the prepayment is insignificant at initial recognition.

i) Financial assets at amortised cost;

A financial asset must be measured at amortised cost if it meets both of the following conditions:
- The financial asset is held within the framework of a business model whose primary objective is to hold assets to collect their contractual cash flows; and
- The contractual cash flows arise on specific dates and correspond only to principal repayments and interest payments on the outstanding principal (SPPI).

This category includes:
- Loans and advances to credit institutions;
- Loans and advances to customers;
- Debt securities - managed based on a business model whose purpose is to receive their contractual cash flows (government bonds, corporate bonds and commercial paper).

Investments in credit institutions and loans and advances to customers are recognised on the date the funds are made available to the counterparty (settlement date). Debt securities are recognised on the trade date, i.e. the date on which the Bank commits to acquiring them.

Financial assets at amortised cost are initially recorded at fair value plus costs directly attributable to the transaction and subsequently measured at amortised cost. In addition, they are subject, from their initial recognition to the measurement of impairment losses.

Interest on financial assets at amortised cost is recognised under "Interest and similar income" based on the effective interest rate method.

Gains or losses generated at the time of derecognition are recorded under "Gains/(losses) on derecognition of financial assets and liabilities at amortised cost".

ii) Financial assets at fair value through other comprehensive income;

A financial asset must be measured at fair value through other comprehensive income if it meets both of the following conditions:
- The financial asset is held within the framework of a business model whose objective is the collection of contractual cash flows and the sale of that financial asset; and
- The contractual cash flows arise on specific dates and correspond only to principal repayments and interest payments on the outstanding principal (SPPI).

In addition, at initial recognition of an equity instrument, which is neither held for trading nor a contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies, the Bank may irrevocably elect to classify it under "Financial assets at fair value through other comprehensive income" (FVOCI). This option is exercised on a case-by-case, investment-by-investment basis and is only available for financial instruments that comply with the definition of equity instruments provided for in IAS 32 and may not be used for financial instruments whose classification as an equity instrument under the scope of the issuer is made under the exceptions provided for in paragraphs 16A to 16D of IAS 32.

Debt instruments at fair value through other comprehensive income are initially recorded at fair value, plus transaction costs, and subsequently measured at fair value. Changes in the fair value of these assets are recorded against other comprehensive income and, at the time of their disposal, the respective accumulated gains or losses in other comprehensive income are reclassified to a specific profit or loss item. In addition, they are subject, from their initial recognition to the measurement of impairment losses.

Equity instruments at fair value through other comprehensive income are initially recognised at fair value, plus transaction costs, and subsequently measured at fair value. Changes in the fair value of these financial assets are recorded against other comprehensive income. Dividends are recognised in profit or loss when the right to receive them is attributed.

No impairment is recognised for equity instruments at fair value through other comprehensive income, with the respective accumulated gains or losses recorded in changes in fair value being transferred to retained earnings at the time of derecognition.

iii) Financial assets at fair value through profit or loss.

An asset is classified in the category of "Financial assets at fair value through profit or loss" (FVPL) if the business model defined by the Bank for its management or the characteristics of its contractual cash flows do not meet the conditions described above to be measured at amortised cost, nor at fair value through other comprehensive income (FVOCI).

The Bank classified financial assets at fair value through profit or loss under the following items:

- Financial assets held for trading

The financial assets classified under this item are acquired with the purpose of short-term selling; at initial recognition they are part of a portfolio of identified financial instruments for which there is evidence of a recent pattern of short-term profit taking; or fall within the definition of a derivative (except for hedging derivatives).

- Financial assets not held for trading mandatorily at fair value through profit or loss.

This item classifies debt instruments whose contractual cash flows do not correspond only to principal repayments and interest payments on the outstanding principal (SPPI).

Considering that the transactions carried out by the Bank in the normal course of its business are in market conditions, the financial assets at fair value through profit or loss are initially recognised at fair value, with the costs or income associated with the transactions recognised in profit or loss at inception. Subsequent changes in the fair value of these financial assets are recognised in profit or loss.

The accrual of interest and the premium/discount (when applicable) is recognised under "Interest and similar income", based on the effective interest rate for each transaction, as well as the accrual of interest from derivatives associated to financial instruments classified in this category. Dividends are recognised in profit or loss when the right to receive them is attributed.

Trading derivatives with a positive fair value are included in the item "Financial assets held for trading", while trading derivatives with a negative fair value are included in the item "Financial liabilities held for trading".

2. Reclassification between categories of financial assets

Financial assets are reclassified to other categories only if the business model used in their management is changed. In this case, all affected financial assets are reclassified. Reclassification is applied prospectively from the reclassification date and therefore previously recognised gains, losses (including impairment gains or losses) or interest are not restated.

Reclassification of investments in equity instruments measured at fair value through other comprehensive income or financial instruments designated at fair value through profit or loss is not allowed.

3. Modification and derecognition of financial assets

i) The Bank derecognises a financial asset when, and only when:
  - the contractual rights to the cash flows of the financial asset expire; or,
  - it transfers the financial asset as set out in ii) and iii) below and the transfer meets the conditions for derecognition in accordance with iv).

ii) The Bank transfers a financial asset if, and only if, one of the following situations occurs:
  - it transfers the contractual rights to receive the cash flows of the financial asset; or
  - it retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions in (iii).

iii) When the Bank retains the contractual rights to receive the cash flows of a financial asset (referred to as the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (referred to as the 'final recipients'), the Bank treats the transaction as a transfer of a financial asset if, and only if, all of the following three conditions are met:
  - the Bank has no obligation to pay amounts to the final recipients unless it collects equivalent amounts arising from the original assets. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition;
  - the Bank is prohibited, by the terms of the transfer contract, from selling or pledging the original asset other than as security to the final recipients for the obligation to pay them cash flows; and,
  - the Bank has an obligation to remit any cash flows it collects on behalf of the final recipients without material delay. In addition, it is not entitled to reinvest those cash flows, except for investments in cash or cash equivalents (as defined in IAS 7 - Cash Flow Statements) during the short settlement period between the collection date and the date of required remittance to the final recipients, and interest earned on such investments is passed to the final recipients.

iv) When the Bank transfers a financial asset (see ii) above), it must assess to what extent it retains the risks and benefits arising from ownership of that asset. In this case:
   - if the Bank transfers substantially all the risks and benefits of ownership of the financial asset, it derecognises the financial asset and recognises separately as assets or liabilities any rights and obligations created or retained with the transfer;
   - if the Bank retains substantially all the risks and rewards of ownership of the financial asset, it continues to recognise the financial asset;
   - if the Bank neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset. In this case:
     a) if the Bank has not retained control, it shall derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained with the transfer;
     (b) if the Bank has retained control, it shall continue to recognise the financial asset to the extent of its continuing involvement in the financial asset.

v) The transfer of risks and benefits referred to in the preceding paragraph is evaluated by comparing the Bank's exposure, before and after the transfer, to the variability in the amounts and timing of the net cash flows resulting from the transferred asset.

vi) Whether or not the Bank has retained control (see (iv) above) of the transferred asset depends on the transferee's ability to sell the asset. If the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer, the entity has not retained control. In all other cases, the entity is deemed to have retained control.

Purchased or originated credit impairment assets

Purchased or originated credit-impaired financial assets (POCI) are assets that present objective evidence of credit impairment on initial recognition. An asset is credit-impaired if one or more events have occurred with a negative impact on the estimated future cash flows of the asset.

The following event leads to the origination of a POCI exposure: financial assets arising from a recovery process, where there have been changes to the terms and conditions of the original contract, which presented objective evidence of impairment that resulted in its derecognition and recognition of a new contract that reflects the credit losses incurred;
On initial recognition, POCIs are not impaired. Instead, lifetime expected credit losses are incorporated into the calculation of the effective interest rate. Consequently, on initial recognition, the gross book value of POCIs is equal to the net book value before being recognised as POCIs (difference between the initial balance and total discounted cash flows).

Write offs

When considering the risk of non-fulfilment, the Bank fully respects, in recognising impairment, the guidelines of Circular Letter 02/2014/DSP, replaced by Circular Letter CC/2018/00000062 of 14-11 of Banco de Portugal.

The Credit Recovery Department monitors overdue exposures that meet the requirements for classification as uncollectable and drafts a classification proposal and prepares the corresponding files.

An exposure to credit risk is classified as irrecoverable under the following conditions:

i. In enforcement proceedings, when the case is dismissed, due to a lack of seizable assets of the defendants (Debtor or Guarantors);

ii. In Insolvency proceedings, when of a limited nature (lack of seizable assets of the insolvent debtor), following a decision on the verification and ranking of claims;

iii. In Insolvency Plans or Credit Recovery Procedures when, based on the approved repayment plan, there is a full or partial writing off of the acknowledged debts;

iv. Overdue loans for more than two years in a scenario of total impairment, i.e. when the Bank, after undertaking all recovery efforts considered adequate and gathered available evidence, justifiably concludes that there are no reasonable expectations of recovery of the amounts at risk.

The following are objective indicators of the uncollectability of a debt:

i. The circumstance of a Debtor or Guarantors whose whereabouts are unknown;

ii. The fact that the out-of-court initiatives undertaken by the Bank, duly confirmed and deemed appropriate, proved ineffective in establishing a plan to restructure or recover the amounts at risk;

iii. The confirmation that the Debtor or Guarantors do not have a steady income to substantiate its seizure;

iv. Evidence, supported by the land register or vehicle registration, that the Debtor and Guarantors' assets, if any, has prior covenants or encumbrances that lead to conclude (in accordance with its probable realisation value) that their seizure, if carried out, would not enable the Bank to recover its credit;

v. The assessment that the enforcement of the debt, if possible, is not economically viable (unfavourable cost-benefit ratio) due to the cost and waiting time of court proceedings.

Significant increase in credit risk (SICR)

The significant increase in credit risk (SICR-event) is determined according to a set of mostly quantitative, but also qualitative criteria. These criteria are mainly based on customers' risk degrees and their evolution, with a view to detecting significant increases in PD (Probability of Default), complemented with other types of information in which the customers' behaviour towards entities of the financial system is highlighted.

Exposures are monitored essentially according to the amount at risk and the degree of risk of the operations/borrowers, and monitoring is segregated into areas. Individual monitoring procedures are applied in portfolios with significant risk exposures and/or that have specific characteristics and consist of periodic reports on the economic groups of borrowers, in order to assess the existence of objective evidence of loss and/or significant increase in credit risk since initial recognition.

The variables for determining SICR (significant increase in credit risk) are grouped into the following categoriess:
- Financial difficulties of the issuer or debtor (deterioration of the rating, deterioration of the financial situation, existence of defaults in the Central Credit Register of Banco de Portugal, legal actions by third parties, etc.);
- Non-compliance with contractual clauses, defaults or delays in the payment of interest or capital on loans contracted with the Bank;
- Restructurings or prospects for restructuring the debtor's exposures due to degradation of risk;
- Other indicators identified in specific Customers in the context of monitoring Customer activity.

Default Definition

The calculation of the probability of default of the credit portfolio of Banco Invest, S.A., is performed through a logistic binomial linear regression model, using independent variables that describe the contracts in the portfolio. These variables are extracted from the credit contract management system of Banco Invest, S.A., which is consolidated monthly.

The model is calibrated with the default history of the institution, and is subsequently used to predict, with a given probability, the future state of current loans (individually characterised by a combination of values in the domain of the independent variables used).

A second model relates the probability of default to a set of macroeconomic variables, used to define expected, pessimistic, and optimistic scenarios for the Portuguese economy. This model captures a requirement from the regulator to predict the variation in the probability of default in these scenarios, producing a weighted value across scenarios.

Restructuring and renegotiation

Some of the restructurings or renegotiations imply the classification of the customer's exposure in default, namely when a relevant economic loss occurs, when an atypical payment plan is defined (ex: grace periods), when there are increases in exposure or when by individual analysis it is concluded that the restructuring does not allow demonstrating the debt reimbursement in a reasonable period of time. Specific cure periods have been established for this type of situation. Restructurings or renegotiations due to degradation of risk that are not considered in default are classified as stage 2, with equally established probation periods, which will be restarted whenever the customer observes a new restructuring or renegotiation due to degradation of risk or default.

Once each of the criteria for Stage 3 classification have ceased to be met, a minimum cure period must elapse during which operations maintain the default (Stage 3) classification.

Exposures that are considered to be in the cure period, i.e. for 12 months after restructuring due to financial difficulties, will also be classified as non-performing. The probationary period starts to count again if during this period at least one of the following conditions occurs: i) they are again subject to restructuring measures; ii) they are in arrears for a period of more than 30 days, and iii) they are classified as credit in a situation of impairment (risk signs).

The probationary period will be 24 months, being a period in which there is no record of delinquency of more than 30 days and no record of credit rating conditions in default, impaired or non-performing.

Determination of stages

The stages correspond to the classification of exposures, by homogeneous group in terms of compliance or default, or risk profile. The following are considered differentiated risk classes/stages for impairment purposes:
Stage 1 - Exposures in which there is no significant increase in credit risk since their initial recognition, all those which are up to 30 days overdue, as well as those which, having been in stage 3 or 2, have overcome the respective quarantine and probation periods, when applicable, are classified in this stage;
Stage 2 - Exposures in which there is a significant increase in credit risk since their initial recognition, but which are not impaired (recorded as overdue for more than 30 and up to 90 days, or which present signs of impairment or, still, those which are marked as restructured, after overcoming the quarantine period) are classified in this stage; and
Stage 3 - Exposures marked as default, impaired or non-performing are classified in this stage, which include:
a) the Debtor is overdue by more than 90 days;
b) credit restructured for financial difficulties classified as non-performing; and
c) the Bank considers that, if the execution of the collateral does not occur, there is a reduced probability that the Debtor will fully comply with its obligations.

4. *Impairment losses*

Under the adoption of IFRS 9, the model applied is based on expected losses.

The Bank recognises impairment for expected credit losses (ECL) for the following financial instruments:
- Financial assets at amortised cost

Impairment losses on financial assets at amortised cost reduce the balance sheet value of these financial assets against the item "Impairment of financial assets at amortised cost" - in the income statement.

- Debt instruments at fair value through other comprehensive income

Impairment losses on debt instruments at fair value through other comprehensive income are recognised in the income statement under "Impairment of financial assets at fair value through other comprehensive income", against other comprehensive income (they do not reduce the balance sheet amount of these financial assets).

- Financial guarantees

Impairment losses associated with financial guarantees are recognised in liabilities under "Provisions for guarantees and other commitments", against "Other provisions" (in the income statement).

The financial guarantees are analysed periodically to determine the credit risk to which they are exposed and, when appropriate, to estimate the amount of impairment. In this process, criteria similar to those established to quantify impairment losses of debt instruments measured at amortised cost are applied.

- Debt instruments

At each reporting date, the Bank recognises impairment based on a 12-month expected loss or lifetime expected loss on debt instruments, depending on whether there has been a significant increase in the credit risk of the debt instrument since initial recognition. Changes in impairment are recognised in costs and revenues.

For debt instruments where there has been no significant increase in credit risk since initial recognition, the expected loss arising from a possible default event in the next 12 months from the reporting date (Stage 1) is calculated.

For debt instruments that have been subject to a significant increase in credit risk since initial recognition, the expected loss resulting from a possible default event during the life of the financial instrument (Stage 2 and 3) must be calculated.

In subsequent periods, if the credit quality of the debt instruments improves so that there is no longer a significant increase in risk since initial recognition, the Bank reverts to the calculation of impairment based on 12-month expected losses.

Debt instruments with a rating of investment grade by an external rating agency benefit from the low credit risk exception, and therefore no significant increase in risk is considered for these, whatever the variation that occurs in relation to the rating since initial recognition.

Debt instruments will be classified in stage 3 if there is objective evidence of impairment, i.e. if one or more events have an impact on the future cash flows of the obligation.

5. *Classification of financial instruments by stages*

	***Stage* 1**	***Stage* 2**	***Stage* 3**
Classification criteria	Initial recognition	Significant increase in credit risk since initial recognition	Impairment situation
Impairment losses	12-month expected credit losses	"Lifetime" expected credit losses	

Significant increase in credit risk?

Objective evidence of loss?

The Bank determines the expected credit losses of each operation on the basis of the deterioration of credit risk since its initial recognition. For this purpose, operations are classified into one of the following three stages:

- Stage 1: the operations in which there is no significant increase in credit risk since its initial recognition are classified in this stage. Impairment losses associated with operations classified in this stage correspond to expected credit losses resulting from a potential loss event that may occur within 12 months after the calculation date.

- Stage 2: operations where there is a significant increase in credit risk since its initial recognition but are not impaired are classified in this stage. Impairment losses associated with operations classified in this stage correspond to the expected credit losses resulting from all potential loss events up to maturity, applied to the projection of contractual cash-flows - lifetime expected credit losses.

  The significant increase in credit risk is assessed through qualitative and quantitative evidence. The assessment of the significant increase in credit risk also involves comparing the current level of risk of an exposure with the level of risk at origination.

- Stage 3: impaired operations are classified in this stage. Impairment losses associated with operations classified in this stage correspond to the expected credit losses resulting from the difference between the amount outstanding and the present value of the cash flows that are estimated to be recovered from the exposure (lifetime expected credit losses).

In operational terms, two complementary models for calculating impairments coexist within the Bank:
i) for General Credit and for the Lending Activity, and
ii) For Auto Loans.

i) For General Credit and for the Lending Activity:

The calculation process is autonomised for exposures subject to Collective Analysis and for exposures subject to Individual Analysis.

Exposures at default (EAD) consider not only past due amounts (capital, interest and other charges) but also principal falling due and, in the case of active contracts, the respective accrued interest since the last payment, up to the date of calculation of the impairments.

The calculation of the Probability of Default (PD) for one year or until maturity (lifetime) is based on a logistic binomial linear regression model, using independent variables extracted from the portfolio management utility, covering the entire historical period on the system.

The Loss Given Default (LGD) is based on the historical record of the operations which generated a loss, and on the prediction of loss in operations considered unproductive (without regular payment of interest or amortisation of principal), taking into account the associated collateral, and its probable realisation time and value.

Three prospective analysis scenarios are considered: (i) base, (ii) favourable and (iii) unfavourable, with the final result being weighted by the estimated probability of occurrence for each of these scenarios.

The exposures classified in stages 1 or 2 are subject to the calculation of impairment by Collective Analysis - in which PD and LGD are determinant - unless they had previously been subject to calculation by Individual Analysis, which justifies the continued use of this method.

On the other hand, exposures classified in Stage 3 are subject to impairment calculation by Individual Analysis - in which the following are determinant: a) the Exposures at default (EAD), b) the present value of the probable net realisable value of the collateral, c) the probable time for its realisation and d) the effective interest rate of the contract - and, also, regardless of the stage in which they are framed: i) have an exposure of more than 300.000 euros; ii) that after 31 December 2017 have been subject to impairment calculation through the individual analysis method and iii) the exposures subject to a legal moratorium process, while the effects thereof remain active.

The probable realisation value of the collateral, in the case of General Credit, is determined by periodic and regular evaluations, carried out by external and CMVM accredited evaluators, whose final result will be subject to a haircut according to its seniority date, as set out in Annex II of circular letter CC/2018/00000062 of Banco de Portugal. In the case of the Lending Activity, its evaluation is performed by Official Evaluators, accredited by INCM, according to the weight and precious metal content of the seized objects and their official value, calculated both at the time the loan is granted and in all monthly impairment calculation periods.

If the process of calculation of impairment by the Individual Analysis method does not determine the quantification of any impairment, a minimum impairment will still be calculated by applying the value at risk of a one-year PD and its LGD.

ii) For Auto Loans

In 2022, as a result of the permanent monitoring and analysis of the credit portfolio and its evolution, it was noted that a minimum data history sufficient for the development of specific models to calculate the expected loss based on the historical information of this portfolio had already been achieved. In this context, models were developed and implemented in the first half of the year to determine the probability of default (PD) and the loss given default (LGD).

The Impairment models are based on a permanent follow-up of the evolution of the loans in the portfolio, considering its characteristics, namely being a portfolio that is, on average, relatively recent and in part also originated in the context of the Covid-19 pandemic, with high granularity, homogeneity and dispersion of customers, limited to the granting of auto loans, mainly through the prescriber channel, in the form of credit repayable in monthly instalments, focused on financing used cars.

Considering the characteristics of this portfolio, a collective analysis methodology is applied in the calculation of the referred parameters (PD and LGD).

The classification of exposures by stage/class of risk - in accordance with a set of implemented and automated classification and transition rules - as well as the calculation of impairment, are applied contract by contract and have a monthly frequency, allowing regular assessment of exposure to credit risk and its evolution.

Once the impairment values have been calculated and validated, they are communicated to the Bank's Credit Division for subsequent accounting by the Accounting and Control Department (central services of the Bank).

The impairment models are developed and reviewed regularly by the Risk and Finance department of this business area, taking into account the historical evolution of the portfolios themselves and other relevant elements for monitoring credit risk and real internal and external factors when determining the expected loss. These templates are in accordance with International Financial Reporting Standard 9 (IFRS 9) and Banco de Portugal Circular Letter 62/2018.

The review of the PD and LGD parameter estimates is carried out at least annually. However, considering the still limited historical information and in order to incorporate new historical information, in the first two years of application of the methodology, this review will be carried out on a biannual basis. Whenever deemed necessary it may also be subject to extraordinary reviews, namely due to the natural evolution of the business, the verification of risk indicators or changes to the legal/regulatory framework.

As regards sensitivity analyses, the periodicity applied is at least annual.

The impairment calculation model applied in this segment seeks to apply the methodology that best measures the expected loss of the portfolio at each moment, considering, among others:

- the aforementioned characteristics of the portfolio, taken into consideration in its segmentation and in the methodologies for calculating the parameters - PDs and LGDs;
- the segmentation of the portfolio by risk classes and stages, respecting the rules for classifying contracts as Significant Increase in Risk (SIR), Restructured (performing and non-performing) and NPL; and

- the specific nature of contracts that have benefited from moratoria (Sectorial or Legal) applying specific provisioning rules to them until effective credit payment capacity has been demonstrated or they evolve into NPL.

The table below briefly summarises the classification criteria by Risk/Stage Class:

Stage	Risk class	Criteria	SIR	Default
1	1	Contracts with 0 to 30 days in arrears of principal or interest and with no verification of a significant increase in risk	N	N
2	2.1	Contracts with 31 to 60 days in arrears of principal or interest Contracts with indications of a significant increase in risk, namely: - 0 to 30 days in arrears of capital or interest and that has requested integration in the Action Plan for Default Risk (PARI) - In arrears of principal or interest at the end of the month in which any of the first 3 instalments are due - In default with another creditor in the Centralisation of Credit Risks (CRC) of the Bank of Portugal - Debts to the Tax Authorities / Social Security - Registration on the list of executions - Bounced cheques in the last 6 months Contracts restructured in performing status / in probationary period.	Y	N
	2.2	Contracts with 61 to 90 days in arrears of principal or interest.	Y	N
3	3	Contracts with more than 90 days in arrears of principal or interest Restructured contracts in non-performing status Contracts in a cure period Contracts with recovered vehicle Contracts with insolvency or commencement of insolvency proceedings or debtor's request for the Special Revitalisation Process (PER)/Special Payment Arrangement Procedure (PEAP) Contracts in CNC status (litigation) Uncollectible contracts, with write-off or forgiveness of debt	-	Y

In the case of contracts restructured due to financial difficulties, in addition to the classification rules mentioned above, there is the condition of not reducing the risk class in relation to the class registered at the end of the month immediately preceding the month of restructuring.

The following contagion rule also applies: if there are default positions on the same debtor or guarantor in this portfolio that represent more than 20% of Bicredit's global exposure to it, all the exposures of the debtors or guarantors of that contract are contagious.

For contracts that benefited from the moratorium, and although no contracts are currently benefiting from it, besides the application of the general Staging rules, specific measures were implemented and, in the first half of 2022, were reinforced, namely with the extension from 6 to 12 months of the probationary period for departing from the specific criteria applied to customers that benefited from the moratorium and have a CAE corresponding to a sector of the most affected by the pandemic.

With regard to the calculation of the expected loss, the PD and LGD parameters are estimated based on the historical credit behaviour of the credit contracts (excluding stock loans) ever held in the portfolio, using the monthly history (position at the end of each month) in terms of risk/staging class and exposure.

In the stock credit segment, as the term of the financed invoices is less than 1 year, for performing contracts, the accumulated PD at 12 months estimated for car financing to the final customer is applied, as it is considered to be the best estimate available considering the specificity and small size of this segment.

A 100% loss rate is applied to contracts considered irrecoverable (contracts in CNI status) by the DRC - Credit Recovery Department.

b) Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation at settlement to deliver cash or another financial assets, regardless of its legal form. Financial liabilities are derecognised when the underlying obligation is settled, expires or is cancelled.

At initial recognition, financial liabilities are classified into one of the following categories:
i) Financial liabilities at amortised cost; and
ii) Financial liabilities at fair value through profit or loss.

i) Financial liabilities at amortised cost

The financial liabilities that were not classified at fair value through profit or loss, nor correspond to financial guarantee contracts, are measured at amortised cost.

The category "Financial liabilities at amortised cost" includes central bank resources, resources from credit institutions, resources from customers and other loans and non subordinated debt securities.

Initial recognition and subsequent measurement

Financial liabilities at amortised cost are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost. Interest on financial liabilities at amortised cost is recognised under "Interest and similar expense". Based on the effective interest rate method.

ii) Financial liabilities at fair value through profit or loss

Financial liabilities classified as "Financial liabilities at fair value through profit or loss" refer to:

- Financial liabilities held for trading

The following liabilities are classified under this item: liabilities issued with the objective of short-term repurchase; liabilities that are part of a portfolio of identified financial instruments and for which there is evidence of a recent pattern of short-term profit taking; or that meet the definition of a derivative (except for hedging derivatives).

Considering that the transactions carried out by the Bank in the normal course of its business are in market conditions, the financial liabilities at fair value through profit or loss are initially recognised at fair value, with the costs or income associated with the transactions recognised in profit or loss at inception.

Subsequent changes in the fair value of these financial liabilities are recognized as follows:
- the change in fair value attributable to changes in the credit risk of the liability is recognised in other comprehensive income;
- the remaining value of the change in fair value is recognised in profit or loss.

The accrual of interest and the premium/discount (when applicable) is recognised under "Interest and similar expenses" on the basis of the effective interest rate for each transaction.

Financial guarantees

Contracts that require the issuer to make payments to compensate the holder for incurred losses arising from breaches of the contractual terms of debt instruments, namely the payment of principal and/or interest, are considered financial guarantees.

Issued financial guarantees are initially recognised at fair value. Subsequently, these guarantees are measured at the higher of (i) the fair value initially recognised and (ii) the amount of any obligation arising under the guarantee contract are, measured at the balance sheet date. Any change in the value of the obligation associated with issued financial guarantees issued is recognised in profit or loss.

If they are not designated at fair value through profit or loss at initial recognition, the financial guarantee contracts are subsequently measured at the higher of the following amounts:

- the provision for losses determined in accordance with the criteria described in the section on impairment losses of financial assets;
- the amount initially recognised less, when appropriate, the accumulated amount of income recognised in accordance with IFRS 15 - Revenue from customer contracts.

The ECL of financial guarantee contracts that are not designated at fair value through profit or loss are shown under "Provisions".

Reclassification between categories of financial liabilities

Reclassifications between categories of financial liabilities are not allowed.

c) Equity instruments

An issued financial instrument is classified as an equity instrument only if (i) the instrument does not include any contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the issuer; and, (ii) the instrument will or may be settled in the issuer's own equity instruments and is either a non-derivative that includes no contractual obligation for the issuer to deliver a variable number of its own equity instruments or a derivative that will be settled by the issuer only by exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

An equity instrument, regardless of its legal form, evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Costs directly attributable to the issue of equity instruments are recognised in equity as a deduction to the amount issued. Amounts paid or received related to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions made on behalf of equity instruments are deducted from equity as dividends when declared.

Preference shares are considered as equity instruments if they do not contain a repayment obligation and dividends, not cumulative, are only paid if and when declared by the Group.

d) Derivatives

The Bank carries out derivative transactions as part of its business with a view to satisfying the needs of its customers and to reduce its exposure to prices, foreign exchange and interest rate fluctuations.

Derivatives are recorded at fair value on the date of acquisition. Furthermore, they are shown in off-balance sheet items for their notional value.

Subsequently, they are measured at their fair value. Fair value is calculated:

- Based on prices in asset markets (e.g. relating to the futures traded on organised markets);
- Based on models that incorporate valuation techniques accepted on the market, including discounted cash flows and option valuation models.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument, which also includes a non-derivative host contract. If the host contract included in the hybrid contract is considered a financial asset, the classification and measurement of the entire hybrid contract is carried out in accordance with the criteria described for Financial assets at fair value through profit or loss.

Derivatives embedded in contracts that are not considered financial assets are treated separately whenever the economic risks and benefits of the derivative are not related to those of the host contract, provided that the hybrid (combined) instrument is not initially recognised at fair value through profit or loss. Embedded derivatives are recorded at fair value with subsequent changes in fair value recognised in profit or loss for the period and presented in the trading derivatives portfolio.

Trading derivatives

Derivatives for trading are those derivatives that are not associated with effective hedge relations, including:
- Derivatives acquired to manage risk in assets or liabilities recorded at fair value through profit or loss, rendering the use of hedge accounting unnecessary;
- Derivatives acquired to hedge risk that are not effective hedges;
- Derivatives acquired for trading purposes.

Trading derivatives are stated at fair value, with gains and losses being recognised daily in income and costs for the year. Trading derivatives with a positive fair value are included in the item "Financial assets held for trading", while trading derivatives with a negative fair value are included in the item "Financial liabilities held for trading".

2.5. *Recognition of interest*

Interest income and expense for financial instruments measured at fair value and at amortised cost are recognised under "Interest and similar income" or "Interest and similar expense" (net interest income), using the effective interest rate method. Interest at the effective interest rate on financial assets at fair value through other comprehensive income is also recognised in net interest income.

The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the instrument (or, when appropriate, a shorter period) to the net book value of the financial asset or financial liability.

When calculating the effective interest rate, the Bank estimates future cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider any impairment losses. The calculation includes all fees paid or received considered as included in the effective interest rate, transaction costs and all premiums or discounts directly related with the transaction, with the exception of financial assets and liabilities at fair value through profit or loss.

Interest income recognised in profit or loss associated with contracts classified in stage 1 or 2 is calculated based on the effective interest rate of each contract on its gross balance sheet value. The gross balance sheet value of a contract is its amortised cost before deduction of impairment. For financial assets included in stage 3, interest is recognised in the income statement based on their net book value (less impairment). The recognition of interest is always performed prospectively, i.e., for financial assets entering stage 3, interest is recognised on the amortised cost (net of impairment) in subsequent periods.

For purchase or originated credit impairment assets (POCIs) the effective interest rate reflects the expected credit losses in determining the expected future cash flows to be received from the financial asset.

2.6. *Hedge accounting*

As permitted by IFRS 9, the Bank has elected to apply the requirements for the application of hedge accounting under IAS 39.

The Bank designates derivatives and other financial instruments to hedge the interest rate risk arising from financing and investment activities. Derivatives that do not qualify for hedge accounting are recorded as trading derivatives. Hedging derivatives are recorded at fair value and the gains or losses resulting from revaluation are recognised in accordance with the hedge accounting model adopted by the Bank.

