REPORT AND CONSOLIDATED ACCOUNTS '23

BANCO INVEST

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GRUPO ALVES RIBEIRO

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1. Executive Board of Director's Report

1. Executive Board of Director's Report

As of 28 December 2023 (inclusive), by decision of the shareholders, deliberated at the General Meeting and duly approved by the Bank of Portugal, the management and supervisory structure of Banco Invest, S.A. changed from the Latin model to the German model. Thus, on that date, the governing bodies were as follows:

General Meeting of Shareholders

Charmain

Francisco Xavier Ferreira da Silva

Secretaries

Helena Isabel Nunes Menúria Neves Francisco

Paula Alexandra Silva dos Santos Viegas

Executive Board of Directors

Charmain

Afonso Ribeiro Pereira de Sousa

Deputy Charmain

António Miguel Rendeiro Ramalho Branco Amaral

Members

Luís Miguel da Rocha Barradas Ferreira

Marília Boavida Correia Cabral

General and Supervisory Board

Charmain

Carlos António Antolin da Cunha Ramalho

Members

Alexandre Wende Dias da Cunha

José Manuel Lopes Neves de Almeida

Maria Paula Toscano Figueiredo Marcelino

Sofia Luísa Corrêa Henriques Cardoso de Meneses Frère

Statutory Auditor

KPMG, SROC, SA, represented by Miguel Afonso

Alternate Statutory Auditor

Vitor Manuel da Cunha Ribeirinho

2. Main Financial indicators

2. Main financial indicators

Indicators (Euros)	2019	2020	2021	2022	2023
Net interest income	25.287.537	29.257.925	31.602.344	36.901.008	43.214.580
Net income from financial operations	4.470.719	5.258.393	6.912.047	(4.429.704)	1.629.559
Net fees and commissions income	8.896.965	10.977.132	14.266.301	15.043.479	15.135.201
Other operating income/ (losses)	1.350.654	1.821.454	905.795	3.845.099	570.713
Net operating revenue	**40.005.875**	**47.314.904**	**53.686.487**	**51.359.882**	**60.550.053**
Staff costs	(11.381.855)	(11.514.418)	(12.536.944)	(13.230.441)	(14.860.102)
Other administrative costs	(6.985.004)	(6.312.052)	(7.315.663)	(8.023.731)	(8.922.919)
Overheads	**(18.366.858)**	**(17.826.470)**	**(19.852.607)**	**(21.254.172)**	**(23.783.021)**
Depreciation	(1.960.465)	(1.674.258)	(1.563.974)	(1.915.148)	(2.036.210)
Net provisions and impairments	(4.979.188)	(9.283.534)	(5.523.572)	(8.144.700)	(4.006.862)
Income from investment in associate companies and joint ventures	-	-	-	102.542	81.431
Income before taxes	**14.699.364**	**18.530.641**	**26.746.334**	**20.148.404**	**30.805.391**
Provision for taxes	(2.482.867)	(4.626.826)	(7.727.619)	(2.913.587)	(8.335.578)
Net profit attributable to non controlling interests	31.181	69.045	81.754	72.504	1.329.754
Net income for the year	**12.185.316**	**13.834.770**	**18.936.961**	**17.162.313**	**21.140.058**
Comprehensive income	**14.758.894**	**15.710.556**	**17.084.338**	**5.029.074**	**29.693.718**
Net credit extended	619.806.815	644.437.591	712.718.687	669.117.543	659.901.130
Loans and advances to customers	392.573.397	401.376.720	413.379.017	420.124.250	428.373.128
Securitised Loans	227.233.417	243.060.871	299.339.670	248.993.293	231.528.002
Funds attracted	685.196.634	753.579.712	914.973.245	816.962.203	707.372.385
Equity	**126.815.255**	**141.685.811**	**157.465.537**	**149.384.724**	**185.460.753**
Net assets	**840.692.558**	**923.903.525**	**1.104.104.283**	**997.274.082**	**928.034.733**
Transformation ratio (Loans and advances to customers / Resources from Customers)	65,1%	67,0%	59,9%	66,1%	64,5%
Liquidity coverage ratio (LCR)	166,6%	232,3%	173,4%	169,2%	238,5%
Cost-to-income ratio	51,0%	41,2%	39,9%	45,1%	42,6%
Net interest income (as % of net operating revenue)	63,2%	61,8%	58,9%	71,8%	71,4%
Provisions and impairments (as % of net operating revenue)	12,4%	19,6%	10,3%	15,9%	6,6%
Common Equity Tier 1 ratio (CeT1)	16,9%	16,7%	17,0%	19,0%	23,9%
Total capital ratio	17,5%	17,0%	17,1%	19,0%	23,9%
RWAs (as % of Total assets)	79,6%	82,4%	76,8%	78,1%	80,8%

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 a more 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 2023, the Bank's solvency ratio stood at 23.9% including the net profit for 2023 and Resources from Customers reached 664.2 million euros, corresponding to an annual average growth of 14.1% since 2008.

What we do

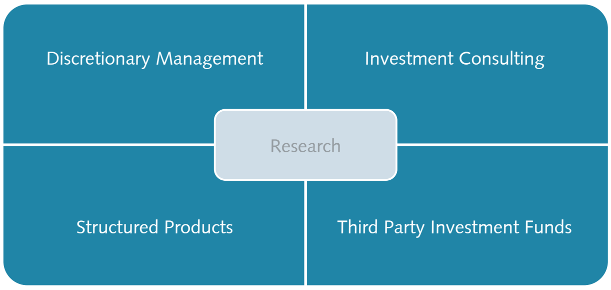
Banco Invest is specialised in the management of the Savings and Investments of its private, corporate and institutional customers, offering an open and independent structure, with a global and diversified offer of products and services.

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**. In addition, through its subsidiaries Bicredit and Invest Gestão de Activos, the company also grants auto loans and manages collective investment undertakings, respectively.

Throughout the year, the Bank continued to reinforce its commercial capacity, through its external network of **Private Financial Advisors** and a **physical distribution network**. The external network of Private Financial Advisors has extensive professional experience in banking and financial services, spread across various regions of the country. The physical distribution network is made up of **Private Banking** units, located at the Bank's head office, and 5 **Investment Centres**, located in Lisbon, Porto, Leiria, Braga and Funchal, the last of which was inaugurated in 2023.

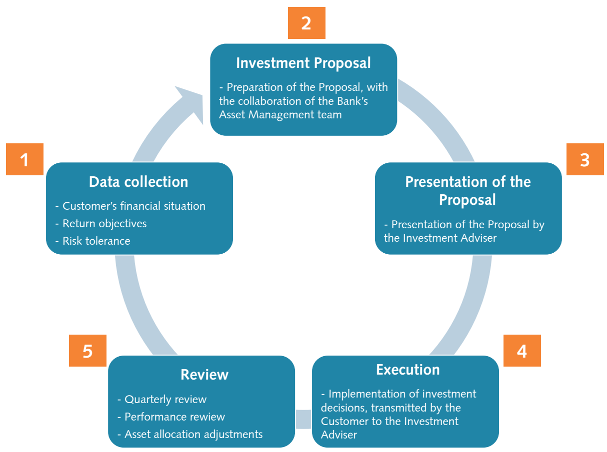
The **Asset Management** Department of Banco Invest includes Discretionary Portfolio Management, Investment Consulting, the issue of Structured Products and the Distribution of Investment Funds managed by third parties.

Asset Management



Discretionary Portfolio Management and Investment Consulting services are provided in accordance with each Client'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 particular 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.



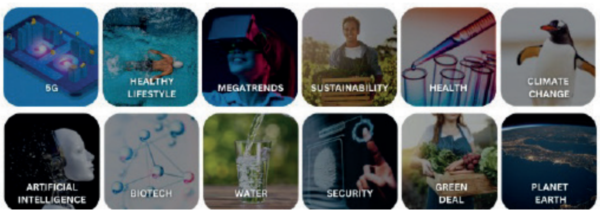
The Asset Management department structures and manages the Structured Products issued by the Bank, namely structured deposits. It is also responsible for the research and production of material supporting the sale of products on offer to Bank Customers.