A hedging relationship exists when:
- at the start date of the relationship, there is formal documentation of the hedge;
- the hedge is expected to be highly effective;

- the effectiveness of the hedge can be reliably measured;
- the hedge is assessed on an ongoing basis and effectively determined to be highly effective throughout the reporting period;
- in relation to hedging a forecast transaction, the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

- Fair value hedge
  Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the income statement, together with changes in the fair value of the asset, liability or group of assets and liabilities that are being hedged in respect of the hedged risk. If the hedging relationship ceases to comply with the requirements for hedge accounting, the cumulative gains or losses on the variations of the hedged risk associated with the hedged item up to the date of discontinuation of the hedge are amortised through profit or loss, for the remaining period of the hedged item.

- Effectiveness of hedging
  For a hedging relationship to be classified as such in accordance with IAS 39, its effectiveness must be demonstrated. Therefore, the Bank performs prospective tests at the inception date of the hedging relationship, if applicable, and retrospective tests in order to confirm, at each balance sheet date, the effectiveness of the hedging relationships, demonstrating that the variations in the fair value of the hedging instrument are covered by variations in the fair value of the hedged item in the portion attributed to the risk covered. Any ineffectiveness is recognised in profit or loss at the time it occurs.

2.7. Non-current assets held for sale and investment properties

Non-current assets, or groups of assets and liabilities to be sold, are classified as held for sale whenever it is likely that their balance sheet value may be recovered by selling rather than by their continued use. The following requirements must be met so that an asset (or group of assets and liabilities) can be classified under this item:
- High probability of sale;
- The asset is available for immediate sale in its current state at a reasonable price relative to its current fair value;
- The sale is expected to take place within one year of classifying the asset in this item.

In those cases in which the asset is not sold within a year, the Bank assesses if the requisites continue to be fulfilled, namely the sale did not occur for reasons unconnected with the Bank, which undertook all the actions necessary for the sale to take place and that the asset continues to be actively publicised and at reasonable sales prices according to market circumstances.

Assets recorded under this item are valued at acquisition cost or fair value, whichever is lower, and adjusted by the costs incurred in the sale. The fair value of these assets is calculated based on assessment by independent experts, and the assets are not amortised.

The Group classifies properties held for rental or for capital appreciation or both as investment properties. Investment properties are initially recognised at cost, including directly related transaction costs, and subsequently at their fair value. Variations in fair value determined at each balance sheet date are recognised in the income statement, based on periodic valuations performed by independent entities specialising in this type of service. Investment properties are not depreciated.

As these are assets whose fair value hierarchy of IFRS 13 corresponds mainly to level 3, the subjectivity of some assumptions used in the valuations and the fact that there are external indications with alternative values, the Group performs internal analyses of the assumptions used in the valuations of these assets which could imply additional adjustments to their fair value.

Transfers to and from Investment properties can occur whenever there is a change in the use of the property. In the transfer of investment properties to personal use properties, the estimated cost for accounting purposes is the fair value at the date of change of use. If an own service property is classified as investment property, the Group records this asset in accordance with the policy applicable to own service properties until the date of its transfer to investment property and at fair value thereafter, with the difference in valuation being determined at the date of transfer recognised in revaluation reserves. If a property is transferred from Other assets to Investment properties, any difference between the fair value of the asset at that date and the previous carrying amount is recognised as income in the year.

Subsequent related expenditures are capitalised when it is probable that the Group will obtain future economic benefits in excess of the originally estimated level of performance.

Gains and losses on the disposal of investment properties resulting from the difference between the sale price and the book value are recognised in profit/ (loss) for the year. In addition to the fair value changes referred to above, all costs and revenues generated with investment properties are also recognised in profit/ (loss) for the year.

The Investment properties recorded are only derived from non-banking activities (Investment Funds).

2.8. *Other tangible assets*

Other tangible assets are stated at acquisition cost, less accumulated depreciation and impairment losses. Repair and maintenance costs and other expenses associated with their use are recognised as expenses for the year, under the item "General administrative costs".

Depreciation is calculated according to the straight-line method and recorded in expenses for the year on a systematic basis over the estimated useful life of the asset, which corresponds to the period during which the asset is expected to be available for use, which is:

	Years of useful life
Personal use properties	50
Leasehold expenses	4 - 10
Furniture and materials	8
Machines and tools	5 - 8
IT equipment	3 - 8
Fixtures and fittings	5 - 8
Vehicles	4
Safety equipment	8 - 10

Land and artistic heritage are not depreciated.

Whenever the net book value of tangible assets is greater than its recoverable value, under the terms of IAS 36 – "Impairment of assets", an impairment loss is recognised with an impact on profit or loss for the year. Impairment losses can be reversed, also with effect on the profit or loss for the year, if there is an increase in the recoverable amount of the asset in subsequent periods.

2.9. *Leases*

This standard sets out the new requirements for the scope, classification and measurement of leases:
- from the lessor's perspective, leases continue to be classified as finance leases or operating leases;
- from the lessee's perspective, the standard defines a single model of accounting for lease contracts, which results in the recognition of a right-of-use asset and a lease liability for all lease contracts except for those whose lease term ends within 12 months or for those where the underlying assets are of low-value and, in these cases, the lessee may opt for the exemption from recognition under IFRS 16, and shall recognise the lease payments associated with these contracts as an expense.

The Bank chose not to apply this standard to short-term contracts of less than or equal to one year and to lease contracts in which the underlying asset has a value of less than 5.000 euros. In addition, this standard was not applied to leases of intangible assets.

Lease definition

The lease definition focuses on control of the identified asset, i.e. a contract constitutes or contains a lease if it conveys the right to control the use of an identified asset, i.e. the right to obtain substantially all the economic benefits of its use and the right to choose how to use the identified asset for a certain period in exchange for a payment.

Impacts from the lessee's perspective

At the start of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract or part of a contract that conveys the right to use an asset (the underlying asset) for a certain period of time in exchange for a payment.

To assess whether a contract conveys the right to control the use of an identified asset, the Bank assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. Even if an asset is specified, the Bank does not have the right to use an identified asset if the supplier has the substantive right to replace this asset during its period of use;
- the Bank has the right to obtain substantially all the economic benefits from the use of the identified asset, throughout its entire period of use; and
- the Bank has the right to direct the use of the identified asset. The Bank has this right when it has the most relevant decision-making rights to change the way and purpose for which the asset is used during its entire period of use. In cases where the decision on how and for what purpose the asset is used is predetermined, the Bank has the right to direct the use of the asset if:
  - the Bank has the right to make use of the asset (or order others to make use of the asset in the manner that it determines) throughout its entire period of use, where the supplier does not have the right to change these instructions on the asset's use; or
  - the Bank designed the asset (or specific aspects of the asset) in a manner that previously determines how and for what purpose the asset shall be used throughout its entire period of use.

The Bank recognises for all leases, except for those with a term of less than 12 months or for leases of low-value assets:

- A right-of-use asset initially measured at cost must consider the Net Present Value (NPV) of the lease liability plus the value of payments made (fixed and/or variable), deducted from any lease incentives received, penalties for terminating the lease (if reasonably certain), as well as any cost estimates to be borne by the lessee with the dismantling and removal of the underlying asset and/or with the recovery of its location. Subsequently it will be measured according to the cost model (subject to depreciations/amortisations according to the lease term of each contract and impairment tests);
- A lease liability initially recorded at the net present value (NPV) of future lease cash flows, which includes:
  - Fixed payments deducted from any lease incentives receivable;
  - Variable lease payments that depend on an index or rate, initially measured using the existing index or rate on the starting date of the contract;
  - Amounts expected to be paid by the lessee under residual values guarantees;
  - The exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and,
  - Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to end the lease. Since it is not possible to easily determine the implicit interest rate in the lease (paragraph 26 of IFRS 16), lease payments are discounted according to the lessee's incremental borrowing rate, which embodies the risk-free rate curve (swap curve) plus the Bank's spread of risk, applied over the weighted average term of each lease contract. For fixed-term contracts, that date is taken to be the end date of the lease, while for other open-ended contracts, the date in which the contract is enforceable is evaluated. When evaluating enforceability, the particular clauses of the contract as well as the current legislation on urban lease are taken into account.

Subsequently, lease payments are measured as follows:

- By increasing their carrying amount to reflect the interest;
- By reducing their carrying amount to reflect lease payments; and,
- The carrying amount is remeasured to reflect any revaluations or changes to the lease, as well as to reflect the review of in-substance fixed lease payments and the review of the lease term.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of an option to purchase the underlying asset, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and,
- A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using the revised discount rate.

The Bank did not make any adjustments for the periods presented.

Right-of-use assets are depreciated/amortised from the effective date to the end of the useful life of the underlying asset, or to the end of the lease term if this is earlier. If the lease transfers the ownership of the underlying asset, or if the cost of the right-of-use asset reflects the fact that the Group will exercise a purchase option in the future, the right-of-use asset shall be depreciated/amortised from the effective date until the end of the useful life of the underlying asset. Depreciation/amortisation starts on the effective date of the lease.

The lease liability is measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, when there is a change in the Bank's estimate of the amount expected to be paid with a residual value guarantee, or whenever the Bank changes its assessment of whether or not it expects to exercise a call, renewal or termination option.

Whenever the lease liability is remeasured, the Bank recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero or there is another reduction in the measurement of the lease liability, the Bank recognises that reduction in the income statement.

The entries in the Bank's financial statements are presented as follows:

- In the Income Statement:
  (i) recording under Net interest income the interest expenses related to lease liabilities;
  (ii) recording under Other costs the amounts related to short-term lease contracts and to lease contracts of low-value assets; and,
  (iii) recording under Amortisation of the depreciation cost related to right-of-use assets.

- On the balance sheet:
  (i) recording under Other tangible assets the recognition of right-to-use assets; and,
  (ii) recording under Other liabilities the amount of recognised lease liabilities.

- In the Cash flow statement, Cash flows arising from operating activities - Payments (cash) to employees and suppliers includes amounts related to short-term lease contracts and to lease contracts of low-value assets and the Decrease in other liabilities includes amounts related to payments of lease liabilities' capital portions, as detailed in the Cash flow statements.

Impact from the lessor's perspective

In accordance with IFRS 16, lessors will continue to classify leases as finance or operational leases, which does not imply significant changes to what is defined in IAS 17.

2.10. *Financial leases*

From the lessee's perspective, finance lease contracts were recorded at inception date as assets and liabilities at the fair value of the leased property, which was equal to the present value of outstanding lease instalments. Lease payments were made up of the financial charge and the amortisation of the outstanding principal. Finance charges were charged to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.11. *Intangible assets*

This item essentially includes costs incurred with the acquisition, development or preparation for use of software used in the Bank's business operations. Intangible assets are recorded at acquisition cost, less accumulated amortisation and impairment losses.

Amortisation is recorded as costs in the year on a systematic basis over the estimated useful life of the asset, which corresponds to a period of 3 years.

Software maintenance costs are accounted as a cost in the year in which they are incurred.

2.12. *Investments in subsidiaries, associate companies and joint ventures*

Investments in associate companies are accounted for in the consolidated financial statements by the equity method.

Financial investments in associate companies

Associate companies are entities over which the Bank has significant influence, but not control over their financial and operating policies. It is presumed that the Bank exercises significant influence when it holds the power to exercise more than 20% of the voting rights of the associate. If the Bank holds, directly or indirectly, less than 20% of the voting rights, it shall be presumed that the Bank does not have significant influence, except where such influence can be clearly demonstrated.

The existence of significant influence by the Bank is usually evidenced in one or more of the following ways:
- representation on the Board of Directors or equivalent governing body;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- interchange of the management team;
- provision of essential technical information.

These assets are recorded at acquisition cost and are subject to periodic impairment tests.

Impairment

The recoverable amount of investments in subsidiaries and associate companies is assessed annually, regardless of the existence of impairment indicators. Impairment losses are calculated based on the difference between the recoverable amount of investments in subsidiaries and associate companies and their book value. Impairment losses identified are charged against results and subsequently, if there is a reduction of the estimated impairment loss, the charge is reversed, in a subsequent period. The recoverable amount is determined based on the higher between the assets value in use and the fair value deducted of selling costs, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

2.13. Income taxes

Alves Ribeiro – Investimentos Financeiros, SGPS, S.A., holds 99.59 % of the Bank's share capital, and the latter is subject to corporate income tax (IRC) under the Special Taxation of Groups of Companies Scheme, as provided for in Articles 69 et seq. of the respective tax code. The perimeter of the group covered by said tax scheme includes the following companies:
- Alves Ribeiro – Investimentos Financeiros, SGPS, S.A.;
- Banco Invest, S.A.;
- Invest Gestão de Activos – Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (Invest Gestão de Activos);
- US - Gestar – Gestão de Imóveis, S.A. (US Gestar).

The taxable income of the Group of which Alves Ribeiro – Investimentos Financeiros, SGPS, S.A. is the controlling company is calculated on the basis of the algebraic sum of the taxable profits and of the tax losses determined individually, taxed at a 21% rate. According to Article 14 of the Local Finances Law, the municipalities may deliberate an annual Municipal Surcharge, up to a maximum rate of 1.5% of taxable income subject and not exempt from corporate income tax (IRC).

In addition, taxable profits are still subject to a state surcharge as follows:
- 3% for taxable profits between 1.500.000 and 7.500.000 euros;
- 5% for taxable profits between 7.500.000 and 35.000.000 euros; and
- 9% for taxable profits of more than 35.000.000 euros.

Under article 51-C of the Corporate Income Tax Code, distributed profits and reserves, as well as the capital gains and losses realised by the Bank through the sale of shareholdings in the share capital of companies, are not included in taxable profit, provided that the following cumulative requirements are met: (i) the Bank has shareholdings of not less than 10% of the share capital or of the voting rights in the entity that distributes profits, or in the entity whose shareholdings in the share capital of companies was sold, and provided the shareholding held for a period of no less than 12 months (or, in the case of dividends, if held for a shorter period, that it be held for the time necessary to complete that period); (ii) the taxable person does not fall under the fiscal transparency scheme; (iii) the entity that distributes the profits or reserves, or whose capital is sold, is subject to and not exempt from corporate income tax (IRC), from a tax referred to in article 2 of Directive 2011/96/EU, of the Council, of 30 November, or from a tax of an identical or similar nature to corporate income tax and the applicable legal rate is not less than 60% of the corporate income tax rate; (iv) the entity that distributes profits or reserves, or the entity whose shareholdings in the share capital of companies were sold, do not reside in a tax haven.

Total taxes on the profits recorded include current and deferred taxes.

Current tax corresponds to the value payable calculated based on the taxable profits for the year. Taxable profits differ from the accounting result, since it excludes various costs and income that will only be deductible or taxable in subsequent financial years, or that were not deductible or taxable in previous financial years, as well as costs and income that will never be deductible or taxable according to the tax laws in force.

Deferred tax is related to the temporary differences between the amounts of the assets and liabilities for accounting reporting purposes and the respective amounts for taxation purposes, as well as results from tax benefits obtained and from differences between the taxable and the accounting result.

Deferred tax liabilities are recognised for all temporary taxable differences in the future.

As set out in the accounting standards, deferred tax assets are recognised for deductible temporary differences, conditioned by the existence of reasonable expectations of sufficient future taxable profits for those deferred tax assets to be used. At each reporting date, those deferred tax assets are reviewed and adjusted in accordance with the expectations relative to their future use.

The main events that give rise to temporary differences at the Bank level are impairments and provisions not accepted for tax purposes and increases in value of financial assets at fair value through other comprehensive income.

Deferred tax assets and liabilities are measured by using the tax rates that are expected to be in force at the date of the reversal of the corresponding temporary differences, based on the tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date. As at 31 December 2022, the Bank used a rate of 26% (the same rate used in2021) to calculate deferred taxes.

Corporate income tax (current or deferred) is shown in the profit or loss for the year, except where the transactions giving rise to it have been carried in other equity items (in the case of revaluation of financial assets at fair value through other comprehensive income). In these cases, the corresponding tax is also carried against equity, and does not affect net income for the year.

2.14. Provisions, contingent assets and contingent liabilities

Provisions

Provisions are recognised when (i) the Bank has a present obligation (legal or resulting from past practices or published policies that imply the recognition of certain liabilities); (ii) it is probable that settlement will be required; and (iii) a reliable estimate can be made of the amount of the obligation.

The measurement of provisions takes into account the principles defined in IAS 37 regarding the best estimate of the expected cost, the most probable outcome of the actions in progress and considering the risks and uncertainties inherent to the process.

In cases where the effect of discounting is material, provisions correspond to the present value of expected future payments, discounted at a rate that considers the risk associated to the obligation.

Provisions are reviewed at the end of each reporting date and adjusted to reflect the best estimate and are reversed through profit or loss in proportion to the payments that are not probable.

Provisions are derecognised through their use in the obligations for which they were originally created, or in the case that these obligations cease to exist.

Contingent assets

Contingent assets are not recognised in the financial statements, being disclosed when it is probable that there will be a future economic inflow of resources.

Contingent liabilities

Contingent liabilities are not recognised in the financial statements, being framed under IAS 37 and disclosed whenever the possibility of an outflow of resources encompassing economic benefits is not remote.

The Bank records a contingent liability when:

i) It is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank; or,

(ii) is a present obligation that arises from past events but is not recognised because:
  - a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or,
  - b) the amount of the obligation cannot be measured with sufficient reliability.

2.15. Employees' benefits

Liabilities with employees' benefits are recognised in accordance with the principles established by IAS 19 - Employee Benefits.

The Bank has not subscribed to the Collective Bargaining Agreement in effect for the banking industry since its staff is covered by the General Social Security Scheme. For this reason, the Bank had no liabilities for pensions or retirement pension supplements or other long-term benefits in respect of its employees as at 31 December 2022 and 2021.

Short-term benefits, including productivity bonuses paid to staff for their performance, are recorded in "Staff costs" in the financial year to which they relate, in accordance with the accruals principle.

2.16. Commissions

Commissions received for credit operations and other financial instruments, especially commissions on the origination of transactions, are recognised as earnings over the transaction period.

Commissions for services provided are usually recognised as earnings over the period the service is provided or on a one-off basis, if they arise from single acts.

2.17. Amounts deposited

Amounts deposited, namely customers' securities, are recorded at fair value in off-balance sheet items.

2.18. Cash and equivalents

For the preparation of the cash flow statements, the Bank considers all the items of "cash and deposits at central banks" and "Deposits at other credit institutions", with less than three months maturity and which can be immediately mobilised with insignificant risk of change in value, as "Cash and equivalents".

Cash and cash equivalents exclude deposits of a mandatory nature made with Central Banks.

2.19. Offsetting

Financial assets and liabilities are offset and recognised at their net book value in the balance sheet when the Bank has a legal right to offset the amounts recognised and the transactions can be settled at their net value.

2.20. Insurance contracts

Banco Invest is an entity authorised by the Insurance and Pension Funds Supervisory Authority (ASF) for insurance mediation practice, in the category of Tied Insurance Intermediary, in accordance with Article 8(a)(i) of Decree-Law 144/2006, of 31 July, developing the life and non-life insurance intermediation business.

In the course of its business, the Bank sells insurance contracts but does not assume the associated risk. As remuneration for insurance mediation services, they receive commissions for insurance contract mediation.

With regard to life insurance, the Bank receives commissions as remuneration for insurance mediation services that are recognised as income. This income is recorded as receivable under other assets as it is generated against commissions received, regardless of when they are received.

For non-life insurance, the remuneration (commission) is recorded as deferred income and the income is recognised monthly in the income statement according to the monthly premiums received from customers.

2.21. Share-based payment

IFRS 2 establishes the accounting treatment for transactions where payment is made through shares. The entity may record an increase in equity if transactions in goods and/or services are received through equity-settled share-based payment; or a liability if transactions in goods and/or services are received through cash-settled share-based payment.

2.22. *Critical accounting estimates and issues of judgement most relevant to the application of the accounting policies*

The Bank's Board of Directors has had to provide some estimates in the application of the accounting criteria described above. The estimates with the biggest impact on the Bank's individual financial statements are listed below.

Classification and measurement - IFRS 9

The classification and measurement of the financial assets depends on the results of the SPPI test (analysis of the characteristics of the contractual cash flows, to conclude if the same correspond solely to payments of principal and interest on the outstanding principal) and of the business model test.

The Bank determines the business model based on the way groups of financial assets are managed collectively to achieve a specific business objective. This assessment requires judgement, since the following aspects, among others, have to be considered:
- the way in which the performance of the assets is assessed;
- the risks that affect the performance of assets and the way in which those risks are managed; and
- the way in which the asset managers are remunerated.

The Bank monitors the financial assets measured at amortised cost and at fair value through other comprehensive income that are derecognised prior to their maturity, to understand the reasons underlying their disposal and determine if they are consistent with the objective of the business model defined for those assets. This monitoring is included in the Bank's continuous assessment process of the business model of the financial assets remaining in portfolio, to determine if the latter is adequate and, if not, whether there was a change in the business model and, as a result, a prospective change of the classification of those financial assets.

Calculation of impairment losses in financial assets - IFRS 9

Impairment losses in loans granted are calculated in accordance with the method defined in Note 2.4. and 46. As such, the calculation of impairment in individually analysed assets results from a specific assessment carried out by Banco Invest, using its knowledge of customers' circumstances and the guarantees associated with the operations in question.

The determination of impairment losses for financial instruments involves judgements relative to the following aspects, among others:

Significant increase in credit risk:
Impairment losses correspond to the expected losses on a 12-month horizon for the assets in stage 1, and to the expected losses considering the probability of a default event occurring at some point up to the maturity date of the financial instrument for the assets in stage 2 and 3. An asset is classified in stage 2 whenever there is a significant increase in credit risk since its initial recognition. In assessing the existence of a significant increase in credit risk, the Bank takes into consideration qualitative and quantitative, reasonable and sustainable information.

Business model evaluation:
The classification and measurement of the financial assets depends on the characteristics of the contractual cash flows of the financial asset and the definition of the business model. The Bank determines the business model according to the way in which it wants to manage the financial assets and the business objectives. The Bank monitors whether the classification of the business model is appropriate based on the analysis of the early derecognition of the assets at amortised cost or at fair value through equity, evaluating whether a prospective change of the classification is necessary.

Definition of groups of assets with common credit risk characteristics:
When expected credit losses are measured on a collective basis, the financial instruments are grouped based on common risk characteristics. The Bank monitors the adequacy of the credit risk characteristics, in order to ensure that the reclassification of assets is carried out appropriately, in the event of a change in the credit risk characteristics.

Models and assumptions used:
The Bank uses various models and assumptions to measure the estimated expected credit losses. Judgement is applied in the identification of the most appropriate model for each type of assets, as well as to determine the assumptions used in these models, including the assumptions related to the main credit risk drivers.

Probability of default:
The probability of default represents a determining factor in the measurement of the expected credit losses The probability of default corresponds to an estimate of the probability of default within a certain time period, whose calculation is based on historical data, assumptions and expectations regarding future conditions.

CALCULATION OF IMPAIRMENT LOSSES IN NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are measured at acquisition cost or fair value, whichever is lower, less the costs incurred by the sale, as mentioned in Note 2.7.

The fair value of these assets is calculated based on evaluations carried out by independent entities specialised in this type of service. The evaluation reports are analysed internally, namely by comparing the sales values with the revalued real estate values, in order to maintain updated the parameters and processes of assessment of market developments.

The use of alternative methodologies and of different assumptions may result in a different level of fair value with an impact on the recognised balance sheet value.

CALCULATION OF FAIR VALUE OF INVESTMENT PROPERTIES

The fair value of these assets is determined based on valuations performed by specialised independent entities using the market, income or cost methods. The valuation reports are analysed internally, namely by comparing the sale values with the revalued values of the properties, in order to keep valuation parameters and processes up to date with market developments.

CALCULATION OF INCOME TAX

Current and deferred taxes are determined by the Bank using the rules established by the tax regulations in force. In certain situations, the tax law may not be sufficiently clear and objective, and more than one interpretation may arise. In such situations, the amounts recorded are the outcome of the best judgement of the Bank regarding the correct context for its operations, which may be questioned by the tax authorities.

2.23 Subsequent events

The Bank analyses events occurring after the balance sheet date, i.e., favourable and/or unfavourable events that occur between the balance sheet date and the date on which the financial statements were authorised/approved. Two types of events can be identified in this context:
a) those that provide evidence of conditions that existed at the balance sheet date (adjusting events after the balance sheet date); and
b) those that are indicative of conditions that arose after the balance sheet date (non-adjusting events after the balance sheet date).

Events occurring after the date of the financial statements that are not considered to be adjusting events, if significant, are disclosed in the notes to the financial statements.

3. NET INTEREST INCOME

In 2022 and 2021 this item was made up as follows:

	2022	2021
Interest and similar income		
Interest from deposits at Central Banks and on loans and advances to credit institutions repayable on demand	28.739	688.919
Interest from investments in credit institutions	2.119.820	30.436
Interest from loans and advances to customers		
Domestic loans	29.961.441	27.056.133
Foreign loans	182.965	109.447
Other loans and receivables – debt securities	6.081.933	6.022.865
Interest from past due loans	1.045.690	801.301
Interest from financial assets held for trading		
Securities	657.292	641.182
Derivative instruments	484.077	403.377
Interest from financial assets at fair value through other comprehensive income		
Securities	1.851.572	1.523.966
Interest from debtors and other financial investments	84.414	47.234
Other interest and similar income	187.596	69.072
Commissions received associated to amortised cost		
Credit operations	2.928.719	2.953.129
Margin adjustment - IFRS9	(354.222)	(308.754)
	45.260.036	**40.038.307**
Interest and similar charges		
Interest on resources from central banks	353.793	-
Interest on resources from other credit institutions		
Abroad	26.852	61.021
Interest on resources from customers and other loans	1.385.671	2.265.065
Interest charges related to lease liabilities	160.081	194.736
Other interest expense and similar charges	-	79
Other commissions paid		
Commissions paid associated to amortised cost	6.432.631	5.915.062
	8.359.028	**8.435.963**
	36.901.008	**31.602.344**

The Interest from loans and advances to customers item includes the amount of 1.369.592 euros (31 December 2021: 1.180.101 euros) related to income from customers classified in stage 3.

The change in the "Commissions paid associated to amortised cost" item corresponds to the commissions and other costs recorded according to the effective interest rate method as referred to in the accounting policies (Note 2), including the effect of the business related to auto loans which recorded a significant increase over the course of 2022 and 2021.

The "Interest charges related to lease liabilities" item corresponds to the amount of interest on lease liabilities recognised under IFRS 16, as described in accounting policy 2.9.

The margin adjustment corresponds to the correction of the interest measurement of Stage 3 operations, with the net book sheet value as the basis (Note 2.5).

4. INCOME AND CHARGES FROM SERVICES AND COMMISSIONS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Services and commissions received		
Guarantees provided	25.584	39.698
Services provided		
Deposit and custody of securities	3.334.019	2.669.076
Management of securities	1.706.914	1.438.775
Collection of securities	161.650	116.281
Transfer of securities	33.404	23.638
Other services provided	7.986.247	8.768.528
Transactions carried out on behalf of third parties		
Brokerage commissions	2.094.723	2.346.169
Other commissions received	2.206.116	2.066.886
	17.548.657	**17.469.051**
Services and commissions paid		
Banking services provided by third parties		
Bank commissions	(784.865)	(571.536)
Charges on futures on behalf of third parties	-	-
Banco de Portugal	(90.008)	(58.756)
Transactions carried out on behalf of third parties	(152.173)	(249.430)
Business procurement commissions	(1.469.832)	(2.314.512)
Other commissions	(8.300)	(8.516)
	(2.505.178)	**(3.202.750)**
	15.043.479	**14.266.301**

The "Other services provided" item includes commissions associated to auto loans - essentially the provision of services. subsequent to the concession of loans - in the amount of 2.004.444 euros (2021: 2.167.720 euros). Also included are commissions for setting up operations. in the amount of 3.627.505 euros (2021: 4.903.242 euros). which includes commissions associated with corporate finance projects.

The "Bank commissions" item includes the commissions paid to Euroclear which came to 188.758 euros in 2022 (2021: 188.917 euros).

5. NET INCOME FROM FINANCIAL OPERATIONS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Gains / (losses) in financial operations at fair value through profit or loss		
Income from financial assets held for trading	(8.102.729)	(796.978)
Income from financial assets not held for trading mandatorily at fair value through profit or loss	1.184.837	5.905.798
Income from assets and liabilities designated at fair value through profit and loss	21.729	532
	(6.896.163)	**5.109.352**
Net gains / (losses) from foreign exchange	1.478.436	1.623.293
Net income from hedge accounting	1.365.066	(200.524)
Income from financial assets at fair value through other comprehensive income	(377.043)	379.926
	(4.429.704)	**6.912.047**

a. Gains / (losses) on financial operations at fair value through profit or loss

In 2022 and 2021 this item was made up as follows:

	2022	2021
Income from assets and liabilities assessed at fair value through profit or loss		
Securities		
Issued by residents		
Bonds	24.754	6.854
Shares	-	-
Investment units	2.053.421	8.839.412
Issued by non-residents		
Bonds	161.138	414.772
Shares	494.854	746.957
Investment units	5.317	120.263
Derivatives		
Swaps		
Foreign currency swaps	-	213.676
Interest rate swaps	2.384.498	271.931
Futures		
On interest rates	3.389.070	783.833
On equities	-	24.603
On foreign currencies	5.251.307	1.975.051
Options		
On equities	257.868	108.860
Gold	54.781	36.362
	14.077.008	**13.542.574**

	2022	2021
Losses from assets and liabilities assessed at fair value through profit or loss		
Securities		
Issued by residents		
Bonds	(303.189)	(58.195)
Shares	-	-
Investment units	(842.396)	(2.840.753)
Issued by non-residents		
Bonds	(7.077.501)	(680.993)
Shares	(719.991)	(291.789)
Investment units	(31.505)	(213.125)
Derivatives		
Swaps		
Foreign currency swaps	-	(176.483)
Interest rate swaps	(78.272)	(338.320)
Futures		
On interest rates	(5.164.109)	(898.318)
On equities	-	(17.931)
On foreign currencies	(6.319.892)	(2.589.871)
Options		
On equities	(403.263)	(291.614)
Gold	(33.053)	(35.830)
	(20.973.171)	**(8.433.222)**
	(6.896.163)	**5.109.352**

The devaluation of the bonds was a consequence of the sharp rise in interest rates over the year 2022.

b. Income from financial assets at fair value through other comprehensive income

In 2022 and 2021 this item was made up as follows:

	2022	2021
Debt instruments		
Residents		
Other bonds	51.950	44.738
Non-residents		
Foreign public issuers	-	104.744
Other bonds	(428.993)	230.444
	(377.043)	**379.926**

c. Foreign exchange gains / (losses)

The balance for this item in 2022 and 2021 fully corresponds to the income calculated in the revaluation of the spot and forward positions in foreign currency carried out by the Bank and is presented as follows.