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 41 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.

Through Invest Trends, Banco Invest offers 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 2023, 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 brokerage and intermediation of shares, bonds, exchange traded funds and derivatives (CFDs, FX, Options and Futures). 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

Trade on the world's financial markets with the largest CFD offer

- 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

BTRADER PLUS

Trade like a professional investor on an innovative platform

- Multi-product platform, with professional tools and advanced training
- Direct Market Access (DMA), ensuring best price and execution
- Invest in over 120 markets globally from a single account
- Trade from market depth and charts

INVEST TRADER

Access financial markets with no minimum account opening

- Trade directly with the world's major stock markets
- Real-time security depth and vault, with continuous ticker trades
- No custodian fees
- Fast and simple order execution

INVEST BOND TRADER

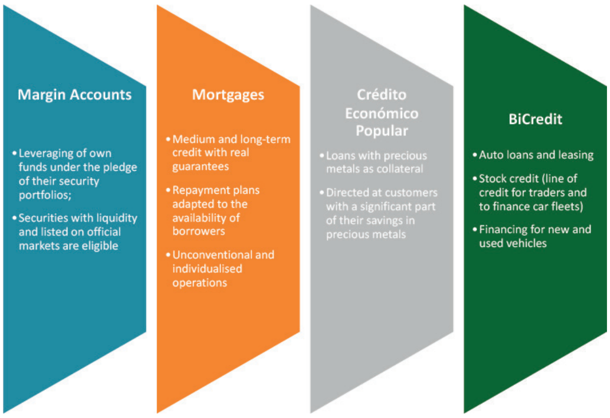
Bond Platform with access through Invest Online

- All trades are automatically integrated into your account
- 1,000+ 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

The **Institutional Custody** area serves management companies of collective investment entities 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. Banco Invest stands out as one of the main banks providing Institutional Custody services to independent management companies, with a market share above its share in the banking sector.

The **Specialised Credit** area is committed to providing credit products adapted to the specific needs of our customers. In the area of investment credit, the Bank offers margin accounts on competitive terms for the specific segment of capital market investors. The bank is also present in the area of auto loans, where it operates through its subsidiary Bicredit.



The Corporate Finance area, operating under the **Invest Corporate Finance** brand, is composed of a team with more than 30 years of experience in domestic and cross-border transactions. The services offered include Corporate Finance Advisory Services (e.g. Mergers and Acquisition Consultancy, 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 49 countries. In 2023, operations carried out by the IMAP network came to approximately 9 billion US dollars.

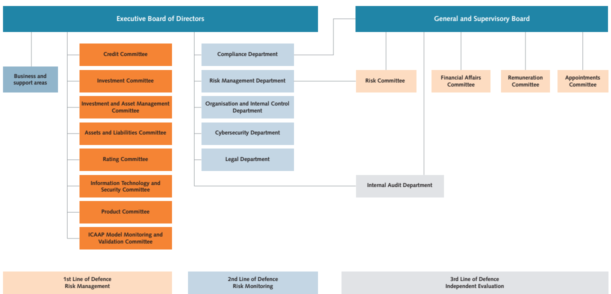
The **Treasury and Capital Markets** area focuses its activity on liquidity and balance sheet management, optimisation of the use of funding and management of Banco Invest's equity and bond portfolio.

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, credit risk analysis - rating, stress tests and concentration limits per asset, per sector and per 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. The Financial Department then manages the Bank's exposure to each market risk, within the defined risk limits.

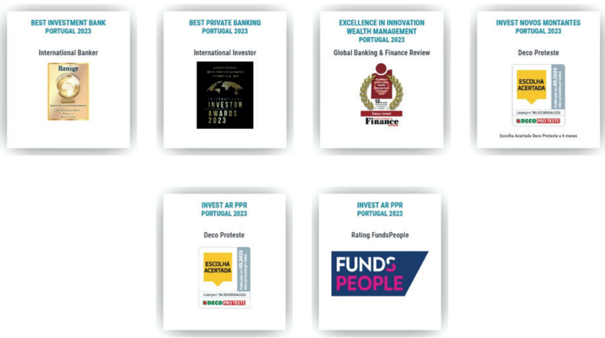
The Bank's Governance Model

As of 28 December 2023 (inclusive), the aforementioned change in the management and supervisory structure of Banco Invest, S.A. took place, from the Latin model to the German model. The Bank's governance model is now as follows:



Awards

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



In 2023, Banco Invest received the Excellence in Innovation Wealth Management Portugal Award from the Global Banking & Finance Review for the second time.

We also highlight the Bank's recognition in the International Banker Awards 2023 as Best Investment Bank Portugal, for the 9th consecutive time.

Being honoured with the Best Private Banking Portugal 2023 Award by International Investor was also an important milestone in the Bank's history.

As far as its products are concerned, throughout 2023 Invest AR PPR was once again honoured with the FundsPeople Rating certificate as the investment product of distinction of the year. Deco Proteste's Right Choice Seal was awarded to both AR PPR and Invest Choice Novos Montantes.

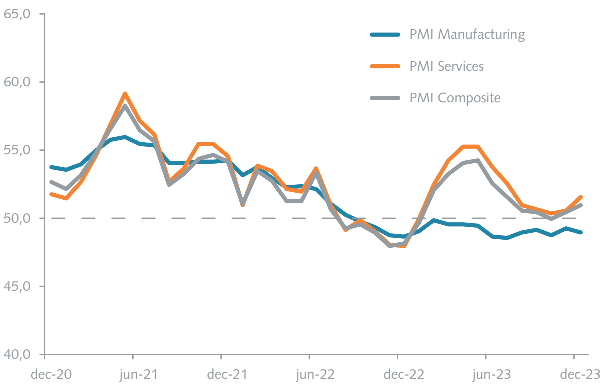
4. Macroeconomic background

Global economy

The performance of the world economy was a positive surprise in 2023, exceeding the most optimistic expectations: despite the sharp rise in interest rates, the US economy proved to be particularly resilient; Europe reduced its dependence on Russian gas, avoiding economic catastrophe; and global inflation fell significantly without a major impact in terms of unemployment.

However, the global economic landscape is changing. The biggest interest rate rise in more than four decades ended up slowing growth less than feared in 2023, but the lag between the effects of the change in monetary policies and their impact on the real economy suggests that the risks of a more pronounced slowdown, or even a recession, remain high in 2024, as can be anticipated from the recent PMI index trends, particularly in the industrial sectors.

Global PMI indices



Source: Bloomberg, Invest Gestão de Activos. Values up to 31-Dec-23

According to the latest International Monetary Fund (IMF) estimates from January 2024, the world economy is expected to grow by 3.1% in 2024, unchanged from 2023, although constrained by still high interest rates, the prolongation of Russia's war in Ukraine, tensions between the United States and China and, more recently, the ongoing conflict in the Middle East, which could lead to a hike in oil prices, negatively impacting economic activity. In turn, the average global inflation rate, which stood at 6.8% in 2023, is expected to fall to 5.8% in 2024, and to 4.4% by the end of 2025.