	2022	2021
Revaluation of the spot currency position	1,475.772	1.620.930
Revaluation of the forward currency position	2.664	2.363
	1.478.436	**1.623.293**

d. Gains / (losses) on hedge accounting

In 2022 and 2021 this item was made up as follows:

	2022	2021
Gains from hedging derivatives	1.365.066	783.952
Losses on hedging derivatives	-	(984.476)
	1.365.066	**(200.524)**

In May 2022 the Bank ended the hedge accounting of the fair value changes of part of the portfolio at amortised cost.

6. INCOME FROM SALES OF OTHER ASSETS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Non-current assets held for sale	328.528	156.522
Other tangible assets	561.060	185.042
Gold and precious metals	(7.492)	(1.325)
Other	2.621.068	63.575
	3.503.164	**403.814**

The "Non-current assets held for sale" item reflects the gains and losses from the sale of properties recovered by the Bank. During 2022. 15 properties were sold for 2.175.217 euros (2021: 2.254.400 euros). having generated gains totalling 328.528 euros (2021: 156.522 euros).

The Other tangible assets item refers to the results obtained from the sale of vehicles, which were recorded under the Other tangible assets item.

The "Other" item refers to gains on the disposal of securities from the portfolio of investments at amortised cost.

7. OTHER OPERATING INCOME / (LOSSES)

In 2022 and 2021 this item was made up as follows:

	2022	2021
Other operating income:		
Reimbursement of expenses	127.127	160.640
Recovery of loans	297.874	513.305
Income from provision of sundry services	13.698	9.998
Rents	492.653	504.021
Salary guarantee fund	156.416	-
Other	477.497	208.183
	1.565.265	**1.396.147**
Other operating expenses:		
Other taxes		
Special contribution on the banking sector	(486.917)	(367.697)
Other indirect taxes	(76.975)	(146.904)
Other operating expenses and losses		
Contributions to the Resolution Fund	(233.047)	(195.899)
Levies and donations	(72.558)	(76.618)
Contributions to the Deposit Guarantee Fund	(7.080)	(1.150)
Other operating expenses and losses	(346.753)	(105.898)
	(1.223.330)	**(894.166)**
	341.935	**501.981**

The "Rents" item reflects the rents received from properties recovered by the Bank that are rented out.

With the publication of Law 55 - A/2010, of 31 December, the Bank is subject to the banking sector contribution scheme. The banking sector contribution is levied on:

a) Liabilities deducted from tier 1 and tier 2 capital and from the deposits covered by the Deposits Guarantee Fund. The following are deducted from liabilities:
   - Elements that according to the applicable accounting standards are recognised as equity;
   - Liabilities associated to defined benefit plans;
   - Provisions;
   - Liabilities resulting from the revaluation of derivatives;
   - Deferred income, without considering that which results from borrowing operations; and
   - Liabilities resulting from assets not derecognised in securitisation operations.

b) The notional amount of off-balance sheet derivative financial instruments determined by taxpayers.

   The rates applicable to the bases defined by the previous sub-paragraphs a) and b) vary between 0.01% and 0.05% and 0.00010% and 0.00020%, respectively, according to the determined amount.

   During 2013, the Bank initiated its contribution to the Resolution Fund, which was created by Decree-Law 31-A/2012, of 10 February, and which introduced a resolution regime in the General Regime for Credit Institutions and Financial Companies, approved by Decree-Law 289/92, of 31 December.

   The measures provided for in the new scheme seek to, on a case-by-case basis, recover or prepare ordered liquidation of credit institutions and certain investment companies undergoing financial difficulty and they provide for three phases of intervention by Banco de Portugal, namely corrective intervention, interim administration and resolution phases.

Accordingly, the main mission of the Resolution Fund consists of providing financial support in the application of resolution measures adopted by Banco de Portugal.

In 2022 and 2021 the Bank recorded a periodic banking sector contribution of 412.016 euros and 308.407 euros, respectively.

Under the terms of Law 27-A/2020 of 27 July, an additional solidarity levy on the banking sector was created. In the year 2020 the Bank's contribution corresponded to 74.901.07 euros (2021: 59.290 euros).

Under the terms of article 153-H of the General Regime for Credit Institutions and Financial Companies that transposed Article 100(4)(a) and Article 103(1), of Directive 2015/59/EU of the European Parliament and of the Council, of 15 May 2014, and Article 20, of the Delegated Regulation (EU) 2015/63 of the Commission, of 21 October 2014 ("Delegated Regulation"), in 2015 the ex-ante contribution to the Single Resolution Fund (SRF) in the amount of 101,582 euros was made. It is incumbent on Banco de Portugal, as the resolution authority, to determine these contributions in proportion to the risk profile of the participating institutions, based on the information provided by those same institutions and on the methodology defined in the Delegated Regulation. In 2022 and 2021 the contribution came to 170,501.44 euros and 185,624 euros, respectively.

8. STAFF COSTS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Salaries and earnings		
Governing Bodies	1.109.453	988.447
Employees	9.487.303	9.083.018
Social Security charges		
Charges related to remunerations:		
Social Security	2.304.295	2.140.630
Other compulsory social charges:		
Other	61.217	102.887
Other staff costs		
Other	268.173	211.962
	13.230.441	**12.526.944**

As at 31 December 2022 and 2021, the average number of employees in the service of the Bank, broken down by professional category, was as follows:

	2022	2021
Directors	10	10
Executives and managers	50	41
Technical staff	221	231
Administrative staff	6	6
	287	**288**

In accordance with Article 47 of Banco de Portugal Notice 3/2020, the remunerations paid in 2022 are detailed as follows:

	Aggregate remuneration
Governing bodies	1.201.740
Significant business units	668.995
Internal control functions	211.311
Other identified employees	586.827
Total	**2.668.873**
No. of identified employees	25
Fixed remuneration	2.351.234
Variable remuneration	
By bank transfer	217.898
Deferred remuneration payable in 2022	
Acquired rights	76.409
Deferred remuneration payable in 2022	99.741

9. OTHER ADMINISTRATIVE COSTS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Water, energy and fuel	415.316	364.195
Consumables	26.405	19.677
Publications	4.801	5.451
Hygiene and cleaning materials	2.032	5.967
Other third party services	14.789	9.981
Leases and rentals	537	5.106
Communications	936.288	960.286
Travel and accommodation	290.097	183.828
Advertising and publications	1.145.124	684.452
Maintenance and repair	423.015	467.268
Transport	-	-
Staff training	57.914	123.261
Insurance	113.349	107.307
Specialised services	4.092.672	3.988.118
Other third party services	501.392	390.766
	8.023.731	**7.315.663**

The Specialised services item includes the fees of the Statutory Auditor for the statutory audit of the Bank's accounts and other services for the year ended 31 December 2022 and 2021, as follows:

	2022	2021
Statutory audit of the accounts	90.508	59.963
Work arising from the role of Statutory Auditor required by regulations and / or specific request of supervisory bodies	41.734	39.668
Other non-audit services	33.509	55.043
	165.751	**154.674**

The Specialised services item also includes the litigation and notary costs which in 2022 came to 753.851 euros (2021: 701.496 euros) and IT costs which in 2022 came to 972.689 euros (2021: 891.196 euros).

The Bank opted not to recognise lease liabilities for short-term leases and/or for low value items, as referred to in Note 2.9. As such, the costs related to leases and rentals came to 316 euros in 2022 (2021: 5.106 euros), relating to contracts of low value assets.

10. DEPRECIATIONS AND AMORTISATIONS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Intangible assets		
Software	171.313	145.705
Tangible assets		
Real estate	125.401	148.404
Furniture and materials	25.455	21.253
Machines and tools	5.593	7.048
IT equipment	210.608	130.125
Fixtures and fittings	4.954	5.090
Safety equipment	179	179
Vehicles	433.016	172.216
Rights of use	938.629	933.954
	1.915.148	**1.563.974**

11. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

In 2022 and 2021 this item was made up as follows:

	2022	2021
Cash and deposits at Central Banks		
Allocation for the year	62.400	-
Reversal for the year	-	-
Loans and advances to credit institutions		
Allocation for the year	4.370	1.745
Reversal for the year	(6.040)	-
Amounts and deposits at other credit institutions		
Allocation for the year	14.312	19.305
Reversal for the year	(15.126)	(21.202)
Loans and advances to customers		
Allocation for the year	11.231.714	8.797.097
Reversal for the year	(9.026.753)	(5.190.798)
Debt securities		
Allocation for the year	4.132.070	738.995
Reversal for the year	(871.747)	(511.338)
	5.525.200	**3.833.804**

12. IMPAIRMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

In 2022 and 2021 this item was made up as follows:

	2022	2021
Impairment of financial assets at fair value through other comprehensive income		
Allocation for the year	82.753	55.142
Reversal for the year	(46.773)	(51.671)
	35.980	**3.471**

13. IMPAIRMENT OF OTHER ASSETS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Impairment for non-current assets held for sale		
Allocation for the year	466.098	565.529
Reversal for the year	(370.598)	(697.044)
	95.500	**131.515**
Impairment of other assets		
Allocation for the year	80.047	54.524
Reversal for the year	(52.441)	(41.195)
	27.606	**13.329**
	123.106	**(118.186)**

14. OTHER PROVISIONS

In 2022 and 2021 this item was made up as follows:

	2022	2021
Provisions for guarantees and other commitments		
Allocation for the year	156.745	402.020
Reversal for the year	(100.665)	(434.689)
Other provisions		
Allocation for the year	2.473.575	1.871.685
Reversal for the year	(69.241)	(34.533)
	2.460.414	**1.804.483**

15. EQUITY ACCOUNTED EARNINGS

The amount of 102,542 euros refers to the financial investment in the entity Crest Capital Partners - Sociedade de Capital de Risco, S.A.

16. EARNINGS PER SHARE

In 2022 and 2021 this item was made up as follows:

	2022	2021
Net income	17.162.313	18.936.961
No. of average shares over the period	9.500.000	9.500.000
Basic earnings per share	**1.8066**	**1.9934**

17. CASH AND DEPOSITS AT CENTRAL BANKS

This item was made up as follows:

	31 December 2022	31 December 2021
Cash in hand	862.366	911.912
Demand deposits at Banco de Portugal	30.369.940	126.597.575
Interest receivable	2.667	-
Impairment losses	(62.400)	-
	31.172.573	**127.509.487**

Demand deposits at Banco de Portugal aim to comply with the minimum cash reserve requirements of the European System of Central Banks (ESCB). These deposits bear interest and exceed the minimum 2% of Customers' deposits and debt securities maturing in up to 2 years, excluding deposits and debt securities of entities subject to the ESCB minimum cash reserves regime.

18. AMOUNTS AND DEPOSITS AT OTHER CREDIT INSTITUTIONS

This item was made up as follows:

	31 December 2022	31 December 2021
Cheques payable		
- In Portugal	545	809.374
Demand deposits		
- In Portugal	3.020.248	2.759.294
- Abroad	17.675.677	20.943.485
Impairment losses	(6.061)	(6.875)
	20.690.409	**24.505.278**

The item Cheques payable represents essentially cheques drawn by third parties on other credit institutions that are due for collection. The balances of this item are settled in the first days of the following month.

19. FINANCIAL ASSETS HELD FOR TRADING AND FINANCIAL ASSETS NOT HELD FOR TRADING MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

This item was made up as follows:

	31 December 2022		31 December 2021	
	Financials assets held for trading	Financial assets not held for trading mandatorily at fair value through proft or loss	Financials assets held for trading	Financial assets not held for trading mandatorily at fair value through proft or loss
Debt instruments				
Other residents				
Other national public issuers	-	-	-	-
Credit institutions	405.900	-	475.665	-
Corporates	717.270	-	950.650	-
Non-residents				
Foreign public issuers	1.405.680	-	1.465.579	-
Credit institutions	6.460.237	-	7.701.394	-
Corporates	20.795.181	-	27.261.666	-
	29.784.268	**-**	**37.854.954**	**-**
Interest receivable	**366.276**	**-**	**375.660**	**-**
	30.150.544	**-**	**38.230.614**	**-**
Equity instruments				
Residents				
Shares	-	-	-	-
Investment units	-	17.251.879	-	14.606.380
Other	-	180.329	-	1.025
Non-residents				
Shares	1.739.217	-	3.516.478	-
Investment units	249.885	-	291.080	-
	1.989.102	**17.432.208**	**3.807.558**	**14.607.405**
Derivatives				
Swaps				
Interest rate	2 615.862	-	417.620	-
Other	-	-	-	-
Options embedded				
in structured deposits	25.995	-	-	-
	2.641.857	**-**	**417.620**	**-**
	34.781.503	**17.432.208**	**42.455.792**	**14.607.405**

The composition of (non-resident) debt instruments, excluding public issuers and credit institutions, as at 31 December 2022 and 2021, by sector of activity, was as follows:

	31 December 2022	31 December 2021
Manufacturing industries	5.269.743	6.485.400
Electricity. gas. steam. hot and cold water and cold air	4.709.924	8.144.997
Water supply. sewerage. waste management and remediation activities	1.720.695	2.029.390
Construction	829.440	979.400
Wholesale and retail trade; repair of motor vehicles and motorbikes	1.245.515	2.057.675
Transportation and storage	998.698	1.203.590
Information and communication activities	1.266.180	2.788.698
Financial and insurance activities	2.750.606	3.279.714
Real estate activities	1.177.491	292.802
Administrative and support services activities	826.889	-
	20.795.181	**27.261.666**

As at 31 December 2022 and 2021. the nominal value of the debt instruments is as follows:

	31 December 2022	31 December 2021
Other residents		
Credit institutions	500.000	500.000
Corporates	1.000.000	1.000.000
Non-residents		
Foreign public issuers	2.000.000	1.500.000
Credit institutions	11.300.000	11.700.000
Corporates	25.550.000	26.850.000
	40.350.000	**41.550.000**

As at 31 December 2022 and 2021, the transactions with derivatives were valued in accordance with the criteria in Note 2.4. On these dates, the breakdown of the notional amount and book value was as follows:

	2022			
	Notional amount	Book value		
	Derivatives from trading	Financial assets held for trading	Financial liabilities held for trading	Total
			(Note 20)	
Derivatives				
Over the counter (OTC)				
- *Swaps*				
Interest rate	100.804.100	2.615.863	-	2.615.863
Other	-	-	-	-
- Options embedded				
in structured deposits	52.073.548	25.994	(210.360)	(184.366)
- Options				
Equities	-	-	-	-
	152.877.648	**2.641.857**	**(210.360)**	**2.431.497**
Traded on the stock exchange				
- Futures				
Interest rate	73.990.928	-	-	-
Equities	69.220	-	-	-
Foreign exchange	18.146.482	-	-	-
	92.206.630	**-**	**-**	**-**
	245.084.278	**2.641.857**	**(210.360)**	**2.431.497**

	2021			
	Notional amount	Book value		
	Derivatives from trading	Financial assets held for trading	Financial liabilities held for trading	Total
		(Note 20)		
Derivatives				
Over the counter (OTC)				
- *Swaps*				
Interest rate	97.521.343	417.620	(122.975)	294.645
Other	-	-	-	-
- Options embedded in structured deposits	57.096.971	-	(215.299)	(215.299)
- Options				
Equities	-	-	-	-
	154.618.314	**417.620**	**(338.274)**	**79.346**
Traded on the stock exchange				
- Futures				
Interest rate	35.901.063	-	-	-
Equities	2.937.627	-	-	-
Foreign exchange	13.210.518	-	-	-
	52.049.208	**-**	**-**	**-**
	206.667.522	**417.620**	**(338.274)**	**79.346**

The distribution of derivative transactions as at 31 December 2022 and 2021, by times to maturity, was as follows (by notional amount):

	2022					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
- *Swaps*						
Interest rate	13.284.456	13.574.215	22.505.368	51.440.061	-	100.804.100
Other	-	-	-	-	-	-
	13.284.456	**13.574.215**	**22.505.368**	**51.440.061**	**-**	**100.804.100**
- Options embedded in structured deposits	3.418.489	5.130.682	15.027.539	28.496.838	-	52.073.548
- Options						
Equities and exchange rates	-	-	-	-	-	-
- Futures						
Interest rate	20.125.425	15.768.628	25.052.375	13.044.500	-	73.990.928
Equities	69.220	-	-	-	-	69.220
Foreign exchange	18.146.482	-	-	-	-	18.146.482
	38.341.127	**15.768.628**	**25.052.375**	**13.044.500**	**-**	**92.206.630**
	55.044.072	**34.473.525**	**62.585.282**	**92.981.399**	**-**	**245.084.278**

	2021					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
- *Swaps*						
Interest rate	13.045.544	14.181.624	20.930.135	49.364.040	-	97.521.343
Other	-	-	-	-	-	-
	13.045.544	**14.181.624**	**20.930.135**	**49.364.040**	**-**	**97.521.343**
- Options embedded in structured deposits	12.537.764	6.681.484	15.474.516	22.403.207	-	57.096.971
- Options						
Equities and exchange rates	-	-	-	-	-	-
- Futures						
Interest rate	1.820.513	-	17.561.300	16.519.250	-	35.901.063
Equities	2.937.627	-	-	-	-	2.937.627
Foreign exchange	13.210.518	-	-	-	-	13.210.518
	17.968.658	**-**	**17.561.300**	**16.519.250**	**-**	**52.049.208**
	43.551.966	**20.863.108**	**53.965.951**	**88.286.497**	**-**	**206.667.522**

The distribution of derivative transactions as at 31 December 2022 and 2021, by type of counterparty, was as follows:

	2022	2021
Over the counter (OTC)		
Swaps		
Interest rate		
- Financial institutions	100.804.100	97.521.343
Other		
- Customers	-	-
Options embedded in structured deposits		
- Customers	52.073.548	57.096.971
Opções de cotações		
- Customers	-	-
	152.877.648	**154.618.314**
Traded on the stock exchange		
Futures		
- Interest rate	73.990.928	35.901.063
- Equities	69.220	2.937.627
- Foreign exchange	18.146.482	13.210.518
	92.206.630	**52.049.208**
	245.084.278	**206.667.522**

The Financial assets not held for trading mandatorily at fair value through profit or loss / equity instruments item resulted from the reclassification on 1 January 2018 of the investment units of the funds, since their characteristics did not permit their classification in comprehensive income under the accounting policy described in Note 2.4.

All Financial assets held for trading and Financial assets not held for trading mandatorily at fair value through profit or loss are classified in Stage 1.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item was made up as follows:

	31 December 2022	31 December 2021
Debt instruments		
Other residents		
Other national public issuers	160.822	203.170
Corporates	6.977.460	7.069.580
Non-residents		
Foreign public issuers	55.425.317	6.455.623
Credit institutions	26.199.604	20.708.034
Corporates	101.267.500	116.584.973
	190.030.703	**151.021.380**
Interest receivable	959.623	929.191
	190.990.326	**151.950.571**

The Financial assets at fair value through other comprehensive income item also includes two equity instruments whose carrying amount is zero.

The composition of (non-resident) debt instruments, excluding public issuers and credit institutions, as at 31 December 2022 and 2021, by sector of activity, was as follows:

	31 December 2022	31 December 2021
Extractive industries	970.570	1.060.270
Manufacturing industries	52.182.514	56.935.457
Electricity. gas. steam. hot and cold water and cold air	26.308.073	31.011.275
Water supply. sewerage. waste management and remediation activities	3.229.315	2.997.765
Wholesale and retail trade; repair of motor vehicles and motorbikes	4.768.450	5.190.520
Information and communication activities	9.772.159	14.796.751
Administrative and support services activities	1.707.790	1.990.500
Human health and social support activities	2.328.629	2.602.435
	101.267.500	**116.584.973**

As at 31 December 2022 and 2021, the nominal value of the debt instruments is as follows:

	31 December 2022	31 December 2021
Other residents		
Other national public issuers	200.000	200.000
Corporates	7.000.000	7.000.000
Non-residents		
Foreign public issuers	57.500.100	7.000.100
Credit institutions	28.700.000	20.600.000
Corporates	110.850.000	113.400.000
	204.250.100	**148.200.100**

As described in the accounting policy referred to in Note 2.4, the financial assets at fair value through other comprehensive income portfolio is presented at its market value, with the respective fair value recorded against fair value reserves (Note 39).

As at 31 December 2022 and 2021, the potential gains and losses in financial assets at fair value through other comprehensive income were as follows:

	31 December 2022	31 December 2021
Debt instruments		
Other residents		
Portuguese public debt	(40.173)	2.056
Other bonds	(21.706)	76.124
Non-residents		
Foreign public issuers	(1.526.751)	(154.266)
Other bonds	(12.053.801)	3.046.399
	(13.642.431)	**2.970.313**
Equity instruments	(46.878)	(190.146)
Potential net capital gains (Note 38)	**(13.689.309)**	**2.780.167**

By 2022, the Bank had built up 213.094 euros of impairment (2021: 176.019 euros).

As at 31 December 2022 and 2021, the portfolio of financial assets at fair value through other comprehensive income, excluding interest receivable, broken down by stage and level, as defined in IFRS 9, is as follows:

	31 December 2022			
	Stage 1	*Stage 2*	*Stage 3*	Total
	Gross value	Gross value	Gross value	
Financial assets at fair value through other comprehensive income	190.030.703	-	-	190.030.703

	31 December 2021			
	Stage 1	*Stage 2*	*Stage 3*	Total
	Gross value	Gross value	Gross value	
Financial assets at fair value through other comprehensive income	151.021.380	-	-	151.021.380

In 2022, there are debt securities amounting to 126.258.064 euros (2021: 104.414.898 euros) delivered as a guarantee of repurchase of funds pledged to Central Banks.

21. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This item was made up as follows:

	31 December 2022	31 December 2021
Loans and advances to credit institutions		
Credit institutions in Portugal	1.000.000	700.000
Interest receivable	-	-
Impairment losses	(2.600)	(4.270)
	997.400	**695.730**

Changes in impairment were as follows:

	2022				
	Balance as at 31-12-2021	Net allocations	Charge-off	Other	Balance as at 31-12-2022
Impairment from Loans and advances to credit institutions:	4.270	(1.670)	-	-	2.600

Changes in times to maturity of deposits at credit institutions were as follows:

	2021				
	Balance as at 31-12-2020	Net allocations	Charge-off	Other	Balance as at 31-12-2021
Impairment from Loans and advances to credit institutions:	2.524	1.746	-	-	4.270

Residual terms of investments in credit institutions had the following structure:

	31 December 2022	31 December 2021
Up to 3 months	-	-
From 3 months to 1 year	997.400	695.730
	997.400	**695.730**

22. FINANCIAL ASSETS AT AMORTISED COST

a) Loans and advances to customers

This item was made up as follows:

	31 December 2022	31 December 2021
Domestic loans		
Property leasing transactions	25.860.731	31.199.439
Medium and long-term loans	26.833.529	36.398.700
Current account loans	15.730.110	19.502.610
Consumption and auto loan	314.980.861	295.952.511
Equipment finance lease transactions	80.084	97.858
Current account overdrafts	16.793.094	11.987.292
Other loans	11.016.626	8.525.023
	411.295.035	**403.663.433**
Foreign loans		
Current account overdrafts	5.056.804	5.335.997
	416.351.839	**408.999.430**
Interest receivable	**2.100.196**	**1.817.463**
Commissions associated to amortised cost:		
Deferred expenses	20.873.979	19.502.533
Deferred income	(6.830.144)	(6.944.725)
	14.043.835	**12.557.808**
Past due principal and interest	**15.482.819**	**19.277.956**
	447.978.689	**442.652.657**
Impairment		
Impairment for non-securitised loans	(27.854.439)	(29.273.640)
	(27.854.439)	**(29.273.640)**
	420.124.250	**413.379.017**

As at 31 December 2022. the holders of a qualified shareholding in the Bank's capital and entities controlled by the Bank. identified in the Board of Directors report and in Note 44. and to whom the Bank granted a loan. represented in aggregate terms 26% (12.172.399 euros) of the share capital (2021: 29%).

As at 31 December 2022, the loan granted by the Bank to holders with qualified shareholdings and to companies controlled by them amounts to 12.172.399 euros (2021): 18,500,030 euros), according to Note 42. Business between the company and qualifying shareholders or natural persons or legal entities related to the latter under the terms of article 20 of the Portuguese Securities Code, regardless of the amount, is always subject to assessment and deliberation by the Board of Directors. The impairment amount set up for these contracts amounts to 146.324 euros as at 31 December 2022 (31 December 2021: 206.903 euros).

Commissions associated with amortised cost refer to the net value of commissions paid and commissions received for credit operations, deferred in accordance with the effective interest rate method, as referred to in Note 2.4.

Overdue loans and interest refer to the capital, interest and other expenses of overdue and uncollected instalments.

The changes in impairment during 2022 and 2021 is as follows (the "other" item corresponds to impairment of stage 3 operations):

	2022				
	Balance as at 31-12-2021	Net appropriations	Charge-off	Other	Balance as at 31-12-2022
Impairment of financial assets at amortised cost					
Non-securitised loans and advances to customers	**29.273.640**	**2.204.961**	**(3.978.383)**	**354.221**	**27.854.439**

	2021			
	Balance as at 31-12-2020	Net appropriations	Charge-off	Balance as at 31-12-2021
Impairment of financial assets at amortised cost				
Non-securitised loans and advances to customers	**32.336.136**	**3.606.299**	**(6.668.795)**	**29.273.640**

In September 2016 the Bank initiated its auto loan concession activity. At the end of 2022. the amount of loans granted amounts to 328.456.783 euros (2021: 307.466.431 euros). excluding principal and interest due and accrued interest.

As at 31 December 2022 and 2021, the breakdown of times to maturity of loans and advances to customers, excluding past due loans, is as follows:

	31 December 2022	31 December 2021
Up to 3 months	22.476.873	26.321.793
3 months to 1 year	13.866.472	3.921.971
1 to 5 years	105.208.761	109.786.185
More than 5 years	274.799.733	268.969.481
	416.351.839	**408.999.430**

As at 31 December 2022 and 2021, the total loan portfolio broken down by stage, as defined in IFRS 9, is as follows:

	31 December 2022						
	Stage 1		*Stage 2*		*Stage 3*		Total
	Gross value	Impairment	Gross value	Impairment	Gross value	Impairment	
Loans and advances to customers							
Property leasing transactions	24.519.291	(3.121.415)	546.053	(162.869)	1.005.857	(138.457)	22.648.460
Medium and long-term loans	22.783.896	(4.189.966)	405.957	(278.297)	5.637.345	(2.052.639)	22.306.296
Current account loans	15.730.110	(166.460)	-	-	38.400	(38.400)	15.563.650
Consumption and auto loans	286.460.488	(1.813.136)	24.359.975	(3.746.432)	15.651.056	(10.896.476)	310.015.475
Equipment finance lease transactions	80.084	(4.776)	-	-	-	-	75.308
Current account overdrafts	21.273.030	(30.762)	572.479	(6.273)	4.389	(4.390)	21.808.473
Other loans	4.410.147	(107.524)	1.536.214	(85.467)	6.819.887	(1.010.700)	11.562.557
	375.257.046	**(9.434.039)**	**27.420.678**	**(4.279.338)**	**29.156.934**	**(14.141.062)**	**403.980.219**

	31 December 2021						
	Stage 1		*Stage 2*		*Stage 3*		Total
	Gross value	Impairment	Gross value	Impairment	Gross value	Impairment	
Loans and advances to customers							
Property leasing transactions	28.746.343	(1.999.711)	1.173.260	(198.272)	1.573.094	(300.975)	28.993.739
Medium and long-term loans	31.479.719	(3.565.020)	804.278	(195.780)	9.791.747	(6.691.247)	31.623.697
Current account loans	19.502.610	(215.317)	-	-	85.462	(83.478)	19.289.277
Consumption and auto loans	281.265.142	(2.378.723)	10.678.736	(2.367.432)	13.846.163	(10.171.732)	290.872.154
Equipment finance lease transactions	97.858	(2.057)	-	-	-	-	95.801
Current account overdrafts	17.323.289	(21.434)	-	-	-	-	17.301.855
Other loans	4.315.433	(70.659)	1.196.306	(49.330)	6.397.946	(962.473)	10.827.223
	382.730.394	**(8.252.921)**	**13.852.580**	**(2.810.814)**	**31.694.412**	**(18.209.905)**	**399.003.746**

(does not include interest receivable and commissions associated with amortised cost)

As at 31 December 2022 and 2021, the breakdown of past due loans by age is as follows:

	2022	2021
Up to 3 months	634.979	969.468
3 months to 1 year	2.251.151	2.711.340
More than 1 year	12.596.689	15.597.148
	15.482.819	**19.277.956**

As at 31 December 2022 and 2021, the breakdown of past due loans by type of guarantee was as follows:

	2022	2021
Mortgage guarantee or financial leasing (property)	2.073.862	5.390.234
Commercial pledge of pharmacies	-	564.250
Other real guarantees	1.749.622	3.384.661
Personal guarantee	1.273.509	1.143.295
No guarantee	10.385.826	8.795.516
	15.482.819	**19.277.956**

As at 31 December 2022 and 2021, the breakdown of performing loans and past due loans and the fair value of the underlying guarantees by type of loan was as follows:

	2022			
	Performing	Past due	Total	Fair value of associated guarantees
Loans and advances to customers				
Property leasing transactions	25.860.731	210.470	26.071.201	68.314.831
Medium and long-term loans	26.833.529	1.993.669	28.827.198	56.086.668
Current account loans	15.730.110	38.400	15.768.510	11.962.467
Consumption and auto loans	314.980.861	11.490.658	326.471.519	-
Equipment finance lease transactions	80.084	-	80.084	74.808
Current account overdrafts	21.849.898	-	21.849.898	-
Other loans	11.016.626	1.749.622	12.766.248	20.979.262
	416.351.839	**15.482.819**	**431.834.658**	**157.418.036**

	2021			
	Performing	Past due	Total	Fair value of associated guarantees
Loans and advances to customers				
Property leasing transactions	31.199.439	293.258	31.492.697	73.548.424
Medium and long-term loans	36.398.700	5.677.044	42.075.744	79.543.915
Current account loans	19.502.610	85.462	19.588.072	6.131.265
Consumption and auto loans	295.952.511	9.837.530	305.790.041	-
Equipment finance lease transactions	97.858	-	97.858	253.132
Current account overdrafts	17.323.289	-	17.323.289	-
Other loans	8.525.023	3.384.662	11.909.685	19.735.580
	408.999.430	**19.277.956**	**428.277.386**	**179.212.316**

The Bank uses physical and financial collateral as instruments to mitigate credit risk. Physical collaterals correspond mainly to mortgages on residential properties within the scope of loan operations and medium and long-term loans, or to the legal property in the case of real estate leasing operations. In order to reflect their market value, these collaterals are reviewed regularly based on evaluations conducted by certified, independent appraisers. The financial collaterals are re-evaluated based on market values of their assets, when available, and certain depreciation coefficients are applied to reflect their volatility.