Estimates for GDP Growth and Inflation

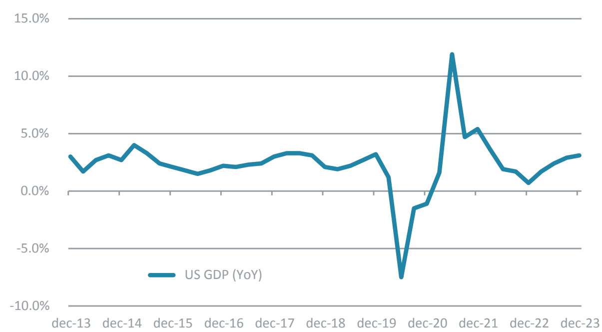
	Real GDP Growth			Inflation		
	2023	2024	2025	2023	2024	2025
World Economy	**3,1%**	**3,1%**	**3,2%**	**6,8%**	**5,8%**	**4,4%**
United States	**2,5%**	**2,1%**	**1,7%**	**4,1%**	**2,8%**	**2,4%**
Eurozone	**0,5%**	**0,9%**	**1,7%**	**5,6%**	**3,3%**	**2,2%**
Germany	(0,3%)	0,5%	1,6%	6,3%	3,5%	2,2%
France	0,8%	1,0%	1,7%	5,6%	2,5%	2,0%
Spain	2,4%	1,5%	2,1%	3,5%	3,9%	2,1%
Portugal	2,3%	1,5%	2,2%	5,3%	3,4%	2,4%
United Kingdom	**0,5%**	**0,6%**	**1,6%**	**7,7%**	**3,7%**	**2,1%**
Emerging Countries	**4,1%**	**4,1%**	**4,2%**	**8,5%**	**7,8%**	**6,2%**
China	5,2%	4,6%	4,1%	0,7%	1,7%	2,2%
India	6,7%	6,5%	6,5%	5,5%	4,6%	4,1%
Brazil	3,1%	1,7%	1,9%	4,7%	4,5%	3,0%
Russia	3,0%	2,6%	1,1%	5,3%	6,3%	4,0%

Source: IMF, January 2024. Average inflation over the period

United States

The US economy expanded by 3,3% (annualised rate) in the fourth quarter of 2023, well above analysts' forecasts of 2,0% and following the 4,9% recorded in the previous quarter. Private consumption slowed slightly (2,8% vs. 3,1% in the previous quarter), led by consumption of goods (3,8% vs. 4,9%), while consumption of services increased more rapidly (2,4% vs. 2,2%), led by food, accommodation and healthcare services. Exports accelerated (6,3% vs. 5,4%) and imports grew less (1,9% vs. 4,2%). Also noteworthy was residential investment, which continued to grow, albeit at a slower pace. Thus, considering the total for 2023, the United States' Gross Domestic Product (GDP) grew by 2,5%, which compares with the 1,9% recorded in 2022 and the Federal Reserve's (FED) estimate of 2,6%.

GDP of the United States (annual change)

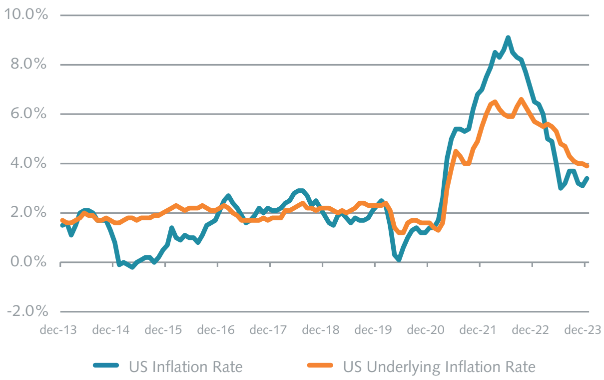


Source: Bloomberg, Invest Gestão de Activos. Values up to 31-Dec-23

The annual inflation rate accelerated to 3,4% in December 2023, up from 3,1% in November and above analysts' forecasts of 3,2%. Energy costs fell by 2,0% (vs -5,4% in November), with petrol falling by 1,9% and piped public gas falling by 13,8%. In turn, food (2,7% vs 2,9%), accommodation (6,2% vs 6,5%) and new vehicle (1,0% vs 1,3%) prices rose at a slower pace. Excluding food and energy costs, the underlying inflation rate slowed to 3,9% (4,0% in November), but also above analysts' expectations of 3,8%.

In turn, the unemployment rate closed 2023 at 3,7%, unchanged from the previous month and slightly lower than expected (3,8%), The number of unemployed rose by 6 thousand to 6.27 million, while the number of employed people fell by 683 thousand to 161.2 million, At the beginning of 2023, the unemployment rate stood at 3,4%, Despite the rise in interest rates and the increase in the unemployment rate, the consumer confidence index ended the year at 108 points, practically unchanged from the end of 2022, as did the household savings rate (3,7%).

US Inflation Rate



Source: Bloomberg, Invest Gestão de Activos. Values up to 31-Dec-23

According to the IMF's latest estimates, the US economy, after growing by 2,5% in 2023, is expected to expand by 2,1% and 1,7% in 2024 and 2025 respectively, In turn, the average inflation rate for the period, which stood at 4,1% in 2023, is expected to fall to 2,8% in 2024, and to 2,4% the following year.

Eurozone

The Eurozone economy stagnated in the fourth quarter of 2023, after contracting by 0,1% in the previous quarter, and below market expectations (0,1%). In this way, the Eurozone avoided a technical recession at the end of 2023, in a context of higher-than-expected growth in Spain (0,6%) and Italy (0,2%), while the French economy stagnated and Germany, the bloc's largest economy, contracted by 0,3%. Positive contributions to Eurozone GDP growth also came from smaller economies, including Portugal (0,8%), Belgium (0,4%), Latvia (0,4%) and Austria (0,2%). Conversely, both Ireland (-0,7%) and Lithuania (-0,3%) registered contractions.

Considering the whole of 2023, the Eurozone's GDP expanded by 0,5%. However, the outlook for 2024 remains challenging in a context of high financing costs, weaker domestic and external demand and an industrial sector under pressure, especially in Germany.

Eurozone GDP growth rate (in %)

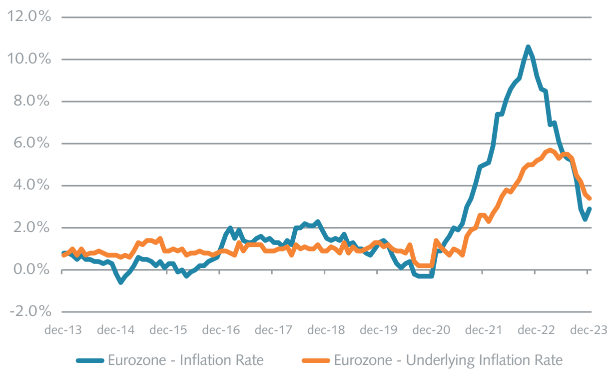
Source: Bloomberg, Invest Gestão de Activos. Values up to 31-Dec-23

The inflation rate in the Eurozone accelerated to 2,9% year-on-year in December 2023, after recording its lowest value since July 2021 in November. The underlying inflation rate, which excludes food and energy prices, also slowed to 3,4%, marking its lowest point since March 2022. However, both rates still remain above the European Central Bank's 2% target. The cost of energy fell by 6,7% (compared to -11,5% in November) and inflation in services remained relatively stable at 4,0%. On a monthly basis, consumer prices rose by 0,2% in December, after falling by 0,6% in November.

The seasonally adjusted unemployment rate fell to 6,4% in November 2023, down from 6,5% in October. The number of unemployed fell by 99.000 compared to the previous month, to 10.97 million. Among the largest economies in the Eurozone, the lowest unemployment rate was recorded in Germany (3,1%) and the Netherlands (3,5%), while the highest rates were observed in Spain (11,9%), Italy (7,5%) and France (7,3%). Meanwhile, the youth unemployment rate, which measures jobseekers under the age of 25, fell to 14,4% in November 2023, down from 14,8% the previous month.

Despite the rise in interest rates and the cost of living, the consumer confidence indicator recovered in the fourth quarter of 2023, ending the year at -15,1 points, up 2,6 points on September and 5,5 points on the start of the year.

Eurozone inflation rate



Source: Bloomberg, Invest Gestão de Activos. Values up to 31-Dec-23

According to the latest IMF estimates, the Eurozone economy, after growing by 0,5% in 2023, is expected to grow by just 0,9% in 2024, and accelerate to 1,7% the following year. The average annual inflation rate, which stood at 5,6% in 2023, is expected to fall to 3,3% in 2024 and 2,2% in 2025.

Emerging Countries

In China, the economy expanded by 5,2% year-on-year in the fourth quarter of 2023, accelerating from the 4,9% recorded in the previous quarter, but below market forecasts of 5,3%, as government stimulus attempts to offset the impacts of the prolonged property crisis and weak household consumption. Consumer prices fell by 0,3% (year-on-year) in December, the third consecutive drop. According to official sources, the fall in the inflation rate was due to the increase in the supply of agricultural products due to the good weather and the fall in consumption. Excluding food and energy costs, the underlying inflation rate rose by 0,6% year-on-year in December, unchanged from the previous two months. According to the IMF's latest estimates, the Chinese economy is expected to grow by 4.6% in 2024 (5,2% in 2023), and average annual inflation is expected to stand at 1,7% (0.7% in 2023).

The Indian economy grew by 7,6% in the third quarter of 2023, following strong growth of 7,8% in the previous period and beating forecasts of a 6,8% increase. This figure also exceeded the Reserve Bank of India's projection of 6,5%. The industrial sector soared by 13,9%, construction by 13,3%, public services by 10,1%, mining by 10% and financial services by 6%. Meanwhile, the agricultural sector grew by just 1,2%, dragged down by heavy rains across the country. On the expenditure side, public spending recovered sharply (12,4% vs -0,7% in the second quarter) and gross fixed capital formation increased faster (11% vs 8%), particularly investment in infrastructure financed mostly by the government. Meanwhile, exports recovered (4,3 per cent vs -7,7 per cent) and imports increased more (16,7 per cent vs 10,1 per cent). The inflation rate rose to 5,7% in December (5,6% in November), the highest in four months. According to the IMF's latest estimates, India's economy is expected to grow by 6,5% in 2024 (6,7% in 2023), and average annual inflation is expected to stand at 4,6% (5,5% in 2023).

Brazil's GDP expanded by 2,0% year-on-year in the third quarter of 2023. Quarter-on-quarter growth was 0,1%, slowing sharply compared to the first half of the year (1.4% in the first quarter, and 1,0% in the previous quarter). The inflation rate continued the downward trend of recent months, ending the year at 4,6%, well above the Brazilian central bank's target of 3,25%. According to the IMF's latest estimates, after growing by 3,1% in 2023, the Brazilian economy is expected to slow down to 1,7% in 2024, and average annual inflation is expected to remain relatively stable at 4,5% (4,7% in 2023).

Finally, a reference to the Russian economy which, after expanding by 3,0% in 2023, is expected to grow by 2,6% in 2024, according to the IMF. The average annual inflation rate is expected to accelerate to 6,3% in 2024, after the estimated 5,3% in 2023.

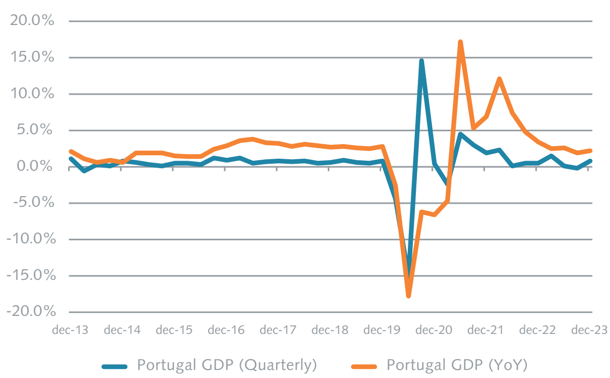
Portuguese Economy

According to Instituto Nacional de Estatística (INE), the national GDP, in real terms, recorded a year-on-year change of 2,2% in the fourth quarter of 2023, after increasing by 1,9% in the previous quarter. The contribution of domestic demand to the year-on-year change in GDP remained high in the last quarter, with an acceleration in private consumption and a slowdown in investment The contribution of net external demand to the year-on-year change in GDP turned positive, with exports of goods and services in volume growing more than imports.

Compared to the third quarter of 2023, GDP increased by 0.8% in volume (a quarter-on-quarter decrease of 0,2% in the previous quarter). Domestic demand's contribution to the quarter-on-quarter change in GDP increased in the 4th quarter, reflecting the behaviour of private consumption, while net external demand's contribution was less negative.

In 2023 as a whole, GDP grew by 2,3% in volume, following the 6,8% increase in 2022, the highest since 1987. Domestic demand made a positive contribution to the annual change in GDP, although less than in the previous year, with a slowdown in private consumption and investment. The contribution of net external demand was also positive in 2023, but less intense than in 2022, with exports and imports of goods and services in volume having slowed significantly.

Portugal GDP growth rate



Source: Bloomberg, Banco Invest. Amounts up to 31-Dec-23

In terms of inflation, according to the INE, in 2023 the Consumer Price Index (CPI) recorded an average annual variation of 4,3%, lower than the rate recorded for the whole of 2022 (7,8%). Excluding energy and food from the CPI, the average rate of change stood at 5,0% (5,6% in the previous year). The year-on-year rate of change in the total CPI showed a downward trend throughout the year, with April and May standing out, with slowdowns of 1,7 percentage points (p.p.). The CPI decelerated in most product categories, reflecting the base effect associated with the price increase in 2022, the decrease in energy prices and the VAT exemption applied to some essential food items as of May.

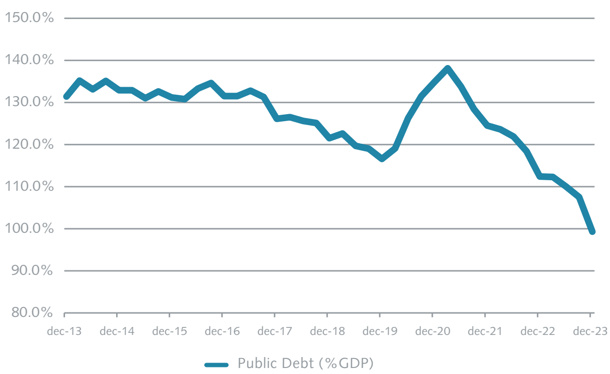
In turn, the Portuguese Harmonised Index of Consumer Prices (HICP) recorded an average rate of change of 5,3% in 2023 (8,1% in the previous year). The year-on-year rate of change stood at 1,9% in December, 0,3 p.p. less than in November 2023 and 1.0 p.p. less than the figure estimated by Eurostat for the eurozone (in November 2023, this difference was 0,2 p.p.). Excluding unprocessed food and energy products, the HICP in Portugal reached a year-on-year rate of change of 3.1% in December (3,6% in November), lower than the corresponding rate for the eurozone (estimated at 3,9%).

The unemployment rate stood at 6,6% in November, unchanged for the third consecutive month. The employed population (4.96 million people) recorded a positive variation compared to the previous month (0,2%) and the same month in 2022 (1,8%) and a negative variation compared to three months earlier (0,2%). The unemployed population (349.000) fell by 1,1% compared to October and increased by 4.0% and 3,4% compared to August 2023 and November 2022, respectively.

According to the Directorate-General for the Budget (DGO), in December 2023, the General Government recorded a positive balance of 7.3 billion euros, which translates into an improvement of 10.8 billion euros compared to the same period the previous year, as a result of revenue growth (+15,1%) outpacing expenditure growth (4,4%). The primary balance stood at 14.1 billion euros, up 11.0 billion euros on 2022.

As a result of the positive trend in public accounts, according to the Bank of Portugal, at the end of December public debt stood at 263.0 billion euros and is expected to end 2023 below 100 per cent of GDP.