The breakdown of the loan portfolio, as at 31 December 2022 and 2021, by sector of activity, was as follows:

	2022		
	Performing loans	Past due loans	Total
Households	308.872.340	12.007.222	320.879.562
Wholesale and retail trade; repair of motor vehicles and motorbikes	28.875.368	1.579.632	30.455.000
Financial and insurance activities	16.648.472	9.839	16.658.311
Real estate activities	12.533.093	116.702	12.649.795
Public administration and defence; mandatory social security	20.119	-	20.119
Extractive industries	27.307	-	27.307
Manufacturing industries	7.605.820	83.636	7.689.456
Construction	9.801.756	472.491	10.274.247
Agriculture. livestock. hunting. forestry and fishing	3.948.501	339.187	4.287.688
Administrative and support services activities	3.413.602	72.962	3.486.564
Consultancy. scientific. technical and similar activities	3.881.986	53.084	3.935.070
Human health and social support activities	2.495.240	7.539	2.502.779
Hotels. restaurants and similar	6.353.055	123.779	6.476.834
Water supply. sewerage. waste management and remediation activities	429.847	-	429.847
Other activities and services	3.550.740	125.994	3.676.734
Transportation and storage	5.031.121	320.581	5.351.702
Arts. entertainment. sports and recreational activities	1.207.555	108.261	1.315.816
Education	711.185	-	711.185
Electricity. gas. steam. hot and cold water and cold air	11.885	-	11.885
Information and communication activities	930.093	61.910	992.003
Activities of households as employers of domestic staff and production activities	2.754	-	2.754
Total loans	**416.351.839**	**15.482.819**	**431.834.658**

	2021		
	Performing loans	Past due loans	Total
Households	292.128.619	13.127.855	305.256.474
Wholesale and retail trade; repair of motor vehicles and motorbikes	32.445.459	1.938.503	34.383.962
Financial and insurance activities	24.926.634	254.624	25.181.258
Real estate activities	13.375.513	1.829.214	15.204.727
Public administration and defence; mandatory social security	-	-	-
Extractive industries	39.425	-	39.425
Manufacturing industries	7.396.329	457.058	7.853.387
Construction	8.369.085	474.468	8.843.553
Agriculture. livestock. hunting. forestry and fishing	4.126.056	355.125	4.481.181
Administrative and support services activities	3.133.135	73.158	3.206.293
Consultancy. scientific. technical and similar activities	3.035.585	36.563	3.072.148
Human health and social support activities	2.148.358	2.361	2.150.719
Hotels. restaurants and similar	7.033.204	180.450	7.213.654
Water supply. sewerage. waste management and remediation activities	413.026	-	413.026
Other activities and services	3.813.717	96.209	3.909.926
Transportation and storage	3.263.615	331.039	3.594.654
Arts. entertainment. sports and recreational activities	1.332.873	65.363	1.398.236
Education	698.032	1.408	699.440
Electricity. gas. steam. hot and cold water and cold air	-	-	-
Information and communication activities	1.316.681	54.558	1.371.239
Activities of households as employers of domestic staff and production activities	4.084	-	4.084
Total loans	**408.999.430**	**19.277.956**	**428.277.386**

To comply with the requirements for disclosure of IFRS 16 – Leases, the Bank prepared for the financial leasing portfolio, with reference to 31 December 2022 and 2021, the reconciliation between the minimum leasing payments and their present value, for each one of the periods defined in the standard, presented in the following table:

	2022	2021
Minimum lease payments		
Up to 1 year	3.718.146	4.576.631
1 to 5 years	12.521.556	14.779.321
More than 5 years	15.248.933	18.150.043
	31.488.635	**37.505.995**
Unearned financial income	(5.547.820)	(6.208.698)
	25.940.815	**31.297.297**
Present value of minimum lease payments		
Up to 1 year	2.764.884	3.503.349
1 to 5 years	9.959.625	12.012.050
More than 5 years	13 216 306	15.781.898
	25.940.815	**31.297.297**
Impairments for finance lease loans	(2.559.877)	(3.704.961)
	23.380.938	**27.592.336**

As at 31 December 2022 and 2021 the Bank's financial leasing portfolio contains no contracts whose residual value is guaranteed by external entities, nor are there any contingent rents.

The loan portfolio includes contracts that resulted from a formal restructuring with customers. in order to replace previous loans with new financing. In 2022 there were 3.022 restructurings due to customers' financial difficulties. in a total amount of 10.232.251 euros (2021: 12.964.874 euros).

The restructuring may result from an increase in collateral and/or the settlement of part of the loans and imply an extension of maturities or a change in the interest rate. The analysis of restructured loans, by sector of activity, is as follows:

	2022			
	Performing loans	Past due loans	Total	Impairment
Administrative and support services activities	20.563	-	20.563	4.292
Arts. entertainment. sports and recreational activities	33.631	14.069	47.700	13.056
Human health and social support activities	57.002	2.078	59.080	4.025
Financial and insurance activities	4.539	4.244	8.783	698
Real estate activities	622.690	12.662	635.352	100.943
Agriculture. livestock. hunting. forestry and fishing	1.431.934	295.562	1.727.496	583.849
Hotels. restaurants and similar	313.674	28.636	342.310	33.380
Wholesale and retail trade; repair of motor vehicles and motorbikes	70.932	773.106	844.038	320.909
Construction	43.615	435	44.050	4.165
Education	150.481	-	150.481	38.396
Manufacturing industries	172.627	2.442	175.069	3.513
Other activities and services	66.157	18.173	84.330	36.062
Individuals	5.268.953	652.095	6.021.845	1.240.479
Transportation and storage	70.919	235	71.154	22.025
Total loans	**8.327.717**	**1.803.737**	**10.232.251**	**2.405.792**

2021				
	Performing loans	Past due loans	Total	Impairment
Administrative and support services activities	37.489	-	37.489	9.479
Arts. entertainment. sports and recreational activities	47.850	-	47.850	10.195
Human health and social support activities	-	2.078	2.078	2.078
Financial and insurance activities	5.074	249.009	254.083	156.940
Real estate activities	686.564	-	686.564	52.250
Agriculture, livestock, hunting, forestry and fishing	1.505.931	302.502	1.808.433	779.156
Hotels, restaurants and similar	403.535	26.610	430.145	56.032
Wholesale and retail trade; repair of motor vehicles and motorbikes	1.469.418	833.972	2.303.390	542.281
Construction	47.439	1.117	48.556	4.899
Education	157.385	-	157.385	10.279
Manufacturing industries	341.945	407.573	749.518	209.802
Other activities and services	9.797	-	9.797	154
Individuals	5.148.322	955.429	6.103.751	1.298.826
Transportation and storage	72.111	274	72.385	24.465
Total loans	**9.932.860**	**2.778.564**	**12.711.424**	**3.156.836**

The restructured loans are subject to an impairment analysis resulting from the reassessment of expectations to meet new cash flows inherent to the new contract terms, discounted at the original effective interest rate and considering new collaterals.

The Bank has implemented a process for marking restructured operations due to customers' financial difficulties. The information on operations restructured due to financial difficulties is available in the Bank's information systems, having a relevant role in the processes of credit analysis, in the marking of customers in default and in the process of determining impairment. In particular there are several default triggers related to restructuring due to financial difficulties (restructuring with loss of value, overdue for more than 30 days for customers with restructured operations, implementation of grace periods longer than 24 months).

The operations marked as restructured due to customers' financial difficulties, maintain the referred marking, during a period of quarantine of not less than 12 months, during which the regularity of the fulfilment of the obligations is monitored monthly. After this period, although they are no longer classified as restructured due to non-compliance, they are carried over to a monthly probationary period of not less than 24 months.

The Amount at Risk comprises, by exposure, the amounts overdue and not paid (principal, interest and other charges), the amounts due (principal not yet due) and the accrued and not yet due interest (from the last due date to the closing date of the accounts).

The classification of Non-Performing Loans includes, i) besides the exposures marked as restructured due to customers' financial difficulties, active contracts: ii) with credit overdue for more than 90 days, iii) exposures without credit overdue or credit overdue for less than 90 days, but in a cure period; iv) exposures where credit overdue, regardless of seniority, represents more than 20% of the exposure value at risk, v) exposures identified as having risk signs, even without credit overdue (PER or PI requirement, execution by Third Parties of collaterals that mitigate the risk of exposure to our Bank). And, of course, vi) exposures associated with credit contracts that have been terminated due to default and are still under judicial execution.

As at 31 December 2022, the amount of NPL was 29.207.723 Euros (31 December 2021: 31.018.573 euros).

The portfolio includes loans which, in view of the customers' financial difficulties, were subject to a change in the initial conditions of the contract in the amount of 4.439.907 euros (31 December 2021: 12.711.424 euros), which present an impairment of 1.281.581 euros (31 December 2021: 3.156.836 euros).

The two main loan portfolios on the Balance Sheet, associated with car loans and mortgage loans (and property leasing) assimilated, during 2020, the framework and practices associated with moratoria: i) legal (Decree-Law 10-J/2020) and ii) sectoral (ASFAC).

Sensitivity analysis of the amount of impairment to changes in the main assumptions

Considering the types of Bank portfolios, as explained above in the report, the process of calculation of impairment is broken down by loans under individual analysis and those under collective analysis, where for the former the associated impairment is essentially dependent on the value of the associated collateral, while for the group of loans analysed collectively the impairment levels tend to be particularly sensitive to the probability of default associated with each segment.

In this context the sensitivity tests performed are broken down by the factors mentioned, according to the type of analysis made and the associated type of credit, and the impacts obtained in relation to the impairment recorded on 31 December 2022 are presented in the following table:

Type of credit	Impairment before the shock			Shock		Impairment after the shock			Variation %
	Individual	Collective	Total	Collateral	PD	Individual	Collective	Total	
General real estate credit	9.917.881	276.823	10.194.704	-11.9%	+30%	11.002.179	330.562	11.332.741	11%
Loans with precious metals as collateral	1.029.149	174.541	1.203.690	-13.5%	+30%	1.048.121	227.056	1.275.177	6%
Auto loans	-	16.456.044	16.456.044	-	+30%	-	18.079.066	18.079.066	10%
Total	**10.947.030**	**16.907.408**	**27.854.439**			**12.050.300**	**18.636.683**	**30.686.984**	

With regard to the assumptions used in the sensitivity analysis, for loans subject to individual analysis, in the general credit segment a devaluation of 11.9% of the associated collateral was considered, which corresponds to the largest annual devaluation historically observed in this segment in the last 10 years, while for the credit segment with precious metals collateral a devaluation of 13.5% was used, which corresponds to the largest intra-annual devaluation of the gold price over the last ten years.

For loans subject to collective analysis, an analogous shock was considered for all segments corresponding to a 30% increase in the probability of default.

- Interest rate risk:

According to the methodology described in Banco de Portugal's Instruction 34/2018, the impact on own funds arising from a 200bps shock to the interest rate curve amounts to 8.886.672 euros (2021: 11.109.499 euros).

b. Debt securities

This item was made up as follows:

	31 December 2022	31 December 2021
Debt securities		
Portuguese public debt or public companies	8.267.316	5.824.135
Other residents		
Credit institutions	14.201.349	11.903.525
Corporates	49.932.338	57.404.645
Commercial paper	8.000.000	58.350.683
Interest receivable	858.579	661.339
Non-residents		
Government Debt	81.600.145	80.463.668
Credit institutions	29.786.814	10.500.996
Corporates	57.876.582	72.686.925
Interest receivable	2.451.696	2.768.164
Adjustments arising from the application of fair value hedge accounting	-	(505.145)
	252.974.819	**300.058.935**
Impairment		
Other loans and receivables – debt securities	(3.981.526)	(719.265)
	(3.981.526)	**(719.265)**
	248.993.293	**299.339.670**

The composition of the (non-resident) debt securities, excluding public issuers and credit institutions, as at 31 December 2022 and 2021, by sector of activity was as follows:

	31 December 2022	31 December 2021
Extractive industries	5.052.378	5.067.663
Manufacturing industries	21.688.304	31.706.693
Electricity, gas, steam, hot and cold water and cold air	17.238.533	19.743.531
Other activities and services	-	2.273.232
Transportation and storage	5.033.182	5.039.567
Information and communication activities	6.133.326	6.009.867
Financial and insurance activities	723.263	835.136
Real estate activities	1.008.151	1.011.890
Administrative and support services activities	999.445	999.346
	57.876.582	**72.686.925**

As at 31 December 2022 and 2021, the debt securities portfolio, excluding interest receivable, broken down by stage, as defined in IFRS 9, is as follows:

	31 December 2022						
	Stage 1		*Stage* 2		*Stage* 3		Total
	Gross value	Impairment	Gross value	Impairment	Gross value	Impairment	
Debt securities	247.896.180	(331.026)	-	-	5.078.639	(3.650.500)	248.993.293
	247.896.180	**(331.026)**	**-**	**-**	**5.078.639**	**(3.650.500)**	**248.993.293**

	31 December 2021						
	Stage 1		*Stage* 2		*Stage* 3		Total
	Gross value	impairment	Gross value	impairment	Gross value	impairment	
Debt securities	300.058.935	(719.265)	-	-	-	-	299.339.670
	300.058.935	**(719.265)**	**-**	**-**	**-**	**-**	**299.339.670**

In 2022, there are debt securities in the amount of 104.663.121 euros (2021: 102.085.326 euros) delivered as a guarantee of repurchase of funds pledged to Central Banks.

The fair value of the debt securities in this portfolio, as at 31 December 2022, is 237.082.639 euros (2021: 312.038.318 euros).

23. HEDGING DERIVATIVES

This item was made up as follows:

	31 December 2022		31 December 2021	
	Assets	Liabilities	Assets	Liabilities
Swaps	-	-	361.023	-
	-	**-**	**361.023**	**-**

In May 2022, the Bank ended the hedge accounting of the fair value changes of part of the portfolio at amortised cost.

24. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

As at 31 December 2022 and 2021, the balance of this item corresponds to the shareholdings held by the Bank in Crest Capital Partners S.A. in which it holds a 10% shareholding in the amount of 25.042 euros and 12.500 euros, respectively.

On these dates, the more significant financial highlights of the financial statements of these entities may be summed up as follows:

Crest Capital Partners - Sociedade de Capital de Risco, S.A.	2021
Net assets	1.997.812
Net equity	1.150.420
Net income	943.224
Total income	4.068.449

In 2022 there was a dividend distribution in the subsidiary Crest Capital Partners S.A., in which the Bank received 90.000 euros.

25. INVESTMENT PROPERTIES

This item shows properties owned by the Fundo Tejo, with the following changes:

	2022	2021
Opening balance	6.151.623	5.883.931
Acquisitions	-	3.690
Revaluations	119.977	264.002
Disposals	-	-
Transfers	-	-
Closing balance	**6.271.600**	**6.151.623**

26. NON-CURRENT ASSETS HELD FOR SALE

This item was made up as follows:

	31 December 2022	31 December 2021
Real estate	8.350.529	10.005.776
Impairment	(2.764.156)	(2.938.125)
	5.586.373	**7.067.651**

Changes in this item in 2022 and 2021 are shown below:

2022									
	31 de December de 2021						31 de December de 2022		
	Gross value	Impairment	Acquisitions	Disposals	Reinstatements / (Charges) Impairment	Use of Impairment	Gross value	Impairment	Net value
					Note 13				
Real estate	**10.005.776**	**(2.938.125)**	**405.127**	**(2.060.374)**	**(95.499)**	**269.468**	**8.350.529**	**(2.764.156)**	**5.586.373**

2021									
	31 de Dezembro de 2020						31 de Dezembro de 2021		
	Gross value	Impairment	Acquisitions	Disposals	Reinstatements / (Charges) Impairment	Use of Impairment	Gross value	Impairment	Net value
					Note 13				
Real estate	**11.780.135**	**(3.731.949)**	**1.141.772**	**(2.916.131)**	**(132.486)**	**926.310**	**10.005.776**	**(2.938.125)**	**7.067.651**

As at 31 December 2022 and 2021, the breakdown of non-current assets held for sale is as follows, according to the Bank acquisition date:

	2022			2021		
Year of acquisition	Gross value	Impairment	Net income	Gross value	Impairment	Net income
prior to 2013	2.459.041	(1.169.829)	1.289.212	2.648.615	(1.260.266)	1.388.349
2013	736.826	(123.946)	612.880	736.826	(110.642)	626.184
2014	380.126	(1.372)	378.754	643.563	(39.555)	604.008
2015	96.549	(16.631)	79.918	186.532	(14.239)	172.293
2016	1.006.553	(331.414)	675.139	1.006.553	(319.321)	687.232
2017	870.103	(552.988)	317.115	1.104.482	(618.500)	485.982
2018	687.437	(93.539)	593.898	1.062.633	(128.143)	934.490
2019	704.888	(302.475)	402.413	930.079	(270.156)	659.923
2020	-	-	-	450.613	(46.747)	403.866
2021	1.003.879	(127.896)	875.983	1.235.880	(130.556)	1.105.324
2022	405.127	(44.066)	361.061	-	-	-
	8.350.529	**(2.764.156)**	**5.586.373**	**10.005.776**	**(2.938.125)**	**7.067.651**

The real estate held in portfolio for more than 1 year corresponds to real estate that in spite of the commercial efforts undertaken by the Bank to proceed with its immediate sale, has still not been sold, due mainly to the current climate of the real estate market. The Bank continues to focus its efforts on selling the real estate in the short-term.

During 2022, the Bank recorded net gains from the sale of real estate received in lieu of payment, for a total of 328.528 euros (2021: net gains of 156.522 euros) (Note 6).

Changes in impairment were as follows:

	2022			
	Balance as at 31-12-2021	Net charges	Charge-off	Balance as at 31-12-2022
Impairment of other assets				
Non-current assets held for sale	**2.938.125**	**95.499**	**(269.468)**	**2.764.156**

	2021			
	Balance as at 31-12-2020	Net charges	Charge-off	Balance as at 31-12-2021
Impairment of other assets				
Non-current assets held for sale	**3.731.949**	**132.486**	**(926.310)**	**2.938.125**

27. OTHER TANGIBLE ASSETS

Changes in the "Other tangible assets" items during 2022 and 2021 were as follows:

2022								
Description	31 de December de 2021		Acquisitions	Depreciation for the year	Transfers	Disposals and write-offs		Net value 31-12-2022
	Gross value	Accumulated depreciation				Gross value	Depreciation	
Real estate								
- Premises	866.014	(269.657)	-	(13.006)	-	-	-	583.351
- Leasehold expenses	3.194.046	(2.667.738)	-	(112.395)	173.018	(5.055)	5.055	586.931
	4.060.060	**(2.937.395)**	**-**	**(125.401)**	**173.018**	**(5.055)**	**5.055**	**1.170.282**
Equipment:								
- Furniture and materials	513.876	(417.375)	34.085	(25.455)	-	-	-	105.131
- Machines and tools	85.604	(63.853)	-	(5.593)	-	-	-	16.158
- IT equipment	1.279.573	(908.241)	168.294	(210.608)	-	(101.332)	101.332	329.018
- Fixtures and fittings	566.387	(554.736)	9.785	(4.954)	-	(78.489)	78.489	16.482
- Vehicles	2.528.097	(1.894.850)	1.045.263	(433.016)	-	(1.210.118)	1.178.718	1.214.094
- Safety equipment	9.578	(9.164)	-	(179)	-	-	-	235
	4.983.115	**(3.848.219)**	**1.257.427**	**(679.805)**	**-**	**(1.389.939)**	**1.358.539**	**1.681.118**
Other tangible assets:								
- Artistic assets	41.364	-	-	-	-	-	-	41.364
- Under construction	151.945	-	24.532	-	(173.018)	-	-	3.459
	193.309	**-**	**24.532**	**-**	**(173.018)**	**-**	**-**	**44.823**
Right-of-use - IFRS 16								
- Real estate	6.611.583	(2.788.001)	-	(938.629)	-	-	-	2.884.953
- Other	21.157	(21.157)	-	-	-	-	-	-
	15.869.224	**(9.594.772)**	**1.281.959**	**(1.743.835)**	**-**	**(1.394.994)**	**1.363.594**	**5.781.176**

2021								
Description	31 de Dezembro de 2020		Acquisitions	Depreciation for the year	Transfers	Disposals and write-offs		Net value 31-12-2021
	Gross value	Accumulated depreciation				Gross value	Depreciation	
Real estate								
- Premises	708.264	(257.440)	157.750	(12.217)	-	-	-	596.357
- Leasehold expenses	3.155.910	(2.531.551)	724	(136.187)	37.412	-	-	526.308
	3.864.174	**(2.788.991)**	**158.474**	**(148.404)**	**37.412**	**-**	**-**	**1.122.665**
Equipment:								
- Furniture and materials	514.241	(416.199)	14.780	(21.253)	4.932	(20.077)	20.077	96.501
- Machines and tools	85.540	(57.716)	976	(7.049)	-	(912)	912	21.751
- IT equipment	914.758	(779.680)	366.379	(130.125)	-	(1.564)	1.564	371.332
- Fixtures and fittings	561.140	(549.646)	5.247	(5.090)	-	-	-	11.651
- Vehicles	2.349.486	(2.100.407)	556.385	(171.326)	-	(377.774)	376.883	633.247
- Safety equipment	9.578	(8.985)	-	(179)	-	-	-	414
	4.434.743	**(3.912.633)**	**943.767**	**(335.022)**	**4.932**	**(400.327)**	**399.436**	**1.134.896**
Other tangible assets:								
- Artistic assets	41.364	-	-	-	-	-	-	41.364
- Under construction	18.213	-	176.076	-	(42.344)	-	-	151.945
	59.577	**-**	**176.076**	**-**	**(42.344)**	**-**	**-**	**193.309**
Right-of-use - IFRS 16								
- Real estate	6.695.665	(1.861.055)	-	(933.953)	-	(84.082)	7.007	3.823.582
- Other	21.157	(21.157)	-	-	-	-	-	-
	15.075.316	**(8.583.836)**	**1.278.317**	**(1.417.379)**	**-**	**(484.409)**	**406.443**	**6.274.453**

The Right-of-use item corresponds essentially to leased properties (branches and central buildings) and a residual number of printers, amortised according to the lease term of each contract, as described in accounting policy 2.9.

28. INTANGIBLE ASSETS

Changes in the "Intangible assets" items during 2022 and 2021 were as follows:

2022								
	31 de December de 2021				Disposals and write-offs			
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Gross value	Depreciation	Amortisation for the year	Net value 31-12-2022
Intangible assets								
Software	2.855.524	(2.623.900)	256.645	154.705	-	-	(171.313)	471.661
Intangible assets in progress	236.053	-	172.186	(154.705)	-	-	-	253.534
	3.091.577	**(2.623.900)**	**428.831**	**-**	**-**	**-**	**(171.313)**	**725.195**

2021								
	31 de December de 2020				Disposals and write-offs			
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Gross value	Depreciation	Amortisation for the year	Net value 31-12-2021
Intangible assets								
Software	2.695.346	(2.478.195)	-	160.178	-	-	(145.705)	231.624
Intangible assets in progress	186.275	-	209.956	(160.178)	-	-	-	236.053
	2.881.621	**(2.478.195)**	**209.956**	**-**	**-**	**-**	**(145.705)**	**467.677**

29. CURRENT TAX ASSETS

The balances of income tax assets and liabilities as at 31 December 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets / (liabilities)		
Tax assessed	(3.438.221)	(4.755.837)
Tax benefit	2.475.322	-
Surcharge	(228.240)	(339.703)
State surcharge	(563.674)	(937.342)
Autonomous taxation	(198.238)	(119.515)
	(1.953.050)	**(6.152.397)**
Payments on account	2.946.838	2.607.561
Additional payments on account	615.326	380.853
Tax withholding	355.674	687.081
	3.917.838	**3.675.495**
	1.964.788	**(2.476.902)**

Current tax is calculated based on taxable income for the year, which differs from the accounting result due to adjustments to taxable income arising from costs or earnings not relevant for tax purposes, or which will only be considered in other accounting periods. The main situations that generate such adjustments are related with the Banking Sector Contribution, the fair value of financial instruments and the difference between credit impairments and the relevant values for tax purposes.

In 2019, Law 98/2019 of 4 September was published, which establishes a new regime for impairment of credit institutions and other financial institutions for tax periods beginning on or after 1 January 2019.

Articles 28-A and 28-C of the Corporate Income Tax Code now provide for the deductibility, for the purposes of determining taxable profit, of impairment losses for credit risk, in securities and other investments (with certain exceptions), provided they are accounted for in accordance with the applicable accounting and regulatory rules (the reference to the rules/limits defined in a regulatory decree - which, in turn, referred to the minimum limits established in Banco de Portugal Notice 3/95 - which determined whether or not to accept the said impairment for tax purposes, having been eliminated).

The provisions of the revoked Banco de Portugal Notice 3/95 ("Notice 3/95"), as amended before its revocation by Banco de Portugal Notice 5/2015, shall continue to apply to impairment losses for specific credit risk recorded in tax periods prior to the application of the regime that have not yet been accepted for tax purposes.

With regard to impairment losses for specific credit risk recorded after the entry into force of Law 98/2019 of 4 September, an optional "adjustment period" of 5 years (up to and including 2023) was created, during which credit institutions and other financial institutions may continue to apply the previous tax regime, namely the limits set out in Banco de Portugal Notice 3/95 and other applicable tax rules.

In this sense, the possibility of early adoption of the new tax regime (the "definitive regime") is also foreseen, an option subject to communication by the institutions to the Director General of the Portuguese Tax Authorities until the end of the tenth month of the current reporting period.

The Bank opted to adhere to the new regime for impairment of credit institutions and other financial institutions by reference to the tax period of 2019, so it is the application of the definitive regime that has an impact on its estimated current taxes from and including that period.

In general terms, according to that diploma:

(i) impairment losses for credit risk recorded in tax periods beginning on or after 1 January 2019 shall be recorded in the taxable income, except for rare exceptions;
(ii) impairment losses for credit risk recorded in previous tax periods continue to be subject to the previous tax framework, i.e. the mandatory minimum limits established in Banco de Portugal Notice 3/95.
(iii) reversals of impairment losses should be allocated to those impairment losses that were not fiscally relevant and, of these, to the oldest.

The exceptions referred to in point (i) refer to impairment losses on loans and other rights granted to natural or legal persons who hold more than 10% of the taxpayer's capital, as well as impairment losses on loans and other rights granted to entities in which the taxpayer holds more than 10% (this occurs when the loans were granted at a subsequent time to the acquisition of the holding).

Tax costs recorded in profit and loss and the tax burden, measured by the relation between allocation for tax and the profit for the year before tax, is as follows:

	2022	2021
Current taxes		
For the year	1.953.051	6.152.397
Corrections from previous years	430.190	33.255
	2.383.241	**6.185.652**
Deferred taxes		
Entry and reversal of temporary differences	530.346	1.541.967
Total tax recognised in profit or loss	**2.913.587**	**7.727.619**
Income before taxes	**20.148.404**	**26.746.334**
Tax burden	14.46%	28.89%

Pursuant to current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years, except for financial years in which tax losses are carried forward, in which case the expiration period is the end of the period for which that right exists. Therefore, the tax returns of the Bank for the years 2018 to 2021 are still subject to review and the taxable amount may be corrected.

However, the Bank's Board of Directors does not think that there will be any correction with a significant impact on the financial statements as at 31 December 2022.

The reconciliation between the nominal and effective rate of tax in 2022 and 2021 is given below:

	2022		2021	
	Rate	Tax	Rate	Tax
Income before taxes		20.148.404		26.746.334
Tax at nominal rate	22.50%	4.533.391	22.50%	6.017.925
State surcharge	2..80%	563.674	3.50%	93.342
		5.097.065		**6.955.267**
Impairment not accepted for tax purposes	0.00%	-	1.31%	349.124
Costs not accepted for tax purposes:				
- Write-ups	(0.02%)	(4.052)	0.08%	21.737
Tax benefits	(0.04%)	(7.073)	(0.03%)	(7.891)
Gains and losses	(0.28%)	(56.844)	(0.08%)	(22.190)
Autonomous taxation	0.98%	198.238	0.45%	119.515
Banking sector contribution	0.51%	102.253	0.31%	82.732
SIFIDE	(12.29%)	(2.475.322)	0.00%	-
Other	0.29%	59.322	(0.86%)	229.325
	14.46%	**2.913.587**	**28.89%**	**7.727.619**

30. DEFERRED TAX ASSETS

The asset and liability balances by income tax as at 31 December 2022 and 2021 are as follows:

	2022	2021
Deferred tax assets		
- By temporary differences	5.985.191	3.235.556
Deferred tax liabilities		
- By temporary differences	(217.818)	(1.164.498)
	5.767.373	**2.071.058**

The breakdown of changes in deferred taxes in 2022 and 2021 was as follows:

	2022			
	Balance as at 31-12-2021	Change in income	Change in reserves	Balance as at 31-12-2022
Deferred tax assets				
- Impairment of credit not recognised for tax purposes	1.615.192	(1.164.530)	-	450.662
- Impairment of securities	31.924	-	-	31.924
- Financial assets available for sale	197.013	-	3.362.209	3.559.222
- Impairment of properties recovered	276.612	(79.983)	-	196.629
- Impairment miscellaneous	-	6.812	-	6.812
- Provisions	1.114.816	625.126	-	1.739.942
	3.235.557	**(612.575)**	**3.362.209**	**5.985.191**
Deferred tax liabilities				
- Revaluation of Investment Units	(244.642)	82.229	-	(162.413)
- Financial assets at fair value through other comprehensive income	(919.856)	-	864.451	(55.405)
	(1.164.498)	**82.229**	**864.451**	**(217.818)**
	2.071.059	**(530.346)**	**4.226.660**	**5.767.373**

	2021			
	Balance as at 31-12-2020	Change in income	Change in reserves	Balance as at 31-12-2021
Deferred tax assets				
- Impairment of credit not recognised for tax purposes	3.260.351	(1.645.160)	-	1.615.191
- Impairment of securities	171.377	(139.453)	-	31.924
- Financial assets available for sale	95.871	-	101.142	197.013
- Impairment of properties recovered	241.785	29.143	(188.110)	82.818
- Provisions	422.691	458.145	427.774	1.308.610
	4.192.075	**(1.297.325)**	**340.806**	**3.235.556**
Deferred tax liabilities				
- Revaluation of Investment Units	-	(238.958)	-	(238.958)
- Financial assets at fair value through other comprehensive income	(1.560.205)	-	634.665	(925.540)
	(1.560.205)	**(238.958)**	**634.665**	**(1.164.498)**
	2.631.870	**(1.536.283)**	**975.471**	**2.071.058**

In 2014, the Bank adopted the special scheme applicable to deferred tax assets (REAID). The scheme, approved by Law 61/2014, of 26 August, covers the deferred tax assets arising from the non-deduction of expenses and negative variations in net worth resulting from credit impairment losses and post-employment or long-term employment benefits, being applicable to realities of this nature accounted for in fiscal years beginning on or after 1 January 2015, as well as to deferred tax assets that are recorded in the annual accounts as at 31 December 2014. According to Law 23/2016, of 19 August, this special scheme is not applicable to expenses and negative variations in net worth accounted for in fiscal years beginning on or after 1 January 2016, as well as to deferred tax assets associated to the latter.

The deferred tax assets arising from the non-deduction of expenses and negative equity changes resulting from credit impairment losses and post-employment or long-term employment benefits are converted into tax credits when the taxpayer records a negative net income in its annual accounts, after being approved by the governing bodies, in compliance with applicable legislation, or in the event of liquidation by voluntary dissolution, insolvency ordered by court decision or, when applicable, its authorisation for the exercise of the activity is revoked by the competent supervisory authorities. In a scenario of conversion arising from a net loss, the amount of tax credit to be attributed will result from the proportion between the net loss for the period and the total equity of the taxpayer (determined prior to the deduction of that result), applied to the eligible balance of the deferred tax assets. When the conversion arises from liquidation or insolvency or the taxpayer presents a negative equity, the conversion of the deferred tax assets into tax credit is conducted at full value.

The conversion into tax credit (not due to liquidation or insolvency) requires the creation of a special reserve in the amount of the respective credit increased by 10%, jointly with the issue of securities in the form of conversion rights to be assigned to the State. The exercise of the conversion rights results in the increase of the share capital of the taxpayer due to incorporation of the special reserve and the issue of new ordinary shares to be delivered to the State free of charge.

Regarding the deferred tax assets covered by REAID, their future deductibility is limited, in each financial year, to the value of the taxable profit calculated prior to the deduction of those expenses and negative equity changes, i.e. the deduction undertaken given that the conditions for the tax deductibility of those expenses and negative equity changes are met does not apply if it results in a tax loss or it only applies in proportion to the value required to obtain a nil tax result.

Given that a positive net income for the year was recorded in 2022 and 2021, there was no conversion of eligible assets into tax credit in the current financial year.

It should be noted that in December 2022, with no opposition from Banco de Portugal, the Bank renounced the special regime applicable to deferred tax assets (REAID), with effect from 2023.

The deferred taxes, in 2022, that do not depend on future profitability correspond to 625.692 euros (2021: 1.335.996 euros).

31. OTHER ASSETS

As at 31 December 2022 and 2021, this item was made up as follows:

	31 December 2022	31 December 2021
Debtors and other financial investments		
Debtors by transactions on futures	720.822	572.696
Other sundry debtors	730.319	376.054
Impairment sundry debtors	(144.962)	(118.779)
	1.306.179	**829.971**
Other		
Gold and other precious metals	370.052	213.634
Income receivable		
Commissions	829.107	854.146
Deferred expenses		
Rents	85.027	86.312
Insurance	1.214	3.659
Other	452.273	290.747
	538.514	**380.718**
Other accruals and deferrals		
Stock market transactions pending settlement	1.592.794	2.301.992
Asset transactions pending settlement	1.081.502	1.510.389
	2.674.296	**3.812.381**
	5.718.148	**6.090.850**

The margin accounts of futures contracts are included in the "Debtors by transactions on futures" item.

As at 31 December 2022 and 2021, "Stock market transactions pending settlement" reflect transactions carried out on behalf of third parties, financial settlement of which took place after the balance sheet date.

The change in "Asset transactions pending settlement" is essentially due to the decrease in the Telemarketing insurance activity associated with auto loans.

The changes to impairment were as follows:

	2022				
	Balance as at 31-12-2021	Net charges	Charge-off	Other	Balance as at 31-12-2022
Impairment of other assets					
Other assets	**118.779**	**27.607**	**(1.424)**	**-**	**144.962**

	2021			
	Balance as at 31-12-2020	Net charges	Charge-off	Balance as at 31-12-2021
Impairment of other assets				
Other assets	**105.450**	**13.329**	**-**	**118.779**

32. RESOURCES FROM CENTRAL BANKS

As at 31 December 2022 and 2021 this item was made up as follows:

	31 December 2022	31 December 2021
Resources from Banco de Portugal	176.510.000	176.510.000
Interest receivable	(2.683.578)	(942.253)
	173.826.422	**175.567.747**

As at 31 December 2022 and 2021, "Resources from Banco de Portugal" corresponds to resources obtained by discounting securities at the European Central Bank.

As at 31 December 2022 and 2021, the times to maturity of resources obtained from Banco de Portugal are as follows:

	31 December 2022	31 December 2021
Up to 3 months	-	-
3 months to 1 year	97.996.280	-
More than 1 year	75.830.142	175.567.747
	173.826.422	**175.567.747**

Resources obtained from Banco de Portugal as at 31 December 2022 and 2021 are secured by a chattel mortgage on the Bank's own securities portfolio (Note 42).

As at 31 December 2022 and 2021, central bank resources include 176.5 million euros in respect of funding obtained under the European Central Bank's (ECB) Third Targeted Longer-Term Refinancing Operations Programme (TLTRO III) on 18 June 2020, 17 March 2021, 23 September 2021 and 16 December 2021.

Based on the terms of this programme, compared to the market price of other loans with similar collateral, the Bank concludes that TLTRO III does not contain significant benefits with respect to market price and financial liability accounts, and therefore the TLTRO III Programme is fully considered as an indexed rate instrument under IFRS 9.

The Effective Interest Rate for these instruments includes the bonus in the special interest period (the bank has met its lending targets over the life of the operations) and reflects the bank's determination on initial recognition as to the final amount of interest receivable at maturity.

33. FINANCIAL LIABILITIES HELD FOR TRADING

As at 31 December 2022 and 2021, this item relates to derivatives recorded at fair value offset against profit or loss (Note 5) and is broken down as follows:

	31 December 2022	31 December 2021
Interest rate swaps	-	122.975
Options	210.360	215.299
	210.360	**338.274**

34. RESOURCES FROM CREDIT INSTITUTIONS

As at 31 December 2022 and 2021, this item was made up demand deposits and other resources from other credit institutions as follows:

	31 December 2022	31 December 2021
Demand deposits and other resources:		
Credit institutions in Portugal	7.257.569	561.689
	7.257.569	**561.689**

35. RESOURCES FROM CUSTOMERS AND OTHER LOANS

As at 31 December 2022 and 2021. this item was made up as follows:

	31 December 2022	31 December 2021
At sight		
- Demand deposits	290.928.234	352.822.872
With agreed maturity dates		
- Term deposits	291.866.045	326.707.700
- Structured deposits	51.406.963	57.096.971
	343.273.008	**383.804.671**
	634.201.242	**736.627.543**
Interest payable	**1.466.610**	**1.877.992**
	635.667.852	**738.505.535**

Under the terms of the law, the Deposit Guarantee was established to guarantee the reimbursement of funds deposited in Financial Institutions. The criteria that apply to the calculation of the annual contributions to said Fund are defined in Banco de Portugal's Notice 11/94.

As at 31 December 2022 and 2021, the times to maturity of customers' resources are as follows:

	31 December 2022	31 December 2021
Up to 3 months	81.064.402	98.779.296
3 months to 1 year	197.412.616	192.028.313
1 to 5 years	64.714.990	92.886.062
More than 5 years	81.000	111.000
	343.273.008	**383.804.671**

36. PROVISIONS

Changes in Banco Invest's provisions and impairment during 2022 and 2021 were as follows:

	2022			
	Balance as at 31-12-2021	Net charges	Charge-off	Balance as at 31-12-2022
Other provisions:				
- Provisions for guarantees and other commitments	42.387	56.079	-	98.466
- Other provisions	4.287.753	2.404.335	-	6.692.088
	4.330.140	**2.460.414**	**-**	**6.790.554**

	2021			
	Balance as at 31-12-2020	Net charges	Charge-off	Balance as at 31-12-2021
Other provisions:				
- Provisions for guarantees and other commitments	75.056	(32.669)	-	42.387
- Other provisions	2.450.601	1.837.152	-	4.287.753
	2.525.657	**1.804.483**	**-**	**4.330.140**

The Other provisions item refers to the accumulated results until 31 December 2022 of minority shareholders in the amount of 6.453.072 euros (2021: 3.309.820 euros). This provision corresponds to the effect in the Bank's accounts of the separation of part of the business to occur during 2023, as mentioned in Note 52, with the Bank remaining the majority shareholder.

37. OTHER LIABILITIES

As at 31 December 2022 and 2021, this item was made up as follows:

	31 December 2022	31 December 2021
Creditors and other resources		
- Creditors by transactions on futures	2.990.345	599.402
Public Administration Sector:		
- Tax withholdings	957.184	990.284
- VAT payable	182.101	99.386
- Social Security contributions	270.307	235.351
- Advances on account. third parties	39.293	23.623
Sundry creditors:		
- Trade payables	500.222	965.932
- Other creditors	3.704.918	4.994.048
	8.644.370	**7.908.026**
Deferred income		
- Rents	5.653	38.836
- Commissions	242.522	434.632
	248.175	**473.468**
Interest payable		
- Staff costs	1.962.973	1.945.188
- General administrative costs	355.592	225.633
- Rent charges	3.004.175	3.988.650
- Other	54.990	63.443
	5.377.730	**6.222.914**
Other accruals and deferrals		
- Securities transactions pending settlement	1.769.623	1.696.248
- Other transactions pending settlement	7.844.279	7.393.306
	9.613.902	**9.089.554**
	23.884.177	**23.693.962**

The margin accounts of customers' futures contracts, according to Note 31, are carried against the "Creditors by transactions on futures" item.

The "Other creditors" item includes the insurance premium values relative to auto loans payable to the insurance companies in the amount of 507.045 euros (31 December 2021: 576.342 euros).

The "Securities transactions pending settlement" item reflects transactions carried out on behalf of third parties, financial settlement of which took place after the balance sheet date. The increase in this item is essentially due to the increase in transactions carried out by customers.

As at 31 December 2022, the Rental charges item amounting to 3.004.175 euros (2021: 3.988.650 euros) corresponds to the amount of lease liabilities recognised under IFRS 16 and as described in accounting policy 2.9.

The minimum future payments for non-revocable operating lease contracts by maturity are as follows:

	31 December 2022	31 December 2021
Capital Income		
- Up to 1 year	1.125.623	1.138.182
- 1 to 5 years	2.014.572	2.594.100
- 5 to 10 years	659.343	954.186
	3.799.538	**4.686.468**
Costs to be accrued in Net interest income	(795.363)	(697.818)
	3.004.175	**3.988.650**

38. SHARE CAPITAL

As at 31 December 2022 and 2021, the Bank's shareholder structure is as follows:

	31 December 2022			31 December 2021		
Entity	Number of shares	Amount	%	Number of shares	Amount	%
Alves Ribeiro - IF, SGPS, S.A. (Ordinary Shares)	9.461.500	47.307.500	99.59%	9.461.500	47.307.500	80.87%
Alves Ribeiro - IF. SGPS. S.A. (Preferential Shares)	-	-	0.00%	2.400.000	11.000.000	18.80%
Other	38.500	192.500	0.41%	38.500	192.500	0.33%
	9.500.000	**47.500.000**	**100%**	**11.900.000**	**58.500.000**	**100%**

As at 2 December 2008 the Bank carried out a share capital increase. through the issue of 2.400.000 redeemable preferential shares at the nominal value of 5 euros each, having been subscribed and fully paid up by the shareholder Alves Ribeiro – Investimentos Financeiros, SGPS, S.A..

The redeemable preferential shares without a set date may pay priority dividends to be deliberated at the General Meeting, which correspond to 7% of their nominal value. This dividend may only be paid if there are distributable funds according to the applicable regulations and if their payment does not imply the Bank's non-fulfilment of capital requirements. The priority dividend shall be paid annually in arrears on 30 June of each year.

In 2016, the minority shareholder of the Bank sold 1.000 shares of a nominal value of 5.000 euros to Alves Ribeiro Investimentos Financeiros, SGPS, S.A., which now has a shareholding of 99.27%.

In 2018, the minority shareholder of the Bank sold 48.492 shares of a nominal value of 242.460 euros to Alves Ribeiro Investimentos Financeiros, SGPS, S.A., which now has a shareholding of 99.68%.

In 2021, 1.000.000 euros of preferential shares were redeemed to Alves Ribeiro Investimentos Financeiros, SGPS, S.A..

In 2022, 11.000.000 euros of preferential shares were redeemed to Alves Ribeiro Investimentos Financeiros, SGPS, S.A..

39. REVALUATION RESERVES

As at 31 December 2022 and 2021, the breakdown of the reserves and retained earnings items is as follows:

	31 December 2022	31 December 2021
Revaluation reserves		
- Reserves arising from fair value valuation From financial assets at fair value through other comprehensive income	(13.476.216)	2.956.186
- Reserves for deferred taxes		
Gains / (losses) from financial assets available for sale	3.503.816	(722.843)
	(9.972.400)	**2.233.343**
Legal reserve	10.935.958	9.638.530
Other reserves and retained earnings	82.569.861	66.885.217
	93.505.819	**76.523.747**

Revaluation reserves

Fair value reserves

The fair value reserve reflects the potential gains and losses in financial assets at fair value through other comprehensive income (note 19), net of the corresponding tax (Note 29). The changes, during 2022 and 2021, in the fair value reserve are analysed as follows:

	Balance 31-12-2021	Change in fair value				Balance 31-12-2022
		Acquisition	Change in fair value	Disposal	Retained earnings	
Miscellaneous bonds	3.122.524	(1.122.969)	(13.713.740)	(361.323)	-	(12.075.507)
Public debt securities	(152.211)	(619.423)	(792.642)	(2.648)	-	(1.566.924)
Shares	(190.146)	-	(2.732)	-	146.000	(46.878)
Investment units	-	-	-	-	-	-
Potential net capital gains	2.780.167	(1.742.392)	(14.509.114)	(363.971)	146.000	(13.689.309)
			(16.469.476)			
Miscellaneous bonds	153.337	39.958	43.234	(3.144)	-	233.415
Public debt securities	22.682	18.288	6.691	(3.632)	-	44.029
Provisions and impairment	176.019	58.246	49.925	(6.746)	-	277.444
	2.956.186	**(1.684.146)**	**(14.459.189)**	**(370.717)**	**146.000**	**(13.441.865)**
			(16.368.051)			

	Balance 31-12-2020	Change in fair value			Balance 31-12-2021
		Acquisition	Change in fair value	Disposal	
Miscellaneous bonds	5.467.309	(319.915)	(1.911.268)	(113.602)	3.122.524
Public debt securities	180.791	(48.824)	(123.181)	(160.997)	(152.211)
Shares	(186.746)	-	(3.400)	-	(190.146)
Investment units	-	-	-	-	-
Potential net capital gains	5.461.354	(368.739)	(2.037.849)	(274.599)	2.780.167
			(2.681.187)		
Miscellaneous bonds	145.722	20.473	(8.138)	(4.720)	153.337
Public debt securities	24.979	978	4.667	(7.942)	22.682
Provisions and impairment	170.701	21.451	(3.471)	(12.662)	176.019
	5.632.055	**(347.288)**	**(2.041.320)**	**(287.261)**	**2.956.186**
			(2.675.869)		

The revaluation reserves item includes, in 2022, impairment of 213.094 euros (2021: 176.019 euros), in changes in fair value.

40. LEGAL RESERVE AND OTHER RESERVES

Legal reserve

Under current legislation, the Bank must allocate a sum of not less than 10% of net profits for each year to the constitution of a legal reserve, up to a limit equal to the value of the share capital or to the sum of the free reserves and the retained earnings, if greater. The legal reserve cannot be distributed, except in the event that the Bank is wound up and may only be used to increase share capital or offset losses, once other reserves have been used up.

Other reserves

The Other reserves, include:

Free reserve

By deliberation of the General Meeting held in 2022, the Bank distributed free reserves in the amount of 808,889 euros to the shareholder Alves Ribeiro Investimentos Financeiros, SGPS, S.A., as holder of the redeemable preferential shares, which corresponds to 7% of the nominal value of the respective shares and 1.000.000 euros to the holders of ordinary shares.

Credit reserve

Due to the revocation of Banco de Portugal Notice 3/95, in which provisions ceased and impairment losses were now set up, this situation generated a credit reserve of 8.628.717 euros. The value reflects the changeover of the credit provisions to credit impairments.

Merger reserve

The deed of merger by incorporation of Probolsa – Sociedade Corretora S.A. (Probolsa) into the Bank was executed on 22 December 2004. (Probolsa). In the wake of this process, the merged company was wound up and all its rights and obligations were transferred to the Bank. For accounting purposes, the merger took effect on 1 January 2004, with the Probolsa assets and liabilities having been transferred to the Bank based on their net book value as at that date. The difference between the accounting value of assets and liabilities transferred and the book value of the Bank's shareholding in Probolsa was recorded in the "Merger reserve" item. This reserve cannot be distributed except if the Bank is wound up and may only be used to increase share capital or offset losses once other reserves have been used up.

41. NON-CONTROLLING INTERESTS

Non-controlling interests are broken down as follows:

	2022			
	Balances as at 31 Dezembro 2021	Net income	Distribution of dividends	Balances as at 31 Dezembro 2022
Fundo Especial de Investimento Imobiliário Fechado Tejo	1.271.487	72.504	(155.000)	1.188.991

	2021			
	Saldo em 31 Dezembro 2020	Net income	Distribution of dividends	Balances as at 31 Dezembro 2021
Fundo Especial de Investimento Imobiliário Fechado Tejo	1.189.733	81.754	-	1.271.487

42. GUARANTEES AND OTHER COMMITMENTS

The Bank provides custody, wealth management, investment management and advisory services which involve making buying and selling decisions regarding various types of financial instruments. For specific services rendered, objectives and yield levels are established for assets under management. These assets under management are not included in the financial statements.

As at 31 December 2022 and 2021, guarantees and commitments are recorded in off-balance sheet items and are broken down as follows:

	2022	2021
Guarantees and stand-by-letters of credit provided		
Guarantees and stand-by-letters of credit provided	1.441.478	2.221.088
Assets pledged as collateral	201.062.890	194.648.964
	202.504.368	**196.870.052**

The "Assets pledged as collateral" item relates to securities delivered by the Bank as a guarantee of repurchase of funds pledged to Central Banks or other Credit Institutions. As at 31 December 2022 and 2021, the total sum of this item corresponds to securities given as guarantee to Banco de Portugal with haircut.

Resolution Fund

As part of a series of legislative changes that included the publication of Decree-Law 24/2013, the Resolution Fund ('RF') was created. The mission of this entity is to provide financial support to the resolution measures applied by Banco de Portugal, as the national resolution authority, and to carry out all the other tasks entrusted by law within the scope of execution of such measures.

The following are participating institutions of the RF:
- The credit institutions with registered office in Portugal (with the exception of the associated mutual agricultural credit banks of the Central Mutual Agricultural Credit Bank);
- The investment companies that undertake trading activities on own account of one or more financial instruments or the underwriting and placement of financial instruments on a firm commitment basis;
- The branches in Portugal of credit institutions authorised in countries that are not members of the European Union or that do not belong to the European Economic Area;
- The branches of Portugal of financial institutions authorised in countries that are not members of the European Union and that undertake trading activities on own account of one or more financial instruments or the underwriting and placement of financial instruments on a firm commitment basis;
- The relevant companies for payment systems subject to the supervision of Banco de Portugal.

Banco Invest is one of the participating entities of the RF. As provided for in Decree-Law 31-A/2012 which created the RF, the resources of the Resolution Fund come from the payment of the contributions due by the institutions participating in the Fund and from the contribution on the banking sector. In addition, it is also foreseen that when such resources prove to be insufficient to meet its obligations, other means of funding may be used, namely: (i) special contributions from credit institutions; and (ii) borrowed funds.

BES / Novo Banco

The Board of Directors of Banco de Portugal decided, on 3 August 2014, to apply a resolution measure to Banco Espírito Santo, S.A. ("BES"), resulting in the transfer of the majority of the business and assets of BES to Novo Banco S.A. In line with the Community regulatory framework, the capitalisation of Novo Banco was ensured by the Resolution Fund.

Following the resolution measure applied to Banco Espírito Santo, S.A. (BES), in August 2014, Banco de Portugal determined capital requirements of Novo Banco, S.A. to the value of 4,900 million euros, which were to be met by the Resolution Fund under existing legislation. Considering that the Resolution Fund only had own resources of approximately 377 million euros, the subscription of capital was made via two loans:
- 3,900 million euros from the Portuguese State; and
- 700 million euros from eight participating institutions in the Fund (not including the Bank).

Based on the exceptional nature of the resolution measure, and the need for the RF to have the necessary funds to implement said measure, the Management Commission of the RF, at a meeting held on 3 August 2014, decided to submit to the Ministry of Finance a proposal for the financing of that measure which foresaw (i) obtaining a loan granted by the State of 4,400 million euros, (ii) the collection of a special contribution from the participating institutions of the Fund, in the amount of 135 million euros, and (iii) the use of the RF's own resources, in the amount of 365 million euros.

However, a number of participating institutions of the RF expressed their willingness to, within a short period, grant a loan to the Fund, which permitted reducing the amount of the State loan by 500 million euros, replace the special contribution initially foreseen and provide the Fund with the means to cover the first interest payments due of the State loan. Subsequently, the Management Commission of the RF decided that the previous financing request submitted to the Ministry of Finance should be revised and that, alternatively, a State loan in the amount of 3.900 million euros should be requested.

In summary, the financial support granted by the RF for the paying-up of the share capital of Novo Banco, S.A., in the amount of 4,900 million euros resulted from:

- A loan granted by the State in the amount of 3.900 million euros;
- A loan granted by a group of participating credit institutions of the RF (Caixa Geral de Depósitos, S. A., Banco Comercial Português, S. A., Banco BPI, S. A., Banco Santander Totta, S. A., Caixa Económica Montepio Geral, Banco Popular, S. A., Banco BIC Português, S. A. and Caixa Central do Crédito Agrícola Mútuo, CRL), in the amount of 700 million euros; and
- Mobilisation of 365 million euros corresponding to available resources of the Fund, namely relative to revenue from contributions that have so far been paid by the financial sector, including the proceeds of the banking sector contribution.

In the interim, with the conclusion of the sales process of the shares held by the RF in Novo Banco, S.A. in October 2017, Lone Star, through the injection of 1 billion euros, acquired a 75% stake, with the RF maintaining the remaining 25% of the share capital.

The conditions agreed in the sales process of Novo Banco, S.A. also included a contingent capital mechanism, under which the Resolution Fund undertakes to make payments to Novo Banco, S.A. if certain cumulative conditions materialise, related to: i) the performance of a specific portfolio of assets and ii) the capital levels of the bank going forward.

The Resolution Fund announced that the amount to be paid to Novo Banco in 2019 and 2018 by the Resolution Fund, relative to the accounts of 2018 and 2017, came to 1.149 million euros and 792 million euros, respectively.

Banif – Banco Internacional do Funchal, S.A.

The Board of Directors of Banco de Portugal deliberated, on 19 December 2015, the application of a resolution measure to Banif – Banco Internacional do Funchal, S.A ("Banif"), within the scope of which most of the activity of Banif and the majority of its assets and liabilities - with the exception of problematic assets that were transferred to an asset management vehicle - were transferred to Banco Santander Totta, S.A.. (Oitante), created specifically for that purpose, and whose sole shareholder is the Resolution Fund Fund. To that end, Oitante issued bonds representative of the debt of this vehicle, amounting to 746 million euros, which were acquired in full by Banco Santander Totta, with a guarantee of the Resolution Fund and a counter-guarantee of the Portuguese State having been provided.

The operation involved an estimated amount of 2.255 million euros of public funds to cover future contingencies, of which 489 million euros was financed by the Resolution Fund and 1.766 million euros directly by the Portuguese State. The mentioned state support is deducted of the amount owed by Banco Santander Totta for the acquisition of the pool of assets, liabilities and activity of the former Banif. The 489 million euros secured by the Resolution Fund were financed through a State loan.

General aspects

To repay the loans received and other liabilities it may be required to assume relative to the abovementioned resolution measures, the Resolution Fund is financed by from the periodic and special contributions of the participating institutions (including the Bank) and from the contribution on the banking sector. Under article 153-I of Decree-Law 345/98, of 9 November, if the resources of the Resolution Fund are insufficient to meet its obligations, participating institutions may be called upon, via a separate statute, to make special contributions. The amounts, instalments, terms, and other terms of those contributions shall also be defined by said statute.

Within the context of the entry into force of the Single Resolution Fund (Decree-Law 23-A/2015, of 26 March), the periodic and special contributions made are intended to safeguard obligations undertaken, or to be undertaken, by the Resolution Fund following the resolution measures adopted until 31 December 2014.

In a press release of 28 September 2016, the Resolution Fund announced that it reached an agreement with the Ministry of Finance to review the loan of 3.900 million euros originally granted by the 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 aimed to ensure its capacity to meet its obligations through its regular income, regardless of the contingencies that the Resolution Fund is exposed to. That same day, the Minister of Finance's Office also announced that increases in liabilities arising from the materialisation of future contingencies will determine the adjustment of the maturity of the loans of the State and of the Banks of the Resolution Fund, in order to maintain the contributory effort required from the banking sector at current levels.

According to the press release of the Resolution Fund of 21 March 2017:
- *"The conditions of the loans obtained by the Fund for the financing of the resolution measures applied to Banco Espírito Santo, SA and Banif - Banco Internacional do Funchal, SA have been changed." These loans amount to 4,953 million euros, of which 4.253 million euros were granted by the Portuguese State and 700.000 thousand euros were granted by a syndicate of banks.*
- *"Those loans are now due in December 2046, without prejudice to the possibility of early repayment based on the use of revenues from the Resolution Fund. The maturity will be adjusted so as to guarantee the ability of the Resolution Fund to fully meet its obligations based on regular income and without the need for special contributions or any other extraordinary contributions."*
- *"The review of the loan conditions aimed to ensure the sustainability and financial balance of the Resolution Fund, based on a stable, predictable and affordable cost for the banking sector".*
- *"The new conditions allow for full payment of the Resolution Fund's liabilities and their remuneration, without the need for special contributions or any other extraordinary contributions from the banking sector".*

On the date of approval of these financial statements, the Bank does not have information that allows it to reliably estimate the effects on the Resolution Fund arising from the sale of the shareholding in Novo Banco, S.A. or of the various contingent liabilities undertaken by the Fund.

Notwithstanding the possibility provided for in applicable legislation for the collection of special contributions, given the recent developments regarding the renegotiation of the conditions of the loans granted to the Resolution Fund by the Portuguese State and by a syndicate of banks, and the public announcements made by the Resolution Fund and by the Minister of Finance which state that this possibility will not be used, the financial statements, as at 31 December 2022, reflect the expectation of the Bank's Board of Directors that the institutions participating in the Resolution Fund will not be required to make special contributions or any other extraordinary contributions to finance the resolution measures applied to BES and Banif.

43. ASSETS UNDER MANAGEMENT AND CUSTODY

Assets under management and custody present the following amounts:

	2022	2021
Assets under management and custody		
Portfolio management	14.225.407	15.068.956
Fund management	224.584.569	206.260.353
	238.809.976	**221.329.309**

44. RELATED PARTIES

As defined in IAS 24, the companies detailed below, the members of the Board of Directors and key management personnel are considered related parties of the Bank. The first line directors are considered key management personnel. In addition to the members of the Board of Directors and the key management personnel, people close to them (family relationships) and entities they control or in whose management they exercise significant influence are also considered related parties.

In accordance with Portuguese legislation, namely within the scope of Article 109 of the General Regime for Credit Institutions and Financial Companies (RGICSF – "Regime Geral das Instituições de Crédito e Sociedades Financeiras"), the holders of a qualified shareholding in Banco Invest, S.A., as well as companies that these shareholders directly or indirectly control or are in a group relationship with, are also considered related parties.

Governing bodies – members of the Board of Directors:
- Afonso Ribeiro Pereira de Sousa (Chairman);
- António Miguel R. R. Branco Amaral (Deputy Chairman);
- Francisco Manuel Ribeiro (Member);
- Luís Miguel Barradas Ferreira (Member);
- Marília Boavida Correia Cabral (Member);
- Carlos António A. da Cunha Ramalho (Non-executive Member);
- Alexandre Wende Dias da Cunha (Non-executive Member); and
- Miguel Alves Ribeiro F. de Carvalho (Non-executive Member).

Governing bodies – members of the Supervisory Board:
- Jean-éric Gaign (Chairman);
- José Manuel L. Neves de Almeida (Member); and
- Luís Alberto M. Póvoas Janeiro (Member).

Governing Bodies - alternate members of the Supervisory Board:
- Donato João Lourenço Viçoso (Alternate Member).

Governing bodies – members of the General Meeting:
- Francisco Ferreira da Silva (Chairman);
- Helena Francisco (Secretary); and
- Paula Viegas (Secretary).

Shareholders and entities controlled by the latter:
- AR France Invest SGPS (ARFI);
- Silk Road Paris 1;
- Silk Road Paris Gestion and Service;
- ALRISA Sociedade Imobiliária, S.A.;
- Alves Ribeiro - Investimentos Financeiros, SGPS, S.A. - Financial group's parent company;
- Alves Ribeiro Consultoria de Gestão, S.A.;
- Alves Ribeiro, S.A.;
- Alves Ribeiro Internacional SGPS S.A.;
- Amoreiras Center Soc. Imobiliária, S.A.;
- Lerimo, SGPS, S.A.;
- Lerimo - Sociedade de Investimento e Consultoria Técnica S.A.;
- Monvest - Urbanização Gestão Imóveis, LDA.;
- Motor Park - Comércio de Veículos Automóveis, S.A.;
- MS - Participações, SGPS, S.A.;
- Mundicenter II - Gestão de Espaços Comerciais, S.A.;
- Mundicenter III - Consultoria e Serviços, S.A.;
- Mundicenter - Espaços Comerciais Multiusos, S.A.;
- Mundicenter, S.A.;
- SOTIF - Sociedade de Investimento e Consultoria, S.A.;
- SOTIF, SGPS, S.A.;
- US Gestar – Gestão de Imóveis, S.A. (US Gestar); and
- VALRI, SGPS, S.A..

Other related entities:

- KENMEI - Investimentos, S.A.;
- SOROMENHO & RAMOS, LDA.;
- AR4I - IMOBILIÁRIO E GESTÃO, S.A.;
- M&V - GYM, LDA.;
- Netmais - Consultores em Internet e Telecomunicações, LDA.;
- SOMORAIS – Sociedade de investimento e gestão imobiliária, LDA.;
- Quinta Das Tílias, LDA.;
- Crest Capital Partners - Sociedade de Capital de Risco, S.A.;
- João Goulão - Pediatria Cirúrgica, LDA.;
- Sodaso - Sociedade de Mediação Imobiliária, LDA.;
- Drogaria Milénio-C. Retalho Ferragens Tinta Vidro, Mat. Construção, LDA.;
- Senhora Do Mar - Consultoria e Gestão de Projetos, LDA.;
- MA2L – Mediação de Seguros, LDA.;
- Vocábulo Positivo, LDA.;
- MVM Seguros – Mediação de Seguros, LDA.;
- Luis Portela Sociedade Agrícola, Unipessoal, LDA.;
- CAFOCA – Consultoria e Gestão de projetos, Unipessoal, LDA.;;
- BDO & Associados – Sociedade de Revisores Oficiais de Contas, LDA.;
- BDO II Advisory, S.A.;
- SGPRE-Sociedade Gestão Promoção Investimentos Empresariais, LDA.;
- Visão e Resultados, Prestação de Serviços, LDA.;
- Tachos- Panelas & Afins - Restaurantes, LDA.;
- VAR - Sociedade de Consultoria Técnica e Investimento, S.A.;
- SCO - Sociedade de Investimento e Consultoria, S.A.;
- Triamar - Gestão de Resíduos, S.A.;
- MDZAR – Consultoria e Imobiliário, S.A.;
- AEBT - Autoestradas Baixo Tejo, S.A.;
- Transoceânica, S.A. (Angola);
- Construções ARC, S.A.;
- Liscenter - Centros Comerciais de Lisboa, S.A.;
- Urbaminho - Urbanizações do Minho, S.A.
- Mundiaveiro - Sociedade Imobiliária, S.A.
- Vialojas - Sociedade Imobiliária, S.A
- Mundiparque - Parques Comerciais e de Lazer, S.A.;
- VilaOeiras Sociedades Imobiliária, S.A.;
- Servassiste - Serviços de Assistência e Manutenção, LDA.;
- CPA - Actividades Educativas, S.A.;
- ARFH Hotels, S.A.;
- AVEDON, S.A.;
- Luis Branco Amaral – Serviços Médicos, LDA.;
- Clinica Médica DRª. Ivone Mirpuri, LDA.;
- Notlim – Companhia Imobiliária de Belém, LDA.;
- Quinta dos Penedinhos
- Vumba Projectos e Investimentos Financeiros, LDA.;
- Vumba Exploração Florestal Agro Pecuária e Turismo, S.A.;
- Alenimo, S.A.;
- Cunha & Castro, LDA.;
- Fair Bazaar Plataforma Sustentável, LDA.;
- Belém Critério Unipessoal, LDA.;
- Apoiar – Associação Portuguesa de Apoio a África
- Hefesto – Sociedade de Titularização de Créditos, S.A.;
- Vargem das Colmeias, LDA.;
- Alétheia Editores, S.A.
- The Fladgate Partnership
- Marques & Casal Ribeiro, Imobiliária, S.A.;
- Sociedade Agrícola Lourentim e Lameiro, LDA.;
- GiantProgress, LDA.;

Eaglstone Capital Partners - Sociedade de Capital de Risco, S.A.;
Wable - Well Advised Business, LDA.;
Lampreia, Viçoso & Associados, LDA.;
RIFT – Consultoria de Gestão, S.A..