Portugal's Public Debt, as a % of GDP



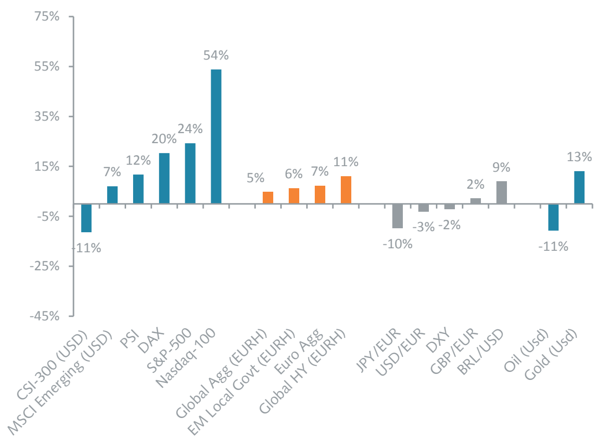
Source: Bloomberg, Invest Gestão de Activos. Values up to 31-Dec-23

Finally, according to the latest IMF estimates, after growing by 2,3% in 2023, the national economy is expected to grow by 1,5% in 2024, accelerating again to 2,2% in 2025. The average annual inflation rate, which stood at 5,3% in 2023, is expected to fall to 3,4% in 2024 and 2,4% in 2025.

Financial markets

In 2023, in the United States, the S&P-500 and Nasdaq-100 indices rose by +24,2% and +53,8% in USD, respectively. In terms of sectors, gains were led by technology companies (+56,4%), particularly those linked to artificial intelligence and cloud computing, followed by the Discretionary Consumption (+41,0%) and Industrial (+16,0%) sectors. The dispersion of returns was particularly high, with the Utilities, Energy and Basic Consumption sectors recording losses of -10,2%, -4,8% and -2,2% respectively.

Financial Markets in 2023



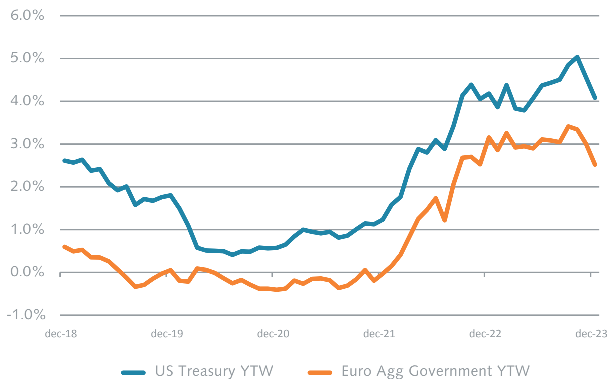
Source: Bloomberg, Invest Gestão de Activos. Values as at 31-Dec-23

In Europe, the Stoxx-600 and EuroStoxx-50 indices gained +12,7% and +19,2% respectively. Among the main markets, the German DAX index was up 20,3% and the Italian FTSE MIB gained 28.0% since the start of the year. On a sectoral level, the Retail (+34,4%), Technology (+31,7%) and Banking (+20,3%) sectors stood out, the latter benefiting from the improvement in banks' net interest income as a result of the rise in interest rates. On the downside, the Basic Resources (-6,5%) and Food & Beverage (-3,0%) sectors stood out.

Among the emerging markets (+7,0%, measured by the MSCI Emerging Markets index, in USD), the outperformers were the Brazilian (IBOV, +33,1% USD) and Indian (S&P BSE Sensex, +18,0% USD) markets. On the other hand, the main underperformers were the Chinese market (CSI 300, -13,9% USD) and the Turkish market (BIST 100, -14,1% USD).

In the bond markets, the year was marked by volatility in sovereign debt yields, particularly in the United States. Indeed, the resilience of the US economy, despite falling inflation, led to a continuous reassessment of the timing of interest rate cuts by the FED and consequently to high volatility, with a sharp rise in yields until October, followed by an equally sharp fall in the last two months of 2023. As a result, 2 and 10-year Treasuries ended the quarter at 4,25% and 3,88%, with annual variations of -18 bp and +1 bp respectively.

Public Debt Yields (USA and Eurozone)



Source: Bloomberg, Invest Gestão de Activos. Values as at 31-Dec-23

Meanwhile, in the Eurozone, where the ECB raised interest rates six times (bringing the interest rate for deposits to 4,0%), the yields on 2 and 10-year German Bunds fell -36 bp and -55 bp, to 2,40% and 2,02% respectively. In both economic blocs the yield curves remain inverted, with the markets discounting an economic slowdown and the normalisation of inflation in 2024.

In the private debt segments, despite the volatility of the stock markets and geopolitical uncertainty, credit spreads ended the year with gains. In fact, High Yield spreads fell by 128 bp in the United States and by 113 bp in Europe, to 356 bp and 399 bp respectively. In the Investment Grade segment, the falls were moderate, with spreads narrowing to 57 bp (-25 bp) and 58 bp (-32 bp) respectively. As a result, the global High Yield and Investment Grade indices appreciated by +11,0% and +4,7% in EUR since the start of the year.

On the foreign exchange markets, the year saw gains for the European currency (EUR) against the world's main currencies. In fact, the EUR gained 3,1% against the USD, and 6,9% and 10.9% against the NOK and JPY, respectively. In turn, the Renminbi (CNY) appreciated by 6,6% and lost -2,1% against the British Pound (GBP).

Finally, discounting the slowdown in the world economy, largely due to the behaviour of the Eurozone and China, raw materials lost an average of -12,2%, as measured by the S&P GSCI Spot index in USD, since the start of the year. Amongst this asset class, Precious Metals (+12,1%, USD) stood out, particularly Gold (+13,1%, USD) which returned to 2,000 USD/Ounce, reflecting the weak performance of the USD and geopolitical tensions, namely the start of the war in the Gaza Strip and the potential risk of it spreading to other regions in the Middle East. For their part, Agricultural Products lost -17,8%, Oil lost -10,7% and Industrial Metals fell -6,3%, all in USD.

5. Business

Autonomisation of the subsidiary Bicredit

After obtaining the relevant authorisation from the Bank of Portugal, and in line with the plan outlined when this area of activity was launched, on 2 January 2023 Banco Invest spun off its car loan business, creating the company Bicredit - Sociedade Financeira de Crédito, S.A., in which it holds 81% of the capital.

Evolution of the National Banking Sector

In an overview of the Portuguese banking sector for June 2023, the Portuguese Banking Association (APB) points out that the national banking system continued to show resilience, with a significant increase in profitability, reflecting the rise in interest rates and the context of normalisation of monetary policy, despite an increase in provisions, impairments and operating costs. However, the association warns that the sector will continue to face complex challenges, since, in the current context of higher interest rates, there may be a greater likelihood of credit and market risks materialising, which could lead to an increase in impairments to be recognised by banks. Finally, the APB points out that there could be a cooling in the property market, which would have an impact on the value of property assets and the collateralised value of loans, and more difficult financing conditions for banks.

According to the APB, in the first nine months of 2023, the national banking sector's total assets fell by 1,8% compared to December 2022, mainly due to the decrease in cash and liquidity, with a decrease in investments in central banks. Even so, there was an improvement in asset quality, with the sector's Non-Performing Loans (NPL) ratio falling slightly to 2,9%, 0.1 percentage points (p.p.) less than at the end of 2022. Thus, the Portuguese banking sector continued the downward trajectory of NPLs, which has been recorded since 2014 (16,6%).

On the liabilities side, in the first nine months of 2023, there was a 2,3% reduction in customer deposits compared to the end of 2022, mainly from private individuals, which were partly transferred to the subscription of savings certificates and the amortisation of housing loans. At the same time, there was also a significant reduction in the sector's financing from the Eurosystem (-70,6%), in response to the increases in the rates applicable to TLTRO III loans, with national banks having repaid a substantial part of these loans early.

The transformation ratio rose marginally to 79,1% (+0.9 p.p. compared to the end of 2022), taking into account that the decrease in loans (-1,3% compared to the end of 2022) was slightly less than the decrease in customer deposits (-2,3% compared to the end of 2022). The sector's average liquidity coverage ratio (LCR) rose to 232.8% (+3.5 p.p. compared to the end of 2022).