A sociedade Motor Park - Comércio de Veículos Automóveis, S.A. foi liquidada em janeiro de 2023.

Transactions with related entities, excluding Governing Bodies

In 2022 and 2021, the main balances in the income statement with related entities were as follows:

	2022	2021
Interest and similar income		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	186.776	174.219
Monvest - SGPS, S.A.	-	10.660
US Gestar	22.702	45.005
Interest and similar charges		
VALRI, SGPS, S.A.	20.494	18.603
SOTIF, SGPS, S.A.	-	40.544
MS - Participações, SGPS, S.A.	3,458	22.736
LERIMO, SGPS, S.A.	1.044	978
SCO - Sociedade investimento e consultoria	2.620	2.693
SOTIF - Soc. Invest Consultoria Técnica, S.A.	739	1.104
Var - Soc. Consultoria Técnica e Inv, S.A.	134	-
Related parties and relatives	19.290	68.131

The amount of rents that are recorded under IFRS 16, paid to Alrisa, in the year 2022 amounts to 695.939 euros (2021: 699.991 euros).

In 2008, Banco Invest subscribed investment units of the Fundo Inspirar, Real Estate Investment Fund, whose shareholding was subsequently increased via the subscription to an increase in the Fund's capital in 2013.

In 2012 and taking into consideration the real estate market situation in Portugal and the expected evolution and risks to which the Bank could be exposed, a fixed-term sales contract was concluded between Banco Invest and Alves Ribeiro CG for the acquisition, by this entity, until 26 March 2017, of the units of investment held at that date by Banco Invest in the Fundo Inspirar. This acquisition would be carried out at acquisition cost on the referred date, plus a remuneration value.

In 2013, a capital increase of 1.933.000 euros, corresponding to 9.665 investments units subscribed by Banco Invest, was deliberated at a General Meeting of the fund's participants. On this basis and considering the additional exposure and rationale underlying the first operation, a new fixed-term sales contract was concluded under the same terms as the previous contract and which defines the possibility of acquiring the investment units until 26 March 2017.

These contracts were subject to a series of addendums over the last few years due to interest rate adjustments. On 22 March 2017 and taking into consideration the initial term for the fixed-term sale operations that ended on 26 March 2017 and in view of the maintenance of interest in the operation, 2 specific addendums were singed related to the prorogation of the term for the exercise of the acquisition option until 22 March 2022.

Under the IFRS accounting framework, the investment units are recorded as financial assets not held for trading mandatorily at fair value through profit or loss, as described in accounting policy note 2.4 a) iii). The fixed-term sale contracts are recorded as Financial assets at fair value offset against profit or loss - Trading derivatives, as described in accounting policy note 2.4 d).

As at 31 December 2021, the investment units and fixed-term sale contracts were terminated.

Balances with the Governing Bodies

As at 31 December 2022, the amount of Resources from Customers of Governing Bodies came to 1.025.056 euros (31 December 2021: 1.195.653 euros).

As at 31 December 2022, the amount of loans granted to members of the Board of Directors and the General Meeting came to 219.317 Euros (31 December 2021: 273.697 euros), with the same conditions having been applied to the other employees. Interest and similar expenses come to 3,316 euros.

Employees that belong to the Governing Bodies

As at 31 December 2022, the amount of loans granted to members of the Board of Directors and the General Meeting came to 109.658 Euros (31 December 2021: 273.697 euros), with the same conditions having been applied to the other employees.

Remuneration Policy

The Remuneration Committee, made up of three shareholder representatives and elected in General Assembly, determines the remuneration policy of the members of the governing bodies of Banco Invest, as well as the social security schemes and of other supplementary contributions.

The remuneration policy was submitted to the General Meeting for approval, following a proposal from the Board of Directors and an opinion from the Remuneration Committee, in accordance with the following guidelines:
a) Obtainment of the desired alignment of the interests between the members of the governing bodies and the company;
b) Promotion and coherence with a sound and prudent risk management, which does not encourage excessive and reckless risk-taking that is incompatible with the long-term interests of the Bank; and
c) Compatibility with the risk profile, risk appetite, corporate strategy, objectives, values and long-term interests of Banco Invest.

The remuneration policy is summarised as follows:
a) The fixed remuneration of the identified employees should reflect their professional experience and organisational responsibility, and shall represent between 75% and 100% of the overall remuneration;
b) The fixed component of the remuneration should remunerate the executive members of the Board of Directors for the responsibilities inherent to their functions and for their specific competencies, and shall represent between 65% and 100% of the overall remuneration;
c) The variable remuneration should adjust appropriately to the variations in performance of the specific staff member in the preceding year, of the business unit and of the overall results of the Bank;
d) The non-executive members of the Board of Directors and members of the Supervisory Board earn a fixed remuneration, not related, in any way, to the performance or results of the Bank;
e) The Remuneration Committee is solely responsible for assessing the performance of the members of the management and supervisory bodies, while the Board of Directors is responsible for assessing the performance of the other identified employees and for determining their remuneration;
f) The Remuneration Committee is responsible for supervising the remuneration awarded to the identified employees.

The latest version of the remuneration policy was approved at the General Meeting held on 2 February 2022 and can be consulted on Banco Invest's website.

The annual remuneration earned by the members of the governing bodies was 340.350 euros for Afonso Ribeiro Pereira de Sousa, Chairman of the Board of Directors, 324.197 euros for António Miguel R. R. Branco Amaral, Vice-Chairman, and 32.508 euros, 200.976 euros and 167.209 euros for the Members, Francisco Manuel Ribeiro, Luís Miguel Barradas Ferreira and Marília Cabral, respectively.

The remuneration earned by the executive members of the Board of Directors in 2022 and 2021 includes the variable remuneration (if any, as mentioned below) and the fixed remuneration received and paid in 14 instalments.

The annual remuneration earned by non-executive members in 2022 was 30.100 euros for Carlos Ramalho and 24.500 euros for Alexandre D. Cunha.

In 2022, the remuneration of the members of the Supervisory Board was 39.900 euros for Jean-éric Gaign, 21.000 euros for Luís Póvoas Janeiro and 21.000 euros for José Neves Almeida.

Balances with related entities, excluding governing bodies

As at 31 December 2022 and 2021, the main balances with related entities were as follows:

	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss		
Fundo Tejo	7,609,541	8,137,514
Loans and advances to customers		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	9,543,344	14,218,767
US Gestar	613,112	1,976,862
Monvest, SGPS, S.A.	266,058	479,153
Crest Capital Partners - Sociedade de Capital de Risco, S.A.	70,521	211,536
Related parties and relatives	1,679,364	1,613,712
Resources from customers		
Alves Ribeiro, S.A.	27,867	27,990
VALRI, SGPS, S.A.	9,423,291	10,113,483
SOTIF, SGPS, S.A.	2,548,956	2,168,056
MS - Participações, SGPS, S.A.	10,219,682	7,810,358
US Gestar	53,145	47,995
Fundo Inspirar	2,116,884	3,752,685
LERIMO, SGPS, S.A.	385,401	359,937
Alves Ribeiro Consultoria de Gestão, S.A.	614,364	223,893
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	6,933,388	157,766
Mundicenter, S.A.	657	485
Alrisa Sociedade Imobiliária, S.A.	2,143,313	2,075,809
Var - Soc. Consultoria Técnica e Inv, S.A.	218,112	218,134
SCO - Sociedade investimento e consultoria	597,715	556,741
SOTIF - Soc. Invest Consultoria Técnica, S.A.	243,692	243,088
Monvest - Urbanização Gestão Imóveis, LDA.	3,964	3,997
Visão e Resultados, Prestação De Serviços, LDA.	104	135
Vumba Projectos e Investimentos Financeiros, LDA.	219	219
Crest Capital Partners - Sociedade de Capital de Risco, S.A.	517	3,212
Management Bodies and relatives of related parties	16,606,459	15,270,974

45. SOLVENCY

The Bank maintains a conservative policy with respect to own funds management, maintaining a solvency ratio above the minimum levels required by the regulatory authorities. The Bank maintains a capital base composed exclusively by equity, in addition to the capacity to issue several debt instruments.

The Bank's own funds are monitored monthly to assess the institution's degree of solvency, with variations in relation to previous periods and the existing margin between real values and minimum capital requirements being analysed.

The procedures adopted to calculate the Bank's prudential ratios and limits are based on the regulations issued by Banco de Portugal, the same being applicable to all the matters that fall within the scope of the supervisory functions of the banking system. Those standards represent the legal and regulatory framework of the various matters of prudential nature.

According to the calculation method indicated above and considering the net income for the year, as at 31 December 2022 and 2021, the Bank presented the following consolidated ratios:

	2022	2021
Common Equity Tier 1 capital	147.191.228	143.809.446
Complementary capital	-	1.100.000
Total Own Funds	**147.191.228**	**144.909.446**
RWA	**778.573.090**	**847.569.173**
Capital ratios		
Common Equity Tier 1	18.91%	16.97%
Total capital ratio	18.91%	17.10%

46. RISK MANAGEMENT

Management policies for financial risks inherent to Banco Invest's business

Authorised risk limits and exposure levels are established and approved by the Board of Directors, bearing in mind the overall strategy of Banco Invest and its market positioning.

The institution's risk management procedure respects the due separation of functions and complementarity of operation of each of the areas involved. Proper cooperation between the Investment Committee, the Credit Division and the Planning and Control Division ensures compliance with the limits set by the Board of Directors.

The disclosures required by IFRS 7 – Financial Instruments: Disclosures are presented below, regarding the main types of risks inherent to the Bank's business.

Credit risk

Credit risk is the possible loss of value of the Bank's assets through the non-fulfilment of a contract, insolvency or the inability of individuals or corporate persons to honour their commitments with Banco Invest.

The identification, assessment, follow-up, and permanent control of credit risk leads to prompt monitoring. This permits the anticipation of a potential default, with the risks arising from all the Institution's activities being covered, at both the individual credit level and in terms of the Bank's entire portfolio.

Maximum exposure to credit risk

As at 31 December 2022 and 2021, the maximum exposure to credit risk by type of financial instrument was summarised as follows:

	2022		
	Gross value	Provisions and impairment	Net value
Assets			
Deposits at Central Banks	30.369.940	(62.400)	30.307.540
Amounts and deposits at other credit institutions	20.696.470	(6.061)	20.690.409
Financial assets held for trading			
- Securities	30.150.544	-	30.150.544
- Derivatives	2.641.857	-	2.641.857
Financial assets at fair value through other comprehensive income	190.990.326	-	190.990.326
Financial assets at amortised cost:			
- Loans and advances to credit institutions	1.000.000	(2.600)	997.400
- Loans and advances to customers	447.978.689	(27.854.439)	420.124.250
- Debt securities	252.974.819	(3.981.526)	248.993.293
Other assets:			
- Debtors and other financial investments	1.451.141	(144.962)	1.306.179
	978.253.786	**(32.051.988)**	**946.201.798**
Off-balance sheet			
Guarantees provided	1.441.478	(98.466)	1.343.012
	979.695.264	**(32.150.454)**	**947.544.810**

	2021		
	Gross value	Provisions and impairment	Net value
Assets			
Deposits at Central Banks	126.597.575	-	126.597.575
Amounts and deposits at other credit institutions	24.512.153	(6.875)	24.505.288
Financial assets held for trading			
- Securities	38.230.614	-	38.230.614
- Derivatives	417.620	-	417.620
Financial assets at fair value through other comprehensive income	151.950.571	-	151.950.571
Financial assets at amortised cost:			
- Loans and advances to credit institutions	700.000	(4.270)	695.730
- Loans and advances to customers	442.652.657	(29.273.640)	413.379.017
- Debt securities	300.058.935	(719.265)	299.339.670
Other assets:			
- Debtors and other financial investments	948.750	(118.779)	829.971
	1.086.068.875	**(30.122.829)**	**1.055.946.056**
Off-balance sheet			
Guarantees provided	2.220.050	(42.387)	2.177.663
	1.088.288.935	**(30.165.216)**	**1.058.123.719**

Credit quality of financial assets without defaults or impairments

The Bank's loan portfolio, based on the information contained in the preceding Notes, includes three major homogeneous groups:

- One consisting of real estate financing operations for acquisition or own construction, directed at corporate customers, with long-term maturities and having as collateral legal property (in real estate leasing operations) or a first-degree mortgage (in the case of mortgage loans) on the financed properties;

- The second group of loans, comprising vehicle loan operations, directed at corporate and private customers, with medium-term maturities;

- A third less significant group, formed by financing operations for margin accounts, with the pledge of securities portfolios, listing on an official market and liquidity, and very short-term operations with pledging of precious metals.

This third group of loans, due to its short term and very short-term nature, has an excellent turnover, allowing for a quick portfolio revitalisation. Rigorous risk monitoring policy and very prudent collateral eligibility policy, limited by a regulated market that is fluid, lead to significantly reduced exposure to risk.

The same cannot be said for real estate loans, which because of their long-term maturity lead to a portfolio marked by operations that originate in different periods of time and therefore have different degrees of exposure to risk.

As such, while it is true that the policy for granting new loans has adapted to successive economic climate scenarios, in line with more prudent policies, regarding the existing portfolio, the main challenge that the Bank faced was implementing effective means for managing the portfolio in terms of monitoring, managing and evaluating risk.

Notwithstanding, the Bank will maintain and continue to reinforce the measures required to preserve the quality and integrity of its loan portfolio.

1. *Regarding the risk management policy:*

   With an experienced team, consolidated policies and over 21 years of operation, the Bank boasts a series of resources that allows for:
   - Real time monitoring of impairment or risk signs;
   - Daily control of non-compliance situations (total or partial) regarding contractual obligations, whether of a monetary nature or other nature;
   - Automatic adjustment of the internal risk rating;
   - Automatic issuing of alerts sent to the Customer Managers and Credit Department, Recovery Department and Legal Department;
   - Issuing and sending to Holders and their Guarantors, notifications related to non-compliance with explanation of origin, maturity date, charges owed, means of settlement and consequences of non-compliance;
   - Historic record of all events, diligences taken and their results.

   In terms of managing credit risk, the Bank undertakes to do the following in accordance with the Procedures Manual in effect:
   - Constantly monitor greatest risks, in terms of value;
   - Follow-up on sectoral risk, acting to safeguard its legitimate rights and the integrity of the credit guarantees, while respecting applicable legislation and seeking out means that always, as much as possible, favour negotiable solutions that do not involve the courts.

   Practical application of specific legislation aimed at protecting bank customers that are in a difficult economic situation, within the scope of the PARI or PERSI scheme, always and when applicable, constitutes regular procedure for the Bank.

   Signs of impairment:
   Exposures with signs of impairment are considered to be those that register at least one of the following conditions:
   a) Default for a period of time exceeding 30 days and up to 90 days (see notes 1, 2 and 3);
   b) Credit restructured for financial difficulties of the debtor classified as performing;
   c) Recognised impairments in excess of 50% of the exposure, determined by the formula (impairments in the previous month /Value at risk in the month);
   d) Any credit frauds identified before the recognition of default;

e) Credit whose debtor verifies, through monitoring with monthly frequency, at least two of the following criteria: i. Registration of at least one non-performing loan in the CRC of Banco de Portugal; ii. Debts to the Tax Authorities (AT) or Social Security (SS); iii. Registration of unjustified commercial incidents; iv. Record of unjustified returned cheques in the last 6 months.

With regard to auto loans, credits in which at least one of the following conditions is registered, within the scope of the monitoring carried out monthly, are considered as signs of impairment:

a) Presents overdue amount of principal or interest with 31 to 90 days;
b) Presents overdue amount of principal or interest up to 30 days, if additionally the integration in PARI (Action Plan for Default Risk) has been requested by the customer;
c) Presents non-performing loan with another creditor at the Centralisation of Credit Risks of Banco de Portugal (CRC).
d) Has debts to the Tax Authorities / Social Security;
e) Is registered on the list of executions;
f) Has had returned cheques in the last 6 months;
g) Presents overdue amount of principal and interest at the end of the month in which any of the first 3 instalments of the credit agreement are due.

2. *Loan write-off policy:*

When considering risk of loss given default, the Bank fully respects, in recognising impairment, the guidelines of Circular Letter 02/2014/DSP, replaced by Circular Letter CC/2018/00000062 of 14-11 of Banco de Portugal.

The Credit Recovery Department monitors overdue exposures that meet the requirements for classification as irrecoverable and drafts a classification proposal and prepares the corresponding files.

An exposure to credit risk is classified as irrecoverable under the following conditions:

i. In Enforcement proceedings, when the case is dismissed, due to a lack of sizeable assets of the defendants (Debtor or Guarantors);
ii. In Insolvency proceedings, when of a limited nature (lack of sizeable assets of the insolvent debtor), following a decision on the verification and ranking of claims;
iii. In Insolvency Plans or Credit Recovery Procedures when, based on the approved repayment plan, there is a full or partial writing off of the acknowledged debts;
iv. Overdue loans for more than two years in a scenario of total impairment, i.e. when the Bank, after undertaking all recovery efforts considered adequate and gathered available evidence, justifiably concludes that there are no reasonable expectations of recovery of the amounts at risk.

The following are objective indicators of the collectability of a debt:

i. The circumstance of a Debtor or Guarantors whose whereabouts are unknown;
ii. The fact that the out-of-court initiatives undertaken by the Bank, duly confirmed and deemed appropriate, proved ineffective in establishing a plan to restructure or recover the amounts at risk;
iii. The confirmation that the Debtor or Guarantors do not have a steady income to substantiate its seizure;
iv. Evidence, supported by the land register or vehicle registration, that the Debtor and Guarantors' assets, if any, has prior covenants or encumbrances that lead to conclude (in accordance with its probable realisation value) that their seizure, if carried out, would not enable the Bank to recover its credit;

The assessment that the enforcement of the debt, if possible, is not economically viable (unfavourable cost-benefit ratio) due to the cost and waiting time of court proceedings.

3. *Impairment reversal policy:*

Reversal of impairments that have already been recognised in the loan portfolio shall only occur in specific justified situations of reduction of potential risk of loss, namely:

- Upon full or partial payment of values at risk;
- Upon reinforcement of loan collateral;
- Following justified alteration of impairment calculation parameters:
    i) reduction of probability of default, reduction of expected loss, in the case of calculation of impairment in a collective manner;
    ii) increase of the market value of the collateral, reduction of the effective costs of maintaining and/or realising collateral, reduced market rates applied to the updating of the probable value of realising collateral, in the event of calculating impairment via individual analysis.

4. *Description of the restructuring measures applied to past due loans, control and monitoring mechanisms:*

 Credit restructuring measures are defined on a case-by-case basis in accordance with the risk analysis in question. They shall be based on a specific credit dossier to be submitted for approval in accordance with the applicable Manual.

 They may include: i) extension of the repayment term; ii) granting of a grace period for the principal; iii) deferral of repayment of part of the financed amount toward the end of maturity or iv) capitalisation of the overdue amount.

 Whenever possible, the Bank seeks to obtain reinforcement of loan guarantees and/or payment of past due interest.

 Restructured credit is marked and monitored pursuant to Banco de Portugal terms and depending on the difficulties of the Debtor, the corresponding credit impairments are then calculated via individual analysis.

As at 31 December 2022 and 2021, the Bank's loan portfolio according to the stages defined in note 2.4 is as follows:

	2022			
	Risk Category			
Type of contract	***Stage* 1**	***Stage* 2**	***Stage* 3**	**Total**
Current accounts	15.563.650	-	-	15.563.650
Medium and long-term loans	17.726.289	127.660	3.584.706	21.438.655
Property leasing	22.265.517	383.184	867.400	23.516.101
Equipment leasing	75.308	-	-	75.308
Other loans	4.302.623	1.450.747	5.809.187	11.562.557
Consumer credit and auto loans	284.647.352	20.613.543	4.754.580	310.015.475
Current account overdrafts	21.242.268	566.206	(1)	21.808.473
	365.823.007	**23.141.340**	**15.015.872**	**403.980.219**

	2021			
	Risk Category			
Type of contract	***Stage* 1**	***Stage* 2**	***Stage* 3**	**Total**
Current accounts	19.287.293	-	1.984	19.289.277
Medium and long-term loans	27.914.699	608.498	3.100.500	31.623.697
Property leasing	26.746.632	974.988	1.272.119	28.993.739
Equipment leasing	95.801	-	-	95.801
Other loans	4.244.774	1.146.976	5.435.473	10.827.223
Consumer credit and auto loans	278.886.419	8.311.304	3.674.431	290.872.154
Current account overdrafts	17.301.855	-	-	17.301.855
	374.477.473	**11.041.766**	**13.484.507**	**399.003.746**

The commissions associated to loans and accrued interest were not considered in the preparation of these tables.

The main collaterals received by the Bank relative to the financial assets identified above are as follows:

- In the case of real estate leasing transactions, the effective guarantee is comprised by the legal title of the property.
- In the case of medium and long-term loans, the collateral is generally comprised by a first mortgage of urban properties, a situation that is also common in loans associated with a current account regime.
- In one-off situations, the Bank also obtains commercial liens on financial assets, composed by liquid assets or securities quoted in official markets, as well as net intangible assets subject to current market valuation such as, for example, goodwill rights over pharmacy facilities.

- In general and considering the maturity date of the operations, independently of the form of ownership, the obtainment of personal guarantees (acceptances or sureties) is common practice.

The assets purchased for financial leasing operations, or received as mortgage guarantee, are covered in the event of an accident or act of God, via multi-risk insurance with the corresponding rights in favour of the Bank.

The Bank's loan portfolio is segmented according to nature, specific characteristics and types of collateral, as stated above.

As such, the following are submitted to a process of evaluation and calculation by homogeneous and autonomous groups: i) loans of a real estate nature and origin, ii) credit in margin accounts, guaranteed by securities portfolios, and iii) loans with precious metals as collateral, and (iv) auto loans.

When calculating impairments, Banco Invest takes into account the general principles defined in the International Financial Reporting Standards and follows Banco de Portugal's requirements specified in Circular Letter CC/2018/00000062 (which revokes Circular Letter CC/2018/00000006 and 02/2014/DSP).

The definition of the exposures to be analysed, collectively and individually, complies with the referred to precepts, and it should be noted that the Bank submits for individual analysis, in the mortgage credit portfolio, in addition to the exposures marked as NPL and in Stage 3, the following groups of exposures to credit risk, irrespective of the absence of default, signs of impairment or risk or even the Stage in which they are classified: i) exposures considered relevant (values at risk greater than 300.000 euros); ii) exposures which, as at 31 December 2022, were under the effect of a legal moratorium; iii) exposures marked as NPL, after the expiry of the cure period; iv) exposures marked as restructured due to financial difficulties of the Debtor, after overcoming the quarantine and probationary periods and v) possible exposures to Group entities or related entities.

In this portfolio and as at 31 December 2022, the calculation of impairments by individual analysis covered about 18.59% of total exposures to credit risk.

It should be pointed out that when calculating impairments, not only are past due and unpaid amounts considered at risk when they exist, but also maturing principal and accrued interest that has not yet matured.

However, when calculating the execution amount of collateral, i.e. the probable realisable value of the loans, the costs related to their realisation are considered, as regulated by Banco de Portugal. In the particular case of real estate, said realisation value, less probable expenses related to maintenance and sale, is updated at the interest rate of the associated agreement for the amount of time estimated for its recovery and sale.

Because real estate guarantees have a relevant impact on the overall Bank loan portfolio, it is important to note that properties are subject to multi-risk insurance, this practice being in fact implemented and effectively applied with the aim of maintaining the integrity of the collateral, safeguarding rights in case of indemnity; the Bank preventively acquires these insurance policies by its own initiative whenever the loan agreements enter into a situation of continuous non-fulfilment, litigation or the properties are recovered to settle own credit.

Maintenance of the recovered property when settling own credit is also assured by the Bank as a means of preserving its realisation amounts.

There is a well-defined practice of regular revaluation - based on objective and independent criteria - of the collaterals associated to credit operations with default, or recovered property when settling own credit, in order to guarantee that the records of the Bank reflect, at any moment, the realisation potential that is associated to them.

In relation to the credit risk control associated with capital markets, derivative product and exchange rate transactions, the Bank maintains procedures established through the investment approval process, the control of the fulfilment of strategies defined by the Board of Directors and the Investment Committee and the regular follow-up of the composition and evolution of the securities portfolio, which permit the adequate monitoring of the credit risk associated with the securities held in portfolio.

As of September 2016, the Bank began to grant loans for the acquisition of vehicles. Loans are granted in this segment for the acquisition of new and used vehicles, with financing maturities of up to 120 months.

The Bank undertakes a mark-to-market revaluation, at any moment, of its exposure to derivative, exchange rate and capital market products, thus evaluating its potential and global exposure and the fulfilment of the exposure limits defined by sector and by country.

As at 31 December 2022 and 2021, the credit risk associated with the Bank's security portfolio, can be demonstrated via the rating, being presented as follows:

	2022									
	Ratings									
	AAA	AA	A	BBB	BB	B	CCC	C	N.R.	Total
Assets										
Financial assets held for trading	-	470.072	1.379.571	19.418.599	7.368.549	1.354.568	-	-	159.185	30.150.544
Financial assets at fair value through other comprehensive income	591.854	8.083.842	90.804.388	86.963.829	1.349.980	3.196.433	-	-	-	190.990.326
Financial assets at amortised cost - Debt securities	20.428.017	13.024.967	66.799.121	89.210.641	55.927.482	2.174.926	-	-	1.428.139	248.993.293
	21.019.871	**21.578.881**	**158.983.080**	**195.593.069**	**64.646.011**	**6.725.927**	**-**	**-**	**1.587.324**	**470.134.163**

	2021									
	Ratings									
	AAA	AA	A	BBB	BB	B	CCC	C	N.R.	Total
Assets										
Financial assets held for trading	-	-	3.318.447	22.532.683	10.546.150	1.514.695	-	-	318.639	38.230.614
Financial assets at fair value through other comprehensive income	-	3.734.453	40.742.238	102.751.285	1.481.005	3.241.590	-	-	-	151.950.571
Financial assets at amortised cost - Debt securities	-	5.855.232	74.986.598	95.725.276	71.886.881	24.556.164	7.493.187	18.836.332	-	299.339.670.
	-	**9.589.685**	**119.047.283**	**221.009.244**	**83.914.036**	**29.312.449**	**7.493.187**	**18.836.332**	**318.639**	**489.520.855**

N.R. – Not Rated

In preparation of this disclosure, relative to 2022 and 2021, the internal rating attributed by the Bank and the rating attributed by an external company specialised in risk assessment was considered.

As at 31 December 2022 and 2021, the exposure by country associated to the Bank's security portfolio, is presented as follows:

	2022				2021			
	Banks	Public Debt	Other	Total	Banks	Public Debt	Other	Total
Portugal	14.671.251	8.523.683	66.208.910	89.403.844	12.420.693	6.095.780	123.891.564	142.408.037
Spain	18.834.472	96.231.225	11.353.195	126.418.892	14.180.790	52.403.088	14.039.984	80.623.862
Netherlands	-	-	55.196.861	55.196.861	-	-	70.988.145	70.988.145
Italy	9.229.996	19.406.060	4.880.582	33.516.638	10.187.007	15.202.483	5.123.088	30.512.578
Great Britain	258.282	-	17.302.182	17.560.464	-	-	22.609.481	22.609.481
U.S.A.	7.200	-	12.616.697	12.623.897	14.820	-	14.131.215	14.146.035
Germany	5.007.332	-	22.043.629	27.050.961	8.582.480	-	24.892.844	33.475.324
France	10.791.661	1.190.895	19.620.162	31.602.718	3.712.571	1.007.810	23.824.520	28.544.901
Other	20.216.760	22.983.758	33.559.370	76.759.888	5.126.801	21.327.204	39.758.487	66.212.492
	79.016.954	**148.335.621**	**242.781.588**	**470.134.163**	**54.225.162**	**96.036.365**	**339.259.328**	**489.520.855**

Equity instruments and derivatives were not considered in the preparation of these tables.