During this period, the national banking sector's solvency ratio rose to 18,9% (+0.7 p.p. compared to the end of

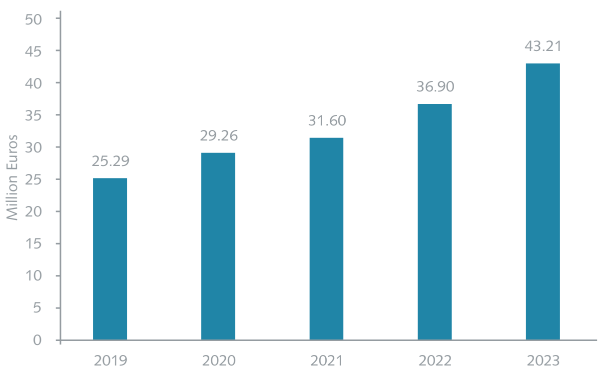
2022) and the sector's Common Equity Tier 1 (CET1) ratio totalled 16,4% (+1.0 p.p. compared to December 2022), the result of greater capitalisation thanks to retained profits. In the first nine months of 2023, the national banking system's return on equity (ROE) made a significant recovery to 14,6% compared to 8,7% in 2022, which was fundamentally due to the increase in net interest income, despite the increase in provisions and impairments and operating costs.

Balance Sheet and Net Income

In this context, Banco Invest recorded an increase in profitability, with ROE totalling 14,2% (up 3.3 p.p. on December 2022) and ROA 2.1% (up 0.6 p.p. on the end of 2022).

Net interest income increased by 6.3 million euros (17,1%) to 43.2 million euros, boosted by the increase in the ECB's reference interest rates.

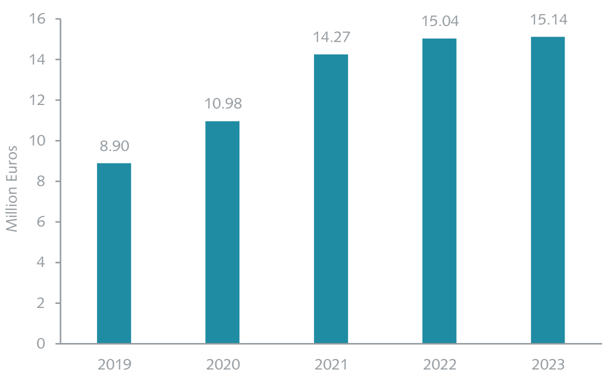
Net Interest Income



Source: Banco Invest

Net commissions increased by 0.1 million euros (0,6%) to 15.1 million euros.

Net Commissions



Source: Banco Invest

Net income from financial operations increased by 6.1 million euros, from -4.4 million euros in 2022 to 1.6 million euros in 2023. This performance was essentially underpinned by gains in the fair value portfolio totalling 5.5 million euros, compared to losses of 6.9 million euros in the previous year, mainly due to the contribution of debt securities in the trading portfolio (+2.7 million euros), investment units (+4.0 million euros), debt securities in the fair value portfolio through other comprehensive income (-3.6 million euros) and foreign exchange results (-0.3 million euros).

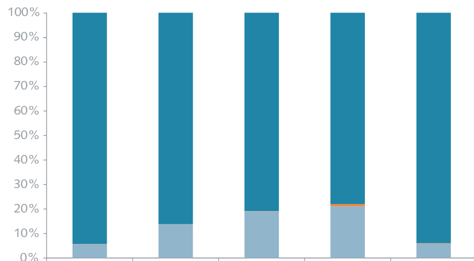
Net operating revenue grew by 9.2 million euros (17.9%) to 60.6 million euros, as a result of the increase in net interest income and net income from financial operations.
Impairments for the year totalled 3.8 million euros, compared to 5.7 million euros in the previous year. Loan impairments fell by 2.7 million euros compared to 2022 to a total of 2.8 million euros, largely due to a reversal of impairment on debt securities of around 2 million euros. On the other hand, the impairment of other assets was increased by 1 million euros compared to the previous year, relating to properties received as repayment of loans.

Net assets decreased by 69.2 million euros (-6,9%) to 928.0 million euros, mainly due to the decrease in financial assets at fair value through other comprehensive income (-75.9 million euros), the trading portfolio (-9.5 million euros) as part of the management of the Bank's own securities portfolio and the increase in cash and cash equivalents of 8.9 million euros.

Liabilities fell by 105.3 million euros (-12,4%) to 742.6 million euros, most notably the decrease of 131.2 million euros (-75.5%) in Resources from Central Banks. In contrast, resources from customers increased by 28.6 million euros (+4.5%) to a total of 664.2 million euros.

The portfolio of net eligible assets for refinancing operations with the European Central Bank fell by 11,4% to 306.8 million euros, of which 42.6 million euros had been drawn down at the end of 2023, with 264.2 million euros of financing from the Eurosystem still available.

Structure of Resources



	2019	2020	2021	2022	2023
Deposits	650.6	654.5	745.0	642.2	671.9
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	0.2	0.3	0.6	7.3	0.5
From Central Banks	39.2	105.0	175.6	173.8	42.6

Source: Banco Invest

The **transformation ratio** came to 64.5%.

The **total capital ratio** and the **Common Equity Tier I ratio**, including the net profit for 2023, totalled 23.9% (compared to 19.0% in the previous year).

In operating terms, the distribution of income and of the main balance sheet items, in 2023 and 2022, was as follows:

Distribution by Operating Segments

Indicators (Thousands of Euros)

	2023			2022		
	Commercial	Markets	Total	Commercial	Markets	Total
Net interest income	34.572	8.643	43.215	28.310	8.591	36.901
Income from equity instruments	-	-	-	-	-	-
Net fees and commissions income	15.135	-	15.135	15.043	-	15.043
Net gains / (losses) from assets and liabilities assessed at fair value through profit and loss.	-	5.517	5.517	-	(6.896)	(6.896)
Income from financial assets at fair value through other comprehensive income	-	(3.612)	(3.612)	-	(377)	(377)
Other operating revenue and other	571	(276)	295	3.845	2.844	6.689
Net operating revenue	50.278	10.272	60.550	47.199	4.161	51.360
Staff costs and general administrative costs	(17.837)	(5.946)	(23.783)	(15.941)	(5.314)	(21.254)
Amortisations and depreciations	(1.527)	(509)	(2.036)	(1.436)	(479)	(1.915)
Provisions and impairment	(6.243)	2.236	(4.007)	(4.849)	(3.296)	(8.145)
Equity method	81	-	81	103	-	103
Income before taxes	24.752	6.053	30.805	25.076	(4.927)	20.148
Taxes	(7.572)	(764)	(8.336)	(3.626)	713	(2.914)
Non-controlling interests	(1.330)	-	(1.330)	(73)	-	(73)
Consolidated net income for the year	15.850	5.289	(21.139)	21.377	(4.215)	17.162
Financial assets held for trading	-	25.286	25.286	-	34.782	34.782
Financial assets not held for trading mandatorily at fair value through profit or loss	-	17.963	17.963	-	17.432	17.432
Financial assets at fair value through other comprehensive income	-	115.083	115.083	-	190.990	190.990
Loans and advances to customers	428.373	-	428.373	420.124	-	420.124
Debt securities	-	231.528	231.528	-	248.993	248.993
Resources from Central Banks	-	42.649	42.649	-	173.826	173.826
Resources from credit institutions	-	493	493	-	7.258	7.258
Resources from customers and other loans	664.231	-	664.231	635.668	-	635.668
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.

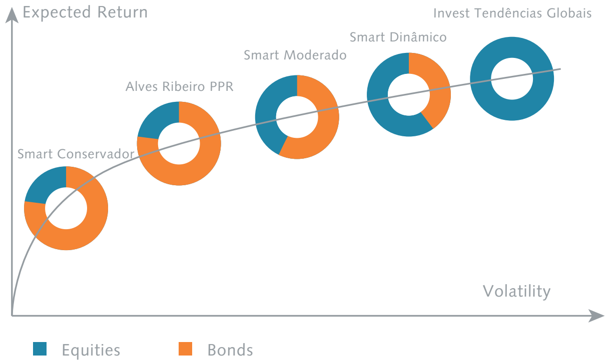
Invest Gestão de Activos - SGOIC, SA (Invest GA) currently manages four mutual funds and two real estate investment funds:

- Invest Ibéria – Fundo de Investimento Mobiliário Aberto de Acções (Invest Ibéria);
- Alves Ribeiro PPR / OICVM - Fundo de Investimento Mobiliário Aberto de Poupança Reforma (Alves Ribeiro PPR);
- Smart Invest PPR / OICVM - Fundo de Investimento Mobiliário Aberto de Poupança Reforma (Smart Invest PPR);
- Invest Tendências Globais PPR / OICVM - Fundo de Investimento Mobiliário Aberto de Acções de Poupança Reforma (Invest Tendências Globais PPR);
- Inspirar – Fundo de Investimento Imobiliário Fechado;
- Tejo – Fundo de Investimento Imobiliário Fechado.