As at 31 December 2022 and 2021, the financial instruments subject to impairment requirements laid down in IFRS 9, analysed by stage, are detailed in the following table:

	2022			
	Risk Category			
Category	***Stage* 1**	***Stage* 2**	***Stage* 3**	**Total**
Deposits at Central Banks	30.307.540	-	-	30.307.540
Amounts and deposits at other credit institutions	20.690.409	-	-	20.690.409
Financial assets at amortised cost				
Loans and advances to credit institutions	997.400	-	-	997.400
Loans and advances to customers	365.823.007	23.141.340	15.015.872	403.980.219
Debt securities	247.565.154	-	1.428.139	248.993.293
Financial assets at fair value through other comprehensive income	190.990.326	-	-	190.990.326
	805.375.887	**23.141.340**	**16.444.011**	**895.959.187**
Guarantees and other commitments	34.298.446			34.298.446

	2021			
	Risk Category			
Category	***Stage* 1**	***Stage* 2**	***Stage* 3**	**Total**
Deposits at Central Banks	126.597.575	-	-	126.597.575
Amounts and deposits at other credit institutions	24.505.278	-	-	24.505.278
Financial assets at amortised cost				
Loans and advances to credit institutions	695.730	-	-	-
Loans and advances to customers	374.477.473	11.041.766	13.484.507	399.003.746
Debt securities	295.910.167	-	-	295.910.167
Financial assets at fair value through other comprehensive income	151.021.380	-	-	151.021.380
	973.207.603	**11.041.766**	**13.484.507**	**997.038.146**
Guarantees and other commitments	19.691.130			19.691.130

The following are the transfers in stages that occurred during 2021 and 2022:

	2022			
Type of contract	***Stage* 1**	***Stage* 2**	***Stage* 3**	**Total**
Opening balance	8.252.920	2.810.814	18.209.905	29.273.639
Transfer between stages	1.569.008	57.000	(1.626.008)	-
Net charges	(394.331)	1.411.524	1.541.989	2.559.182
Charge-off	-	-	(3.978.383)	(3.978.383)
Closing balance	**9.427.597**	**4.279.338**	**14.147.503**	**27.854.438**

	2021			
Type of contract	*Stage* 1	*Stage* 2	*Stage* 3	Total
Opening balance	9.367.867	2.296.134	20.672.135	32.336.136
Transfer between stages	109.096	(565.455)	456.358	(1)
Net charges	(1.221.165)	1.155.942	3.671.522	3.606.299
Charge-off	(2.878)	(75.807)	(6.590.110)	(6.668.795)
Closing balance	**8.252.920**	**2.810.814**	**18.209.905**	**29.273.639**

At 31 December 2022 and 2021, the main parameters used in the credit loss models of a real estate origin are detailed in the following table:

	2022			
	Credit of a real estate origin			
	Probability of passing from ... to ...			
# of years	*Stage* 1 *Stage* 3	*Stage* 1/2 *Stage* 3	*Stage* 2 *Stage* 3	
1	3,31%	5,22%	26,50%	PD over 1 year
2	3,56%	6,60%	18,95%	*PD lifetime*
3	6,52%	5,67%	19,47%	
4	8,41%	9,86%	10,68%	
5	5,49%	6,60%	11,99%	

	2021			
	Credit of a real estate origin			
	Probability of passing from ... to ...			
# of years	*Stage* 1 *Stage* 3	*Stage* 1/2 *Stage* 3	*Stage* 2 *Stage* 3	
1	3,20%	5,17%	18,50%	PD over 1 year
2	4,64%	6,30%	14,35%	*PD lifetime*
3	6,05%	7,32%	11,61%	
4	7,60%	9,00%	16,90%	
5	8,58%	9,81%	19,37%	

At 31 December 2022 and 2021, the main parameters used in the Crédito Económico Popular loss models are detailed in the following table:

2022				
Crédito Economico Popular				
Probability of passing from ... to ...				
# of months	*Stage* 1 *Stage* 3	*Stage* 1/2 *Stage* 3	*Stage* 2 *Stage* 3	
12	24,29%	36,07%	56,45%	
13	25,49%	36,94%	56,67%	PD over 1 year
14	26,04%	37,07%	56,62%	
15	00,00%	00,00%	00,00%	

2021				
Crédito Economico Popular				
Probability of passing from ... to ...				
# of months	*Stage* 1 *Stage* 3	*Stage* 1/2 *Stage* 3	*Stage* 2 *Stage* 3	
12	17,86%	27,04%	45,86%	
13	14,85%	29,39%	37,51%	PD over 1 year
14	19,79%	28,36%	45,74%	
15	00,00%	00,00%	00,00%	

The Loss Given Default (LGD) for credit of a real estate origin and for Crédito Económico Popular, as at 31 December 2022, is 44,41% and 5,75%, respectively (31 December 2021: 38,60% and 6,24%, respectively).

As at 31 December 2022, the main parameters used in the credit loss models of the auto portfolio are detailed in the following table:

	PD average	LGD average	ECL average
Stage 1	1.2%	47.8%	0.6%
Stage 2	28.1%	47.7%	13.4%
Stage 3	100.0%	70.2%	70.2%

Liquidity risk

Liquidity risk is the possibility that an entity may not be able to meet its commitments through an inability to access the market in a sufficient amount and at a reasonable cost.

The risk control policy is subordinate to the overall strategy of the Bank, and aims to adequately finance its assets, increase them and detect any loss of liquidity.

The policies and procedures that control and limit liquidity risk regularly review the limits of the liquidity positions for different time frames, analysing simulations using different scenarios to allow an effective liquidity management.

The Financial Department is responsible for the effective implementation of the risk strategy and all the liquidity policies established and approved by the Board.

Times to maturity

As at 31 December 2022 and 2021, the breakdown of the times to maturity of the financial instruments was as follows:

2022	At sight	Up to 3 months	3 months 1 year	From 1 to 5 years	More than 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	7.234.973	23.937.600	-	-	-	-	-	31.172.573
Amounts and deposits at other credit institutions	20.690.409	-	-	-	-	-	-	20.690.409
Financial assets held for trading	-	103.157	980.103	21.179.229	10.529.913	1.989.101	-	34.781.503
Financial assets not held for trading mandatorily at fair value through profit or loss	-	-	-	-	-	17.432.208	-	17.432.208
Financial assets at fair value through other comprehensive income	-	12.019.737	49.346.500	111.202.178	18.421.911	-	-	190.990.326
Financial assets at amortised cost								
- Loans and advances to credit institutions	-	-	997.400	-	-	-	-	997.400
- Loans and advances to customers	21.817.586	624.185	12.922.383	102.052.008	266.564.056	16.144.032	-	420.124.250
- Debt securities	-	12.067.676	39.108.023	134.957.311	62.860.283	-	-	248.993.293
Hedging derivatives	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	1 307.587	-	1.307.587
	49.742.968	**48.752.355**	**103.354.410**	**369.390.725**	**358.376.163**	**36.872.928**	**-**	**966.489.549**
Liabilities								
Resources from Central Banks	-	-	97.996.280	75.830.142	-	-	-	173.826.422
Resources from other credit institutions	7.257.569	-	-	-	-	-	-	7.257.569
Resources from customers and other loans	290.928.234	81.064.397	197.412.617	64.714.994	81.000	-	1.466.610	635.667.852
Hedging derivatives	-	-	-	-	-	-	-	-
Financial liabilities held for trading	-	542	98.719	111.099	-	-	-	210.360
Non subordinated debt securities issued	-	-	-	-	-	-	-	-
	298.185.803	**81.064.939**	**295.507.616**	**140.656.235**	**81.000**	**-**	**1.466.610**	**816.962.203**
Liquidity gap	**(248.442.835)**	**(32.312.584)**	**(192.153.206)**	**228.734.490**	**358.295.163**	**36.872.928**	**(1.466.610)**	**149.527.346**

2021	At sight	Up to 3 months	3 months 1 year	From 1 to 5 years	More than 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	127.509.487	-	-	-	-	-	-	127.509.487
Amounts and deposits at other credit institutions	24.505.278	-	-	-	-	-	-	24.505.278
Financial assets held for trading	-	17.196	69.744	18.338.398	20.222.896	3.807.558	-	42.455 792
Financial assets not held for trading mandatorily at fair value through profit or loss	-	-	-	-	-	14.607.405	-	14.607.405
Financial assets at fair value through other comprehensive income	-	-	-	108.759.457	43.191.114	-	-	151.950.571
Financial assets at amortised cost								
- Loans and advances to credit institutions	-	-	963.798	-	-	-	-	963.798
- Loans and advances to customers	17.301.855	8.872.027	3.853.666	108.871.742	268.291.312	6.188.415	-	413.379.017
- Debt securities	-	60.435.704	4.227.052	159.257.228	75.419.686	-	-	299.339.670
Hedging derivatives	-	-	-	361.023	-	-	-	361.023
Other Assets	-	-	-	-	-	829.971	-	829.971
	169.316.620	**69.324.927**	**9.114.260**	**395.587.848**	**407.125.008**	**25.433.349**	**-**	**1.075.902.012**
Liabilities								
Resources from Central Banks	-	-	-	175.567.747	-	-	-	175.567.747
Resources from other credit institutions	561.689	-	-	-	-	-	-	561.689
Resources from customers and other loans	352.822.872	98.779.291	192.028.315	92.886.065	111.000	-	1.877.992	738.505.535
Hedging derivatives	-	-	-	-	-	-	-	-
Financial liabilities held for trading	-	57.182	255.898	25.194	-	-	-	338.274
Non subordinated debt securities issued	-	-	-	-	-	-	-	-
	353.384.561	**98.836.473**	**192.284.213**	**268.479.006**	**111.000**	**-**	**1.877.992**	**914.973.245**
Liquidity gap	**(184.067.941)**	**(29.511.546)**	**(183.169.953)**	**127.108.842**	**407.014.008**	**25.433.349**	**(1.877.992)**	**160.928.767**

(1) - The Column "Other" includes interest receivable and payable, and deferred sums already received and paid.

The main assumptions used to draw up the tables above are the following:

- the projected contractual cash flows of interest associated with financial assets and liabilities were not considered;
- for equity instruments their maturity was considered indeterminate, having been included in the "Indeterminate" column;
- in financial assets held for trading and at fair value through other comprehensive income it was considered that the debt instruments were only settled on the earlier of their maturity date and call; and
- in loans and advances to customers it was considered that the principal repayment was made in full on the date of the last credit instalment.

The short-term liquidity gap is financed by resorting to the interbank monetary market, where the Bank has access to credit facilities that allow it to finance this gap, and through discounts on securities issued by the ECB, which allows it to have access to immediate liquidity.

The short-term liquidity gap is associated to the funding of the Bank's bond portfolio. The total value of the securities portfolio is greater than the short-term gap. The Bank may at any moment reduce it by selling securities in the market. The said gap thus results from a strategic decision of the Bank to finance its securities portfolio in an efficient manner in economic terms and not from a structural deficiency of liquidity. The portfolio has been essentially financed through repurchase operations at the European Central Bank, although Banco Invest has repurchase contracts with different banking institutions.

Market risk

Banco Invest's business through financial instruments entails the assumption or transfer of one or several kinds of risk.

Market risks are those which arise from keeping financial instruments whose value can be affected by market fluctuations. Market risks include:

a) Exchange rate risk: this arises from fluctuations in foreign currency exchange rates;
b) Interest-rate risk: this arises from fluctuations in market interest rates;
c) Price risk: this arises from changes in market prices, either due to factors specific to the instrument or to factors that affect all the instruments traded on the market.

The control of market risk aims to assess and monitor the potential losses associated with changes in the price of the Bank's assets, discretionary portfolio management and the consequent loss of profits from an adverse change in market prices. This assessment is conducted by defining procedures and limits for global portfolios and product categories. Strategies, positions and limits are assessed daily to generate income through trading and assets and liability management, while simultaneously controlling exposure to market risk.

Exchange risk

Exchange risk is the result of fluctuations in exchange rates, whenever there are "open positions" in these currencies.

The exchange rate activity of Banco Invest is of secondary importance and residual. The daily foreign currency balances and transactions carried out in foreign currency are controlled on a daily basis by the Operations Department and the Market Room.

Only American dollar and British pound transactions have any relevance, with transactions in other currencies being almost non-existent.

As at 31 December 2022 and 2021, the breakdown of financial instruments by currency was as follows:

	2022 Currency				
	Euros value	US Dollars	Pound	Other	Total
Assets					
Cash and deposits at Central Banks	31.172.573	-	-	-	31.172.573
Amounts and deposits at other credit institutions	18.515.320	1.689.680	335.702	149.707	20.690.409
Financial assets held for trading	33.287.290	1.101.573	296.988	95.652	34.781.503
Financial assets not held for trading mandatorily at fair value through profit or loss	17.432.208	-	-	-	17.432.208
Financial assets at fair value through other comprehensive income	188.258.548	2.731.778	-	-	190.990.326
Financial assets at amortised cost	655.275.515	11.635.905	3.203.523	-	670.114.943
Hedging derivatives	-	-	-	-	-
Other Assets	1.020.955	276.031	6.945	3.656	1.307.587
	944.962.409	**17.434.967**	**3.843.158**	**249.015**	**966.489.549**
Liabilities					
Resources from Central Banks	173.826.422	-	-	-	173.826.422
Financial liabilities held for trading	210.360	-	-	-	210.360
Resources from other credit institutions	7.230.669	26.900	-	-	7.257.569
Resources from customers and other loans	627.032.692	8.446.323	125.476	63.361	635.667.852
Hedging derivatives	-	-	-	-	-
Non subordinated debt securities issued	-	-	-	-	-
	808.300.143	**8.473.223**	**125.476**	**63.361**	**816.962.203**
Net exposure (Currency Position)	**136.662.266**	**8.961.744**	**3.717.682**	**185.654**	**149.527.346**

	2021 Currency				
	Euros value	US Dollars	Pound	Other	Total
Assets					
Cash and deposits at Central Banks	127.509.487	-	-	-	127.509.487
Amounts and deposits at other credit institutions	20.868.695	3.269.394	232.307	134.882	24.505.278
Financial assets held for trading	40.455.875	1.039.499	387.203	573.215	42.455.792
Financial assets not held for trading mandatorily at fair value through profit or loss	14.067.405	-	-	-	14.067.405
Financial assets at fair value through other comprehensive income	148.966.548	2.984.023	-	-	151.950.571
Financial assets at amortised cost	690.795.502	19.138.213	3.480.702	-	713.414.417
Hedging derivatives	361.023	-	-	-	361.023
Other Assets	436.566	372.364	9.425	11.616	829.971
	1.044.001.101	**26.803.493**	**4.109.637**	**719.713**	**1.075.633.944**
Liabilities					
Resources from Central Banks	175.567.747	-	-	-	175.567.747
Financial liabilities held for trading	338.274	-	-	-	338.274
Resources from other credit institutions	286.333	72.299	188.331	14.726	561.689
Resources from customers and other loans	727.122.307	10.963.141	326.368	93.719	738.505.535
Hedging derivatives	-	-	-	-	-
Non subordinated debt securities issued	-	-	-	-	-
	903.314.661	**11.035.440**	**514.699**	**108.445**	**914.973.245**
Net exposure (Currency Position)	**140.686.440**	**15.768.053**	**3.594.938**	**611.268**	**160.660.699**

The Bank considers that a 5% increase in the market exchange rates of the main currencies that the Bank is exposed to would not have a significant impact on the financial statements as at 31 December 2022 and 2021.

Interest rate risk

Interest rate risk relates to the impact that interest rate changes have on income and on the entity's asset value. This risk arises from the varying times to maturity or re-appreciation of assets, liabilities and off-balance sheet positions with respect to the entity, in light of changes in the interest rate curve slope. Interest rate risk therefore corresponds to the risk that the present value of future cash flows of a financial instrument may fluctuate due to changes in market interest rates.

Management of the interest rate risk is subordinate to the overall strategy of the Bank, which aims to minimise the impact of interest rate changes on the Bank's overall profits.

The short-term interest rate risk basically arises from the mismatch of payments between the institution's liabilities and its loan assets.

As at 31 December 2022 and 2021, the type of exposure to interest rate risk was summarised as follows:

	2022			
	Not subject to interest rate risk	**Fixed rate**	**Variable rate**	**Total**
Assets				
Cash and deposits at Central Banks	862.366	-	30.310.207	31.172.573
Amounts and deposits at other credit institutions	633.067	-	20.057.342	20.690.409
Financial assets held for trading:				
- Securities	1.989.102	30.143.344	7.200	32.139.646
- Derivatives	-	-	2.641.857	2.641.857
Financial assets not held for trading mandatorily at fair value through profit or loss	17.432.208	-	-	17.432.208
Financial assets at fair value through other comprehensive income	-	190.990.326	-	190.990.326
Financial assets at amortised cost:				
- Loans and advances to credit institutions	-	-	997.400	997.400
- Loans and advances to customers	2.531.396	189.460.420	228.132.434	420.124.250
- Debt securities	-	226.748.797	22.244.496	248.993.293
Hedging derivatives	-	-	-	-
Other Assets	-	-	1.307.587	1.307.587
	23.448.139	**637.342.887**	**305.698.523**	**966.489.549**
Liabilities				
Resources from Central Banks	-	-	173.826.422	173.826.422
Financial liabilities held for trading	-	137.666	72.694	210.360
Resources from other credit institutions	-	-	7.257.569	7.257.569
Resources from customers and other loans	-	58.272.794	577.395.058	635.667.852
Hedging derivatives	-	-	-	-
Non subordinated debt securities issued	-	-	-	-
	-	**58.410.460**	**758.551.743**	**816.962.203**
	23.448.139	**578.932.427**	**(452.853.220)**	**149.527.346**
Off-balance sheet				
Derivatives (notional value)				
- *Swaps*	-	-	100.804.100	100.804.100
- Options	52.073.548	-	-	52.073.548
- Futures	18.215.702	-	73.990.928	92.206.630
	70.289.250	**-**	**174.795.028**	**245.084.278**

	2021			
	Not subject to interest rate risk	Fixed rate	Variable rate	Total
Assets				
Cash and deposits at Central Banks	911.912	-	126.597.575	127.509.487
Amounts and deposits at other credit institutions	2.106.351	-	22.398.927	24.505.278
Financial assets held for trading:				
- Securities	3.807.558	37.339.580	875.488	42.022.626
- Derivatives	-	-	433.166	433.166
Financial assets not held for trading mandatorily at fair value through profit or loss	14.607.405	-	-	14.607.405
Financial assets at fair value through other comprehensive income	-	151.950.571	-	151.950.571
Financial assets at amortised cost:				
- Loans and advances to credit institutions	-	-	695.730	695.730
- Loans and advances to customers	3.013.880	167.605.834	242.759.303	413.379.017
- Debt securities	-	263.224.727	36.114.943	299.339.670
Hedging derivatives	-	-	361.023	361.023
Other Assets	-	-	829.971	829.971
	34.325.025	**410.495.249**	**299.938.862**	**1.075.633.944**
Liabilities				
Resources from Central Banks	-	41.510.000	134.057.747	175.567.747
Financial liabilities held for trading	-	26.648	311.626	338.274
Resources from other credit institutions	-	-	561.689	561.689
Resources from customers and other loans	-	92.997.065	645.508.470	738.505.535
Hedging derivatives	-	-	-	-
Non subordinated debt securities issued	-	-	-	-
	-	**134.533.713**	**780.439.532**	**914.973.245**
	34.325.025	**275.961.536**	**(480.500.670)**	**160.660.699**
Off-balance sheet				
Derivatives (notional value)				
- *Swaps*	-	-	97.521.343	97.521.343
- Options	57.096.971	-	-	57.096.971
- Futures	16.148.145	-	35.901.063	52.049.208
	73.245.116	**-**	**133.422.406**	**206.667.522**

The variable rate concept includes all transactions with maturity times of less than one year, and all others whose rate can be redefined in terms of market indicators, including the swaps whose remuneration is indexed to the performance of certain underlying assets (shares and market indices, among others).

As at 31 December 2022 and 2021, the exposure to interest rate risk was broken down into the following periods:

	2022						
	At sight	Up to 3 months	3 months 1 year	From 1 to 5 years	More than 5 anos	Other (1)	Total
Assets							
Cash and deposits at Central Banks	7.232.306	23.940.267	-	-	-	-	31.172.573
Amounts and deposits at other credit institutions	20.690.409	-	-	-	-	-	20.690.409
Financial assets held for trading:							
- Securities	1.989.102	7.200	-	-	-	30.143.344	32.139.646
- Derivatives	-	-	2.641.857	-	-	-	2.641.857
Financial assets not held for trading mandatorily at fair value through profit or loss	17.432.208	-	-	-	-	-	17.432.208
Financial assets at fair value through other comprehensive income	-	-	-	-	-	190.990.326	190.990.326
Financial assets at amortised cost:							
- Loans and advances to credit institutions	-	-	997.400	-	-	-	997.400
- Loans and advances to customers	24.339.869	11.002.261	8.003.475	50.363.151	136.070.506	190.344.988	420.124.250
- Debt securities	-	-	3.531.309	17.486.350	1.226.836	226.748.798	248.993.293
Hedging derivatives	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	1.307.587	1.307.587
	71.683.894	**34.949.728**	**15.174.041**	**67.849.501**	**137.297.342**	**639.535.043**	**966.489.549**
Liabilities							
Resources from Central Banks	-	-	97.996.280	75.830.142	-	-	173.826.422
Financial liabilities held for trading	-	-	72.694	137.666	-	-	210.360
Resources from other credit institutions	7.257.569	-	-	-	-	-.	7.257.569
Resources from customers and other loans	286.848.188	81.064.402	201.492.658	64.714.994	81.000	1.466.610	635.667.852
Hedging derivatives	-	-	-	-	-	-	-
Non-subordinated debt securities issued	-	-	-	-	-	-	-
	294.105.757	**81.064.402**	**299.561.632**	**140.682.802**	**81.000**	**1.466.610**	**816.962.203**
	(222.421.863)	**(46.114.674)**	**(284.387.591)**	**(72.833.301)**	**137.216.342**	**638.068.433**	**149.527.346**

	2021						
	At sight	Up to 3 months	3 months 1 year	From 1 to 5 years	More than 5 anos	Other (1)	Total
Assets							
Cash and deposits at Central Banks	127.509.487	-	-	-	-	-	127.509.487
Amounts and deposits at other credit institutions	24.505.278	-	-	-	-	-	24.505.278
Financial assets held for trading:							
- Securities	3.806.831	-	-	-	386.491	37.829.304	42.022.626
- Derivatives	-	-	433.166	-	-	-	433.166
Financial assets not held for trading mandatorily at fair value through profit or loss	14.607.405	-	-	-	-	-	14.607.405
Financial assets at fair value through other comprehensive income	-	-	-	-	-	151.950.571	151.950.571
Financial assets at amortised cost:							
- Loans and advances to credit institutions	-	-	695.730	-	-	-	695.730
- Loans and advances to customers	3.013.880	113.392	1.774.295	57.974.465	182.897.152	167.605.834	413.379.018
- Debt securities	-	2.307.833	-	28.059.390	6.252.865	262.719.582	299.339.670
Hedging derivatives	-	-	-	361.023	-	-	361.023
Other Assets	-	-	-	-	-	829.971	829.971
	173.442.881	**2.421.225**	**2.903.191**	**86.394.878**	**189.536.508**	**620.935.262**	**1.075.633.945**
Liabilities							
Resources from Central Banks	-	-	134.057.747	41.510.000	-	-	175.567.747
Financial liabilities held for trading	-	8.412	303.214	26.648	-	-	338.274
Resources from other credit institutions	561.689	-	-	-	-	-	561.689
Resources from customers and other loans	352.822.872	98.779.296	192.028.310	92.886.065	111.000	1.877.992	738.505.535
Hedging derivatives	-	-	-	-	-	-	-
Non-subordinated debt securities issued	-	-	-	-	-	-	-
	353.384.561	**98.787.708**	**326.389.271**	**134.422.713**	**111.000**	**1.877.992**	**914.973.245**
	(179.941.680)	**(96.366.483)**	**(323.486.080)**	**(48.027.835)**	**189.425.508**	**619.057.270**	**160.660.700**

(1) - The column “Other” includes fixed rate loans.

According to the methodology described in Banco de Portugal Instruction 34/2018, the impact on own funds arising from a 200 bps shock to the interest rate curve amounts to 8.886.672 euros(2021: 11.109.499 euros).

Concentration risk

Concentration risk is conceptually included within credit risk. Metrics have been integrated in the Bank to systematically identify aggregate exposure in relation to a Customer, geographical and sector exposure and concentration risk appetite limits.

Concentration on Customers or "large risks"
The Bank monitors compliance with regulatory limits (25% over Tier 1) and internal concentration risk appetite limits. As at 31 December 2022, no regulatory limits have been exceeded.

Concentration by geographical area and counterparty
The detail of the risk of financial assets and guarantees and sureties provided, by geographical area, is as follows:

	2022		
	Portugal	Rest of the European Union	Rest of the World
Financial assets held for trading	3.775.506	24.912.912	6.093.084
Financial assets not held for trading mandatorily at fair value through profit or loss	23.923.040	-	-
Financial assets at fair value through other comprehensive income	7.199.647	166.027.034	17.763.645
Financial assets at amortised cost - Debt securities	81.070.546	126.730.625	41.192.121
Financial assets at amortised cost - Loans and advances	420.593.845	-	527.805

	2021		
	Portugal	Rest of the European Union	Rest of the World
Financial assets held for trading	1.436.825	31.473.599	9.545.368
Financial assets not held for trading mandatorily at fair value through profit or loss	21.689.683	-	-
Financial assets at fair value through other comprehensive income	7.333.545	121.477.079	23.139.946
Financial assets at amortised cost - Debt securities	133.637.668	124.868.110	40.833.892
Financial assets at amortised cost - Loans and advances	413.379.017	-	-

Concentration by economic sector

As at 31 December 2022 and 2021, the distribution by economic sector is as follows:

2022	Financial assets held for trading	Financial assets not held for trading mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost - Debt securities	Financial assets at amortised cost - Loans and advances
Agriculture, forestry and fisheries	-	-	-	-	3,801,056
Extractive industries	80.928	-	972.457	5.078.639	29.992
Manufacturing industries	6.363.087	-	59.547.647	49.217.241	7.360.960
Production and distribution of electricity. steam and air conditioning	6.402.072	-	26.587.961	26.908.483	12.451
Water supply	1.791.362	-	3.241.628	-	429.027
Construction	837.865	-	-	509.375	10.039.852
Wholesale and retail trade	1.334.148	-	4.794.183	-	25.713.497
Transportation and storage	1.340.393	-	-	5.102.189	5.368.086
Accommodation and food service activities	-	-	-	2.485.411	5.910.091
Information and communication	1.570.714	-	9.829.643	12.194.355	2.814.174
Financial and insurance assets	12.746.586	17.432.208	26.287.469	54.980.584	16.328.127
Real estate activities	1.246.366	-	-	1.024.836	10.459.310
Consultancy. scientific. technical and similar activities	1.816	-	-	-	2.422.485
Administrative and support services activities	845.315	-	1.720.167	3.552.851	3.464.803
Public administration and defence, mandatory social security	220.852	-	55.644.173	88.784.134	22.571
Education	-	-	-	-	688.912
Human health services and social work activities	-	-	2.364.999	3.136.721	2.299.786
Artistic. entertainment and recreational activities	-	-	-	-	1.262.663
Other services	-	-	-	-	11.720.335
Institutions	-	-	-	-	997.400
Households	-	-	-	-	309.976.071
	34.781.504	**17.432.208**	**190.990.327**	**252.974.819**	**421.121.649**

2021	Financial assets held for trading	Financial assets not held for trading mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost - Debt securities	Financial assets at amortised cost - Loans and advances
Agriculture, forestry and fisheries	-	-	-	-	3.783.280
Extractive industries	-	-	1.062.157	5.160.490	42.728
Manufacturing industries	8.545.450	-	64.379.945	79.833.735	7.388.207
Production and distribution of electricity. steam and air conditioning	9.489.398	-	31.298.887	49.131.720	-
Water supply	2.148.717	-	3.002.217	-	411.303
Construction	1.047.229	-	-	499.886	8.420.553
Wholesale and retail trade	2.243.422	-	5.215.761	9.627.836	29.314.183
Transportation and storage	2.159.658	-	-	11.945.978	3.337.200
Accommodation and food service activities	-	-	-	3.618.003	6.213.105
Information and communication	3.416.596	-	14.862.491	13.558.232	7.174.283
Financial and insurance assets	12.304.223	14.607.405	20.772.839	33.072.992	22.380.977
Real estate activities	343.099	-	-	1.027.832	11.561.648
Administrative and support services activities	-	-	-	-	2.788.804
Administrative and support services activities	-	-	2.002.808	3.498.897	3.129.596
Public administration and defence, mandatory social security	749.025	-	6.714.660	85.308.430	-
Education	-	-	-	-	685.891
Human health services and social work activities	8.978	-	2.638.805	3.055.640	2.001.751
Artistic. entertainment and recreational activities	-	-	-	-	1.292.717
Other services	-	-	-	-	9.797.704
Institutions	-	-	-	-	695.730
Households	-	-	-	-	293.655.084
	42.455.792	**14.607.405**	**151.950.571**	**299.339.670**	**414.074.747**

Fair value

The Bank calculates the fair value of financial instruments based on market prices. Where there is no market price, fair value is calculated using in-house models based on specific assumptions that vary in accordance with the financial instruments to be valued. Under exceptional circumstances, when it is not possible to reliably determine the fair value, assets are valued at historical cost.

The main considerations in the calculation of the fair value of financial assets and liabilities are:

- "Cash and deposits at Central Banks" and "Deposits at other credit institutions": Given the short-term nature of these assets, the accounting value is considered a reasonable estimate of their fair value;

- "AR resources from other credit institutions" and "Resources from Central Banks": The calculation of fair value assumes that transactions are settled on the maturity dates and are updated in the "cash flows", using the rates curve created in the closing days of the year. Bearing in mind the maturity dates of the transactions and type of interest rate, Banco Invest estimates that the difference between the fair value and the book value is not significant;

- "Loans and advances to customers". Almost all loans and advances to customers bear interest at rates linked to the Euribor rate, the majority being re-fixed in the short-term. Regarding the portfolio spreads in force, the Bank considers that the current loan business takes place at a residual pace (and values) relative to the dimension of the portfolio, and that the transactions undertaken, as well as the respective spreads attributed, are affected by the specific characteristics of each transaction, not being representative of the remaining loan portfolio.

- Based on the fact that the current spreads in force exceed the average spread of the loan portfolio, the Bank calculated the fair value of the portfolio considering an additional spread of 1%. Based on this analysis, application of the fair value in the "Loans and advances to customers" item would result in a decline in its value of approximately 2.288.018 euros (31 December 2021: 1.775.429 euros).

- It is important to point out that loan operations with pledges on financial assets and loans attributed to employees and Group companies were not included in this analysis.

- "Resources from customers and other loans": For term deposits of less than a year, the accounting value is considered a reasonable estimate of fair value. For other deposits, the contracted spreads do not differ much from those practised in the most recent operations;

- "Financial assets and liabilities held for trading" and "Financial assets at amortised cost": These instruments are already recorded at fair value, calculated according to:
    - Prices in an active market;
    - Indicative prices provided by the financial information media, namely Bloomberg, largely through the Bloomberg Generic index;
    - Valuation methods and techniques, where there is no active market, supported by:
        - mathematical calculations based on recognised financial theories; or,
        - prices calculated based on similar assets or liabilities traded in active markets or based on statistical estimates or other quantitative methods;
    - Indicative prices provided by issuers, essentially for those cases in which, given the specific characteristics of the security, it was not possible to use the valuation methods described above;
    - Acquisition cost when it is considered to be similar to the fair value.

A market is considered active and therefore liquid when transactions take place regularly.

As at 31 December 2022 and 2021, the calculation of the fair value of the financial assets and liabilities of the Bank can be summed up as follows:

2022						
		Financial instruments valued at fair value				
	Assets valued at acquisition cost	Prices in an active market (Level 1)	Valuation techniques based on: Market data (Level 2)	Other (Level 3)	Total	Book value
Assets						
Financial assets held for trading (Note 8)						
- Securities	-	31.980.461	159.185	-	32.139.646	32.139.646
- Derivatives	-	-	-	2.641.857	2.641.857	2.641.857
Financial assets not held for trading mandatorily at fair value through profit or loss (Note 8)	-	-	349.780	17.082.428	17.432.208	17.432.208
Financial assets at fair value through other comprehensive income (Note 9)	-	190.990.326	-	-	190.990.326	190.990.326
Debt securities (Note 7)	-	186.324.982	42.735.864	8.021.793	237.082.639	299.339.670
Hedging derivatives	-	-	-	-	-	361.023
	-	**409.295.769**	**43.244.829**	**27.746.078**	**480.286.676**	**542.904.730**
Liabilities						
Financial liabilities held for trading (Note 20)						
- Derivatives	-	-	-	210.360	210.360	210.360
Hedging derivatives	-	-	-	-	-	-

2021						
		Financial instruments valued at fair value				
	Assets valued at acquisition cost	Prices in an active market (Level 1)	Valuation techniques based on: Market data (Level 2)	Other (Level 3)	Total	Book value
Assets						
Financial assets held for trading (Note 8)						
- Securities	-	42.038.170	-	-	42.038.170	42.038.172
- Derivatives	-		-	417.620	417.620	417.620
Financial assets not held for trading mandatorily at fair value through profit or loss (Note 8)	-	-	-	14.607.405	14.607.405	14.607.405
Financial assets at fair value through other comprehensive income (Note 9)	-	151.950.571	151.950.571	-	303.901.142	151.950.571
Debt securities (Note 7)	-	250.583.602	-	7.305.283	257.888.885	299.339.670
Hedging derivatives	-	-	-	361.023	361.023	361.023
	-	**444.572.343**	**151.950.571**	**22.691.331**	**619.214.245**	**508.714.461**
Liabilities						
Financial liabilities held for trading (Note 20)						
- Derivatives	-	-	-	338.274	210.360	338.274
Hedging derivatives	-	-	-	-	-	-

Level 3 reconciliation is presented as follows:

	Level 3
31 December 2021	**80.288.180**
Reimbursement of Commercial Paper	(65.680.775)
Commercial Paper Subscription	8.021.793
Acquisition of Investment Units	2.913.000
Repayment of share capital of investment units;	(423.836)
Dividends received from investment units	(927.688)
Redemption of investment units	(381.359)
Valuation of investment units	1.644.685
31 December 2022	**25.454.001**

The main assumptions used to draw up the tables above are the following:

Level 1

Level 1 valuation prices produce the most reliable evidence of fair value.
In addition to financial instruments traded on a regulated market, this category includes bonds and investment units of funds valued based on prices disclosed through trading systems.
Level 1 fair value classification is used when:

i) there is a firm daily executable quote for the financial instruments concerned, or
ii) there are quotes available in market information systems that aggregate multiple prices from various players (e.g: BGN, CBBT), or;
iii) the financial instruments have been classified as level 1 on at least the last 15 trading days.

Level 2

When prices quoted on active, liquid markets are not available, the valuation should be performed using publicly available market information that reflects the assumptions that market participants use in pricing the asset or liability. That is, valuation methods and techniques should be used that use mostly observable market data, namely:

i) Investment units in collective investment undertakings the majority of which are composed of assets or liabilities traded on a regulated market should be valued at the last asset value disclosed by the management entity;
ii) Defensive pricing services, mostly generated through market inputs disseminated by specialised entities;
iii) The valuation of securities in the process of being listed shall be based on the valuation of securities of the same type, issued by the same entity and admitted to listing, taking into account the fungibility and liquidity characteristics between the issues. Thus, these assets will have a 10% discount on the daily quote of the security of the same type;
iv) Money market instruments, being valued through the purchase price;
v) Other techniques for non-derivative instruments that rely mostly on publicly available market data (interest rate curves, exchange rates, credit curves, etc.).

Level 3

When Level 1 and 2 prices do not exist, non-observable market information should be used to determine the fair value of the financial instruments, namely using techniques and methods without an exact consensus of the criteria to be defined, namely:

i) by comparative analysis of the prices of financial instruments with risk and return profile, type, seniority or other similar factors, observable in an active and liquid market;
ii) based on the performance of impairment tests, using performance indicators of the underlying transactions (e.g. probability rates of default of the underlying assets, delinquency rates, evolution of ratings, etc.);
iii) are valued on the basis of the NAV (Net Asset Value) disclosed by the management entities of real estate investment funds and other funds not listed on a regulated market (e.g. venture capital).

Specifically, with regard to shares, the valuation may be carried out based on the last known book value of the issuer, possibly adjusted by a liquidity premium and the known expectation of earnings for the current financial year. If the book value is not known the asset will be valued at zero.

Level 3 assets are valued at least on a monthly basis, taking into account all relevant information about the issuer and the market conditions prevailing at the time the valuation is made and also take into account the presumed realisation value.

Derivative financial instruments held by customers are valued at fair value, considering the risk elements associated to the underlying asset of the derivative, such as volatility and market and liquidity risk premiums for assets with similar characteristics.

Regarding the securities valued through the internal model, the assumptions used were those that the Bank considered to be adequate to reflect the market value of those financial assets at the balance sheet date, including the market base interest rate, a spread reflecting the risk of each security calculated based on the rating and an expected date of reimbursement.

Short-term investments in commercial paper, recorded in the trading portfolio, are valued at amortised cost, which does not differ significantly from fair value.

47. CONTINGENT LIABILITIES AND OTHER COMMITMENTS

As at 31 December 2022 and 2021, contingent liabilities and commitments are recorded in off-balance sheet items and are broken down as follows:

	2022	2021
Guarantees and surities provided	202.504.368	196.870.052
Commitments to third parties	32.856.968	17.470.042
Amounts deposited	692.201.482	532.576.881
Assets under management and custody		
- Asset management	12.499.158	15.068.956

48. PROVISION OF INSURANCE AND REINSURANCE MEDIATION SERVICES

Under the terms of Article 4 of the Regulatory Standard of the Portuguese Insurance Institute 15/2009-R, of 12 January 2010, regarding the disclosure requirements applicable to the Company in its capacity as an insurance intermediary, the following information must be provided.

Subparagraph a) Recognition of income and expenses

During the course of its business, the Bank sells insurance contracts.

Regarding life insurance, the Bank receives commissions as remuneration for insurance mediation services that are recognised as income. This income is recorded as receivable under other assets as it is generated against commissions received, regardless of when they are received.

Regarding non-life insurance, the remuneration (commission) relating to premiums paid for the full amount was recorded as revenue with deferred income, with the income being recognised monthly in the profit or loss according to the monthly premiums received from the customers.

Subparagraph b) Total remuneration received, broken down by nature and type:

	Commissions	Fees	Other remuneration
2022 Insurance Net Remuneration			
Nature - Cash	1.970.316	-	-
NaturNature - Kind	-	-	-
2021 Insurance Net Remuneration			
Nature - Cash	1.492.504	-	-
NaturNature - Kind	-	-	-

Subparagraphs (c) and (d) Total commissions, broken down by branches and insurance companies

	Entity	Commissions
2022 Insurance Net Remuneration		
Life Branch	Real Vida Seguros. S.A.	1.873.309
Non-Life Branch	Mapfre Assistência. S.A.	88.018
Non-Life Branch	Ibero Assistência. S.A.	8.989
2021 Insurance Net Remuneration		
Life Branch	Real Vida Seguros. S.A.	1.508.089
Non-Life Branch	Mapfre Assistência. S.A.	(15.585)

Real Vida Seguros presents a remuneration higher than 25% of the total.

Subparagraph (e) Amounts in "customer" accounts

The Bank in the insurance mediation activity does not assume credit risk or default risk, i.e. if the customer does not pay the insurance the insurer returns the chargeback for the exact amount that was not received.

Subparagraph (f) and (g) Indication of aggregate values included in accounts receivable and payable

	2022	2021
OTHER ASSETS		
Debtors and other financial applications		
- Other debtors - insurance	3.798	3.865
Income receivable		
- Insurance collection commissions receivable	303.944	350.993
Other accrual and deferrals		
- Insurance premiums to be invoiced	736.515	1.325.028
OTHER LIABILITIES		
Deferred income	242.523	434.633
Other accounts payable	507.045	545.463

As far as payables and receivables are concerned. they come from insurance companies.

Accounts payable are detailed as follows:

Entity	2022	2021
Real Vida Seguros. S.A.	433.799	527.184
Mapfre Assistência. S.A.	73.246	18.279
	507.045	**545.463**

Subparagraph (h) Analysis of receivables past due at the reporting date

Seniority	2022	2021
Up to 6 months	3.164	2.595
From 6 to 12 months	28	702
More than 12 months	605	568
Total	**3.798**	**3.865**

As mentioned, there is no materially relevant risk for the Bank in the event of non-payment of the insurance by the customer since the insurer returns the reversal of the unpaid amounts.

Subparagraphs (i), (j), (k) and (l) shall not apply to the Bank

The insurance portfolio, in 2023, was transferred to the entity Bicredit, a financial institution that will specialise in granting consumer credit, namely auto loans (according to Note 52), in which the Bank will be a majority shareholder.

49. RECENTLY ISSUED ACCOUNTING STANDARDS

The recently issued accounting standards and interpretations that the Bank has applied in the preparation of its financial statements are as follows:

Reference to the Conceptual Framework (amendments to IFRS 3)

In May 2020, the IASB issued "Reference to the Conceptual Framework" amending IFRS 3 Business Combinations.

The amendments updated IFRS 3, replacing the reference to an older version of the Conceptual Framework with a reference to the most recent version that was issued in March 2018.

The amendments shall apply to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if, at the same time or earlier, an entity also applies all the amendments made in "Amendments to References to the Conceptual Framework in IFRS Standard " issued in March 2018.

Property, Plant and Equipment - Revenue Before Intended Use, amendments to IAS 16 Property, Plant and Equipment

In May 2020, the IASB issued Property, Plant and Equipment - Revenue Before Intended Use, which amended IAS 16 Property, Plant and Equipment.

The amendments prohibit deducting from the cost of an item of property, plant and equipment, any proceeds from the sale of items produced by bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the entity shall recognise those sales revenues in profit or loss.

The changes shall be applied retrospectively for annual periods beginning on or after 1 January 2022, with earlier application permitted.

Onerous Contracts - Cost of Fulfilling a Contract

In May 2020, the IASB issued "Onerous Contracts - Cost of Fulfilling a Contract", which amended IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The objective of the amendments is to clarify the requirements of IAS 37 on onerous contracts regarding the assessment of whether, in a contract, the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from it.

The amendments shall be applied for annual periods beginning on or after 1 January 2022, with earlier application permitted.

Improvements in the 2018-2020 cycle

On 14 May 2020, the IASB issued improvements to IFRS 2018 – 2020 containing the following amendments to the IFRSs:

(a) to permit an entity, as a subsidiary, associate company or joint venture, that adopts IFRSs for the first time after its parent and elects to apply paragraph D16(a) of IFRS 1 First-time Adoption of International Financial Reporting Standards, to measure cumulative translation differences using the amounts reported by the parent on the basis of its date of transition to IFRSs;

(b) to clarify that the reference to fees in the 10 per cent test includes only fees paid or received between the borrower and the lender, including fees paid or received by the borrower or the lender on behalf of the other (IFRS 9);

(c) to remove potential confusion regarding the treatment of lease incentives by applying IFRS 16 Leases, as illustrated in Illustrative Example 13 accompanying IFRS 16; and

(d) remove the requirement in paragraph 22 of IAS 41 Agriculture for entities to exclude cash flows for taxation when measuring fair value by applying IAS 41.

The amendments shall apply for annual periods beginning on or after 1 January 2022, with earlier application permitted.

The Bank has not recorded significant changes in the adoption of these standards.

The Bank has decided not to apply in advance the following standards and/or interpretations adopted by the European Union:

Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: Disclosures of accounting policies

Following feedback obtained on the need for more guidance to help companies decide what information to disclose regarding accounting policies, the IASB issued on 12 February 2021 amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making materiality judgements.

The main amendments to IAS 1 include: i) requiring entities to disclose information about material accounting policies rather than significant accounting policies, ii) clarifying that accounting policies related to immaterial transactions are also immaterial and as such do not need to be disclosed and iii) clarifying that not all accounting policies related to material transactions are themselves material to an entity's financial statements.

The IASB has also amended IFRS Practice Statement 2 to include guidance and two additional examples on applying materiality to accounting policy disclosures. These changes are consistent with the revised definition of material:
"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The changes take effect from 1 January 2023, but earlier application is permitted.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how entities should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition and clarification of accounting estimates.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates, specifying that an entity develops an accounting estimate to achieve the objective established by an accounting policy. The effects of changes in such data or measurement techniques are changes in accounting estimates.

The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will be applied prospectively to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the first annual reporting period to which the entity applies the amendments.

Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The IASB issued amendments to IAS 12 - 'Income Taxes' on 7 May 2021.

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

Under certain circumstances, companies are exempt from recognising deferred taxes when they first recognise assets or liabilities. Previously, there was some uncertainty as to whether the exemption applied to transactions such as leases and decommissioning provisions, i.e. transactions under which companies recognise an asset and a liability. The amendments clarify that the exemption does not apply to these types of transactions and that companies are required to recognise deferred taxes. The aim of the amendments is to reduce diversity in the disclosure of deferred tax on leases and decommissioning provisions.

The amendments enter in force for annual periods beginning on or after 1 January 2023. Early application is permitted.

The Bank is evaluating the impacts that this standard will have on its financial statements.

Standards, amendments and interpretations issued, but not yet effective for the Bank:

Clarification of requirements for classifying liabilities as current or non-current (amendments to IAS 1 - Presentation of Financial Statements)

The IASB issued on 23 January 2020 an amendment to IAS 1 Presentation of Financial Statements to clarify how to classify debt and other liabilities as current and non-current.

The amendments clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement that an entity has the right to defer settlement of the liability for at least 12 months after the reporting period.

The amendments aim at:
a) specifying that an entity's right to defer settlement must exist at the end of the reporting period and must be substantive;
b) clarifying that the ratios that the company must meet after the balance sheet date (i.e. future ratios) do not affect the classification of a liability at the balance sheet date. However, when non-current liabilities are subject to future ratios, companies must disclose information that allows users to understand the risk that these liabilities may be repaid within 12 months after the balance sheet date; and
c) clarifying the requirements for classifying liabilities that an entity will, or may, settle by issuing its own equity instruments (e.g.: convertible debt).

This change is effective for periods after 1 January 2024.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The IASB issued amendments to IFRS 16 - Leases in September 2022 that introduce a new accounting model for variable payments in a sale and leaseback transaction.

The amendments confirm that:
- On initial recognition, the seller-lessee includes variable lease payments when measuring a lease liability arising from a sale and leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting for the lease liability so that it recognises no gain or loss related to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new subsequent measurement requirements.

The amendments are effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.

In accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale and leaseback transactions entered into on or after the date of initial application of IFRS

16. This means it will need to identify and re-examine sale and leaseback transactions entered into since the implementation of IFRS 16 in 2019 and potentially restate those that included variable lease payments.

The Bank is evaluating the impacts that these standards will have on its financial statements, with IFRS 17 - Insurance Contracts not being applicable.

50. GROUP COMPANIES

The main information on the business of the Bank's subsidiaries, as well as the consolidation method employed, may be summed up as follows:

Company	Activity	Registered office	Effective shareholding (%)	Consolidation method
Banco Invest, S.A.	Banco	Lisbon	n.a.	n.a.
Invest Gestão de Activos - SGFIM, S.A.	Mutual fund - management	Lisbon	100%	Full
Fundo Tejo	Real estate purchase and sale	Lisbon	86.5%	Full

As at 31 December 2022 and 2021, the more significant financial highlights of the respective individual financial statements can be summed up as follows:

	2022			2021		
Company	Net assets	Net lequity	Net income	Net assets	Net equity	Net income
Banco Invest, S.A.	1.002.259.436	148.194.952	17.159.313	1.108.935.731	156.196.272	20.059.169
Invest Gestão de Activos - SGFIM. S.A.	5.230.106	4.912.257	854.973	4.333.987	4.057.284	716.537
Fundo Tejo	8.832.913	8.798.532	536.532	9.530.534	9.409.000	604.981

The consolidated net income shows the following contributions:

	31 December 2022	31 December 2021
Individual results:		
Banco Invest	17.159.313	20.059.169
Invest Gestão de Activos	854.973	716.537
Fundo Tejo	536.532	604.981
	18.550.818	**21.380.687**
Adjustments:		
Write-off of equity method - Invest Gestão de Activos	(854.973)	(716.537)
Write-off of valuation of the Fundo Tejo Investment Units	(464.027)	(1.644.715)
Other adjustments	2.999	(720)
Income after taxes and before non-controlling interests	17.234.817	19.018.715
Income attributable to minority interests	(72.504)	(81.754)
Consolidated net income for the year	**17.162.313**	**18.936.961**

51. RELEVANT FACTS

The Bank in 2022, with the non-opposition of the regulatory entity, redeemed preference shares in the amount of 11.000.000 euros, paid the remuneration of the preference shares in the amount of 809.899 euros and distributed dividends in the amount of 1.000.000 euros (which corresponds to 4.98% of the net profit for 2021).

52. SUBSEQUENT EVENTS

In addition to the aspects disclosed in the other notes and in accordance with the accounting policy in note 2.23, the events that occurred after the date of the financial statements and up to the date of their approval were as follows:

Creation of the entity Bicredit, Sociedade Financeira de Crédito, SA on 02-01-2023. This financial institution will be specialised in granting consumer loans, namely auto loans.

In 2016, the Bank began providing financing to private customers for the acquisition of used vehicles, through a partnership with a number of minority partners with experience in the sector. Under authorisation from Banco de Portugal, Bicredit, Sociedade Financeira de Crédito, SA, was incorporated on 02-01-2023, to incorporate the used car financing business carried on by Banco Invest.

Banco Invest owns 81% of this new company.

Bicredit, Sociedade Financeira de Crédito, SA is registered with the Commercial Registry Office of Lisbon under the single number 517 263 157, with the legal entity identifier (LEI Code) 5299004W8FKOCM5RT537 and its head office is located at Avenida Engenheiro Duarte Pacheco, Torre 1 - 12º andar, 1070-101 Lisboa. Bicredit, Sociedade Financeira de Crédito, SA is an institution registered with Banco de Portugal under code 0344.

6. Statutory Auditors' Report

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício FPM41 - Avenida Fontes Pereira de Melo, 41 - 15.º
1069-006 Lisboa - Portugal
+351 210 110 000 | www.kpmg.pt

STATUTORY AUDITORS' REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail.)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of **Banco Invest, S.A.** (the Group), which comprise the consolidated balance sheet as at 31 December 2022 (showing a total of 997,274,082 euros and total equity of 149,384,723 euros, including a profit for the year of 17,234,817 euros), and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, and the accompanying notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Banco Invest, S.A.** as at 31 December 2022 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the consolidated Financial Statements" section below. We are independent of the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas' code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment for loans and advances to customers (27,854,439 euros)

Impairment losses on financial assets at amortized cost - loans and advances to customers are detailed in note 22 of the financial statements

The Risk	Our response to the identified risk
For the purpose of impairment calculation, the financial assets measured at amortised cost loans and advances to customers are classified into three stages (1, 2 or 3) taking into consideration whether a significant deterioration in credit risk is identified, since their initial recognition or if these are impaired assets. For the Group, determining this effect is a relevant process since it influences the associated Expected Credit Loss ('ECL') levels. The impairment is calculated based on the expected loss estimated by the Group on an individual and collective basis, as disclosed in note 2.4.a) of the Financial Statements. The individual analysis is based on the assessment of the existence of impairment losses on a case-by-case basis, considering the total exposure of a given client and expectations regarding the evolution of the activity and the market value of the associated collaterals and expectations regarding the evolution of future macroeconomic conditions. The collective analysis is based on estimates and assumptions for determining the ECL taking into consideration (i) the historical information of losses in credit portfolios with similar risk determined taking into account the category to which they are allocated; and (ii) the knowledge of the economic and credit environment and its influence on the level of historical and future losses ('forward looking'), the latter especially relevant considering the uncertain economic environment.	Our audit procedures included, amongst others, those that we describe below: ▪ We evaluated the design and implementation of the main controls defined by the Group for the process of identifying and calculating impairment losses; ▪ We analysed the alignment of accounting policies with the applicable accounting standards; ▪ We analysed the classification process of loans and advances to customers based on their credit risk (Stage 1, 2 and 3); ▪ We evaluated the ECL estimation process; ▪ We evaluated the impairment model developed by management, including reviewing its key assumptions and the forward-looking information considered in estimating the ECL, with the involvement of our specialists; ▪ For credits which impairment losses are determined on an individual basis, we analysed, for a sample of operations the underlying assumptions related to the identification and quantification of impairment, including (i) the evaluation of existing collaterals and (ii) estimate the recoveries in case of default; ▪ For credits whose impairment losses are determined on a collective basis, we tested, with the support of our experts, the underlying models, including the approval process, their validation and the recalculation of the impairment accounted. Additionally, we tested the adequacy and accuracy of the significant assumptions used in the model including the relevant data elements; ▪ We assessed the adequacy of the respective disclosures to the financial

statements, in accordance with the applicable accounting framework.

The impairment assessment process is highly complex in its design and implementation and includes several estimates and judgments made by the Group. This process considers factors such as the probability of default, risk ratings, the value of collateral associated with each transaction, recovery rates and estimates of both future cash flows and the time of collection.

The evolution of the economic environment, in particular inflation and rising interest rates may create greater pressure on the liquidity of economic agents with an impact the future calculation of impairment losses.

On this basis, due to the uncertainty, complexity and judgment involved in calculating the estimate, the impairment for loans and advances to customers was considered a relevant audit matter.

Responsibilities of management and the supervisory body for the consolidated financial statements

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and the consolidated cash flows, in accordance with the International Financial Reporting Standards as adopted by the European Union.;
- the preparation of the consolidated management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and,
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process

Auditors’ responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion; and,
- communicate with those charged with governance, including the supervisory body, regarding , among other matters, the planned scope and timing of the audit, and significant audit findings including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes their public disclosure; and,

- provide the supervisory body with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

Pursuant to article 451, nr. 3, al. (e) of the Portuguese Companies' Code, it is our opinion that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements, the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment of the Group, we have not identified any material misstatements.

On the additional matters provided in article 10 of the Regulation (EU) nr. 537/2014

Pursuant to article 10 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and in addition to the key audit matters mentioned above, we also report the following:

- We were first appointed as auditors of the Group in the shareholders general assembly held on 15 September 2017 for a first mandate from 2017 to 2020. We were reappointed as auditors of the Group in the shareholders general assembly held on 15 February 2022 for a second mandate from 2022 to 2024.
- Management as confirmed to us that they are not aware of any fraud or suspicion of fraud having occurred that has a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work, we have not identified any material misstatement of the consolidated financial statements due to fraud.
- We confirm that the audit opinion we issue is consistent with the additional report that we prepared and delivered to the supervisory body of the Group on 12 April 2023.
- We declare that we have not provided any prohibited services as described in article 5 of the Regulation (EU) nr. 537/2014 of the European Parliament and of the Council, of 16 April 2014, and we have remained independent of the Group in conducting the audit.
- We inform that, in addition to the audit, we provided to the Group with the following services as permitted by law and regulations in force :
  - Issuance of reports regarding the impairment of the loan portfolio in accordance with Bank of Portugal Instruction no. 18/2018;
  - Issuance of an opinion regarding the Safeguarding of Assets as determined by the CMVM;

- Support to the Supervisory Board in the scope of Notice nr. 03/2020 and the underlying work to be performed to support their report on the Internal Control System;
- Report on factual conclusions regarding the assessment of the quality of data reported under Article 6(1) and (2) of Decision (EU) Nr. 2019/1311 of July 22, 2019, as successively amended.

12 April 2023

SIGNED ON THE ORIGINAL

KPMG & Associados
Sociedade de Revisores Oficiais de Contas, S.A.
(no. 189 and registered at CMVM with the no. 20161489)
represented by
Miguel Pinto Douradinha Afonso
(ROC no. 1454 and registered at CMVM with the no. 20161064)

7. Report and Opinion of the Supervisory Board

REPORT AND OPINION OF THE AUDIT BOARD

FOR THE FINANCIAL YEAR 2022

To the Shareholders of

Banco Invest , S.A.

In accordance with Article 420(1)(g) of the Portuguese Commercial Companies Code, it is our duty as members of the Supervisory Board of **Banco Invest, S.A.**, to submit the Report of our supervisory activity and the opinion on the management report, consolidated accounts and proposals presented by the Board of Directors of **Banco Invest, S.A.** for the year ended 31 December 2022.

Within the scope of our duties, we developed contacts with the Board of Directors, obtained clarifications and collected information from the competent services, informed ourselves about the Company's activity and the management of the business carried out and verified the financial information produced during the year ended on 31 December 2022, carrying out the analyses deemed convenient in order to develop a reasonable understanding of **Banco Invest, S.A.**'s activity.

We verified compliance with the Law and the Company's Articles of Association, verified that the accounting records and supporting documentation were in order, verified that the accounting policies adopted by the Company and the disclosures included in the Notes lead to a correct representation of the consolidated assets and consolidated results and carried out other procedures deemed necessary under the circumstances.

After the closure of the consolidated accounts, we examined the documents rendering the consolidated accounts, namely the management report prepared by the Board of Directors, as well as the consolidated financial statements presented, which comprise the consolidated balance sheet, the consolidated income statement, the consolidated statement of changes in equity, the consolidated cash flow statement and the consolidated statement of comprehensive income and accompanying notes.

We have been informed of the Statutory Auditors' Report on the Company's consolidated accounts, with emphasis and without reservations, issued by KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A., dated 12 April 2023, and with whose content we agree.

From the Board of Directors and competent services we always obtained the documentation and clarifications requested, which we appreciate, concluding that:

a) The consolidated financial statements provide a fair understanding of the Company's consolidated financial situation and consolidated results;

b) The accounting policies adopted and the disclosures are appropriate;

c) The management report presents the evolution of the Company's business and situation, in accordance with the legal and statutory provisions.

In light of the work undertaken, we are of the opinion that the Company's Annual General Meeting should approve:

a) The Management Report and Consolidated Accounts for the year ended 31 December 2022;

b) The proposal for the appropriation of results set forth in the aforementioned Management Report.

Finally, we would like to highlight and acknowledge the excellent cooperation received in the performance of our duties from the Company's Board of Directors and the services with which we had the opportunity to contact.

Lisbon, 18 April 2022

The Supervisory Board

Jean-éric Gaign

José Manuel Lopes Neves de Almeida

Luís Alberto Monsanto Póvoas Janeiro

8. Summary of the Self-assessment Report on the adequacy and effectiveness of the organisational culture and the governance and internal control systems

The Self-Assessment Report ('Report'), prepared under the provisions of Article 54 of Banco de Portugal Notice 3/2020 ('Notice'), in force since 16 July 2020, and Banco de Portugal Instruction 18/2020 ('Instruction') contains the results of the assessment carried out by Banco Invest, S.A. ('Bank' or 'Banco Invest') in relation to the adequacy and efficiency of the Bank's organisational culture and its governance and internal control systems, including remuneration practices and policies and other matters addressed in the Notice, with reference to 30 November 2022.

The Report includes a framework of the Bank's organisational structure, and the changes made to its governance model and organic structure during the period in question. In addition, the report presents the changes made to the deficiency classification methodology.

The Report includes a global analysis of the internal control deficiencies, identified as a result of the work carried out by the Bank's internal control functions, by the External Auditor and by the Supervisory Entities, including the description and characterisation of the open deficiencies on the reference date.

As part of the Report, self-assessment/independence reports were also prepared and included for those responsible for the Risk Management, Compliance and Internal Audit functions, under the terms of Articles 27, 28 and 32 of the Notice. In these self-assessment/independence reports, each function presents its organisational structure, competences and responsibilities, and the independence of each internal control function is confirmed by the respective persons in charge, confirming the non-existence of any incidents. In addition, each report identifies which open deficiencies were detected in each internal control function, and there are a number of open deficiencies relating to these functions.

The Report includes the assessment of the Bank's Governing Bodies, pursuant to Articles 56 and 57 of the Notice, on the adequacy and effectiveness of the organisational culture:

- In preparing the Supervisory Board's assessment of the adequacy and effectiveness of the Bank's organisational culture and its governance and internal control systems, and with regard to the work performed, the following were taken into consideration: the activity developed by the internal control functions, the cumulative evidence collected, the assessment of the adequacy of the risk classification attributed to the deficiencies that remain open, the monitoring of the work performed by the External Auditor and other external entities, the Assurance Report on a number of components of the Bank's Internal Control System, under the terms of ISAE 3000, issued by KPMG, the reports and activities performed by the supervisor, and the discussions and meetings held with the Board of Directors, the Executive Committee and the heads of the various organic units covered by the Notice.

  Therefore, based on the work carried out and the evidence gathered, the Supervisory Board concludes, without prejudice to the deficiencies classified as level F3 "High" or level F4 "Severe", or others that aggregately place the Bank's risk profile at risk, on the adequacy and effectiveness of the organisational culture in force in the Bank and of its governance and internal control systems, in all materially relevant aspects, under the requirements defined in the Notice. The Supervisory Board considers that the open deficiencies do not call into question the adequacy and effectiveness of the organisational culture and governance and internal control systems, as the Bank has taken the necessary measures to ensure that the risks arising from such deficiencies are mitigated and that the mitigating controls currently in place continue to operate to ensure the quality of the processes.

Additionally, the Supervisory Board concludes that:

i. the assessment of the state of implementation of the measures defined in the reference period to remedy the deficiencies identified is reasonable;

ii. the quality of performance and the independence of internal control functions, including operational subcontracted tasks, are adequate. The Supervisory Board considers that the open deficiencies detected by the internal control functions do not jeopardise the quality of performance and adequate independence of those functions, as it considers that the majority of the situations identified have already been remedied and/or that the action plans defined to mitigate them are already being implemented.

iii. the processes for the preparation of prudential and financial reports and those for the preparation of information disclosed to the public are reliable. The Supervisory Board considers that the deficiencies that are still open related to the process of prudential and financial reporting, detected within the scope of a work carried out on articles 29 and 30 of the Notice, do not bring into question the reliability of the process, however it stresses that the necessary measures should continue to be taken for the mitigation of the situations identified.

iv. The duties of disclosure to the public, resulting from the applicable laws and regulations, were adequately fulfilled in the reporting period.

- The Board of Directors prepares its assessment of the adequacy and effectiveness of the Bank's organisational culture and governance and internal control systems, also analysing the set of existing deficiencies.

  As a result of this assessment, the Board of Directors concludes that: (i) the adequacy of the classification attributed to the deficiencies classified according to the methodology defined by the Bank with level F3 'High' or level F4 'Severe' is reasonable; and (ii) the control functions act independently, adequately and effectively complying with the requirements set out in the Notice and that the outsourcing of specific operational tasks of the internal control functions complies with the provisions of Article 36 of Notice 3/2020, as it is considered that they will contribute to greater efficiency of the tasks and that they fall within the tasks that may be outsourced;

  In addition and taking into consideration the main aspects identified with regard to the development and improvement of the Internal Control System, the Board of Directors lists in its assessment a number of ongoing tasks aimed at strengthening the processes in certain matters. Therefore, and without prejudice to the deficiencies classified with level F3 'High' or level F4 'Severe', the Board of Directors concludes that the organisational culture and its governance and internal control systems, including the Bank's remuneration policies and practices, are adequate and effective. The Board of Directors considers that a significant number of the abovementioned deficiencies and aspects are already implemented and that the mitigating controls currently in place for the open deficiencies ensure the quality of the processes in question, without jeopardising the adequacy and efficiency of the Bank's organisational culture and governance and internal control systems.

BANCO
INVEST

Lisboa
Av. Eng. Duarte Pacheco, Torre 1 - 11°, 1070-101 Lisboa
Tel.: +351 213 821 700   Fax: +351 213 864 984   welcome@bancoinvest.pt

Porto
Pç. do Bom Sucesso, n° 131 - Ed. Península, Salas 502 a 504 - 5°, 4150-146 Porto
Tel.: +351 226 076 390   Fax: +351 226 095 297

www.bancoinvest.pt