In recent years, Invest GA has complemented its range of Retirement Savings Funds with the launch of Smart Invest PPR (January 2021) and Invest Tendências Globais PPR (July 2022), reinforcing its position as a recognised manager of medium-to long-term savings products, which are increasingly important as retirement supplements in a context of the progressive ageing of the Portuguese population and growing pressure on the public pension system.

As such, Invest GA's PPR offer currently includes different solutions tailored to different needs and investment objectives: two actively managed funds, Alves Ribeiro PPR and Invest Tendências Globais PPR, with around 25% and 100% exposure to shares, respectively, and one passively managed fund, Smart Invest PPR, made up of three sub-funds with 20%, 45% and 70% exposure to shares, as shown in the figure below.

PPR Offer of Invest Gestão Ativos - SGOIC

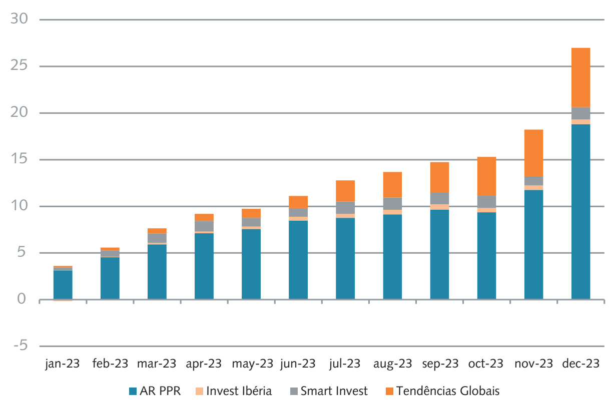


Source: Invest GA. For illustrative purposes only

In 2023, total net subscriptions to funds under management totalled 27.0 million euros, compared to 37.6 million euros in the previous year, in a market context marked by greater competition from term deposits and, above all, pressure from the exceptional support scheme for the increase in the cost of living and interest rates, which allowed retirement savings plans to be redeemed in order to amortise and/or pay the monthly instalments of housing loan contracts and other purposes up to a monthly limit, and which was extended until the end of 2024.

As in the previous year, the main contributor to this growth was the Alves Ribeiro PPR fund, with around 18.8 million euros (69,7% of total net subscriptions), followed by the Invest Tendências Globais PPR fund, with around 6.4 million euros (23,5%), and Smart Invest PPR, with around 1.3 million euros (4,9%). The Invest Ibéria fund ended the year with net subscriptions of 518.2 thousand euros (1,9%).

Net subscriptions in 2023



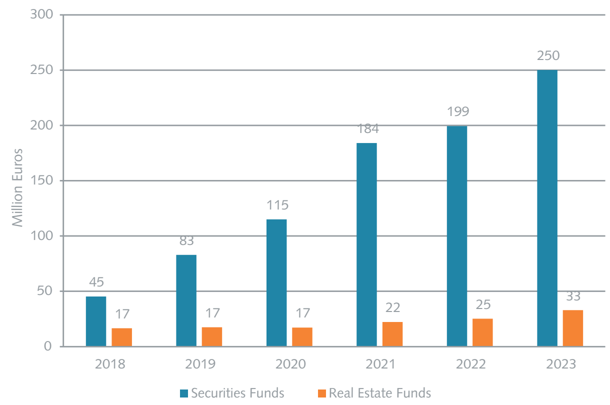
Source: Invest Gestão de Activos.

Thus, in 2023, the total assets under management by Invest Gestão de Activos - SGOIC increased 58.5 million euros (+26,0%), to 283.0 million euros. Over the last five years, the average annual growth rate has totalled 35,5%.

Among the mutual funds (FIM), the main contributor to annual growth was the Alves Ribeiro PPR fund, with a 22,0% increase in assets under management, to 218.8 million euros. In turn, the Smart Invest fund ended the year with 19.0 million euros under management (+18,4%) and Invest Tendências Globais closed 2023 with 9.7 million euros under management (+346,4%).

In turn, total net assets under management of real estate investment funds increased 30,7% to 32.9 million euros, largely due to the 46.3% growth in assets of the "Inspirar" fund to 24.0 million euros.

Amounts under management



Source: Invest Gestão de Activos.

Mutual funds

The **Alves Ribeiro - Plano Poupança Reforma** fund ended 2023 up 11,0%.

The bond component, which accounted for around 68,7% of the total average portfolio over the year, was the main contributor to this positive performance, with an appreciation of 12,3% in 2023. Thus, the contribution of this class of assets to total return was +8.4%.

The equity component (21.7% of the average portfolio) contributed +4,3% to the total return, after rising 19,2%. Among the different geographies, North American shares stood out, with an appreciation of 40,2% (a positive contribution of 232 basis points to the fund's total return).

On the other hand, the contribution of the 'Alternative Investments' component was negative by 9 basis points. The average exposure increased to 4,4%, after a further increase in this asset class as a way of diversifying risk and a source of returns less correlated with the financial markets.

At the end of 2023, the fund's net asset value totalled 218.8 million euros, up 22,0% on the end of the previous year, including around 18.8 million euros in net subscriptions.

Since the start of activity, in November 2001, the annualised return stands at 6,1%, net of commissions. Over the last 10 years, the annualised return has been 5,3%, the highest among PPR funds of similar risk, according to APFIPP.

The **Invest Ibéria** fund closed 2023 down 15,9%. In the same period, the IBEX-35 and PSI-20 indices registered variations of +22,8% and +11.7%, respectively.

In relative terms, compared to the Iberian indices, the Fund's return was therefore slightly negative in 2023 (15,9% 17,3%). The domestic equity component, corresponding to about 36,6% of the average portfolio over the year, rose 15,4%, thus contributing about 5,9% to the total return of the Fund. In turn, the allocation to the Spanish market (61,7% of the average portfolio) contributed 11,6%, as a result of an average appreciation of 18.4%.

In 2023, the Fund recorded positive net subscriptions of 518.2 thousand euros, ending the year with a NAV of 2.7 million euros.

Since the start of the Iberian strategy in December 2016, the Fund has recorded a gain of 14,4 per cent, which compares with +9,6% and +39,1% for the IBEX-35 and PSI-20 indices, respectively, over the same period.

The **Smart Invest** fund closed the year with a total of 19.0 million euros under management, distributed as follows: Smart Conservador, 2.7 million euros (+303.5 thousand euros compared to the end of 2022); Smart Moderado, 7.2 million euros (+1.4 million euros); and Smart Dinâmico, 9.1 million euros (+1.2 million euros).

In 2023, the annual returns of the sub-funds reflect the strong appreciation of the financial markets, both stock and bond, in a year marked by the recovery of the losses registered in 2022, with the expectation of a cut in interest rates by the central banks in 2024. Smart Conservador gained 7,1%, Smart Moderado gained 9,1% and Smart Dinâmico gained 12,2% in 2023.

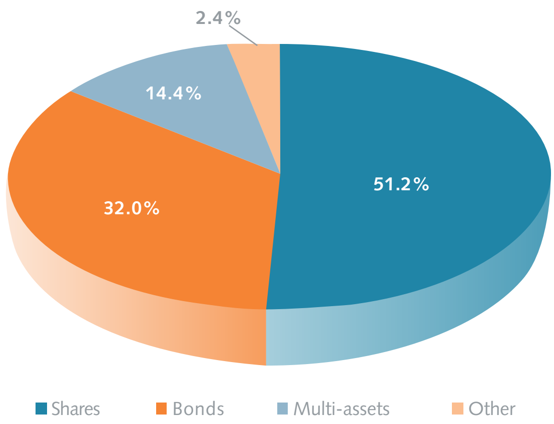
The Smart Invest fund is a passively managed product, giving investors diversified access to the main markets and asset classes, which is cheap and tax efficient. Management is carried out using a robo-advisory model, guaranteeing investors automatic rebalancing of portfolios.

Finally, the **Invest Tendências Globais** fund ended the year with 9.7 million euros under management and a return of +26,3%, 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 capital allocation; low levels of debt; 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. In 2023, the fund's return totalled 30,2%, one of the best among national PPR funds made up exclusively of shares.

Third Party Investment Funds

In 2023, the amount distributed from investment funds managed by third parties (not including the Institutional business) increased by 16,4% to 215.4 million euros. This variation essentially reflected the appreciation in developed financial markets, particularly equity markets, in a context of reduced inflationary pressures, better economic performance than initially expected and the prospect of an end to interest rate rises, especially in the United States and the Eurozone. Of the total third-party funds distributed by Banco Invest in the fourth quarter of the year, around 51% corresponded to equity funds (-5 p.p. compared to the end of 2022), 32% to bond funds (+7 p.p.) and 14% (-2 p.p.) to multi-asset funds.

Distribution of Third Party Investment Funds



Source: Banco Invest Average values 4th Quarter 2023

At the end of the year, the Bank's offer included investment funds from 23 management companies, 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.

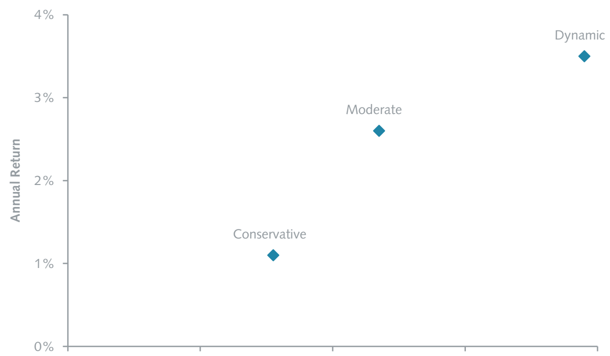
Discretionary Management

The biggest interest rate rise in more than four decades ended up cooling economic growth less than initially expected in 2023, and the fall in the inflation rate in the world's main economies made it possible to anticipate the end of the cycle of central bank interest rate rises.

In the financial markets, the euphoria surrounding the development and growth prospects of Artificial Intelligence (AI) boosted the main share indices, particularly companies in the technology sector, further compressing risk premiums in a context of rising yields on public debt. In the private debt markets the scenario was identical, with credit spreads ending 2023 close to the year's lows.

In this context, the portfolios under discretionary management closed 2023 with returns of between +6,1% (Conservative Profile) and +11,0% (Dynamic Profile).

Return and Risk



Source: Banco Invest Median net yields and volatilities by risk profile since the beginning of activity. Values as at 31-Dec-23

Investment Consulting

In 2023, the Bank continued to develop the Investment Consulting service, recording a growth of 34,6% 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, for which reason it will continue to reinforce its technical and human capacities in the area of Investment Consulting.

Structured Products

During 2023, 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 72,7% in 2023. This increase was mainly due to the rise in interest rates, which consequently improved the attractiveness of the products for customers. Over the course of the year, 11 structured deposits with an average annual return of zero (guaranteed capital) and 5 structured products with an average annual return of +1,50% (risk of up to 2,5% of the capital invested) were repaid. Among the issues conducted, the following are noteworthy:


Issued on 2023

Invest Infrastructures Feb-23

Index Benchmarks: AT&T, Siemens, Enel, Vinci, SSE

Maturity: 18 months

Capital Protection: 100%

Currency: EUR

AGNR Max: 5.189%

AGNR Max: 1.265%


Issued on 2023

Invest Tecnology May-23

Index Benchmarks: Microsoft, IBM, Vodafone, Cisco, SAP

Maturity: 18 months

Capital Protection: 100%

Currency: EUR

AGNR Max: 4.201%

AGNR Max: 1.777%


Issued in 2023

Invest Health Aug-23

Index Benchmarks: Amgen, Bayer, Novartis, AbbVie, Eli Lilly

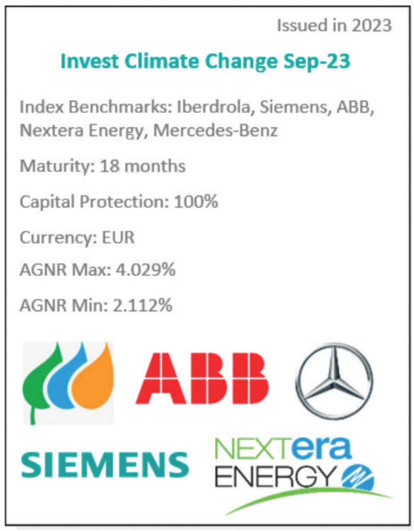
Maturity: 18 months

Capital Protection: 100%

Currency: EUR

AGNR Max: 3.957%

AGNR Min: 2.108%


Issued in 2023

Invest Climate Change Sep-23

Index Benchmarks: Iberdrola, Siemens, ABB, Nextera Energy, Mercedes-Benz

Maturity: 18 months

Capital Protection: 100%

Currency: EUR

AGNR Max: 4.029%

AGNR Min: 2.112%

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

Matured on 2023	Matured on 2023	Matured on 2023
Invest Value Set-22	**Invest Energy Out-21**	**Invest CyberSecurity Jan-22**
Index Benchmarks: Shell, AT&T, Rio Tinto, BNP, Iberdrola	Index Benchmarks: Shell, Iberdrola, Chevron, National Grid, Duke Energy	Index Benchmarks: IBM, BAE Systems, Cisco, Juniper Networks, Gen Digital
Maturity: 12 meses	Maturity: 18 months	Maturity: 18 months
Capital Protection: 97.5%	Capital Protection: 97,5%	Capital Protection: 97.5%
Currency: EUR	Currency: EUR	Currency: EUR
Remuneration (period): 5.10%	Remuneration (period): 5.60%	Remuneration (period): 4.06%

With regards to Institutional Customers, the Bank continued to serve domestic banks with risk coverages for their own issues. At the end of 2023, the portfolio under management came to 101.4 million euros, up 0,6% on the previous year, mostly composed of equity option swaps.

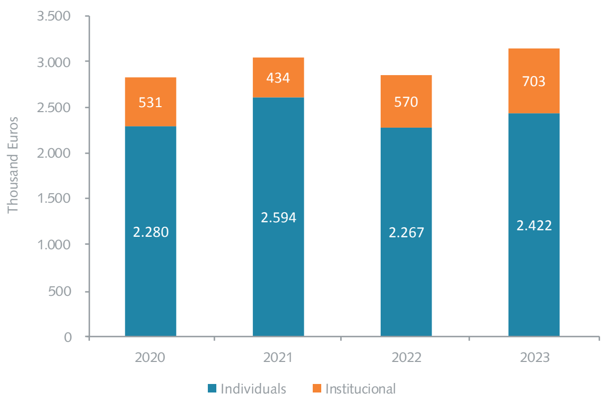
Brokerage

During 2023, brokerage commissions grew 10,2% over the previous year to around 3.1 million euros.

By type of customer, the Private Customers segment registered a 7% increase in 2023, representing about 77% of total Customer brokerage commissions. In the Institutional Customers segment, total brokerage commissions grew 23% compared to 2022.

In the Private Customers segment, online trading continued to predominate with a weight of around 90%. Btrader platforms grew by 11,5%. The Prime Brokerage segment, which serves more sophisticated clients with access to the market room, grew 21,9%.

Brokerage commissions



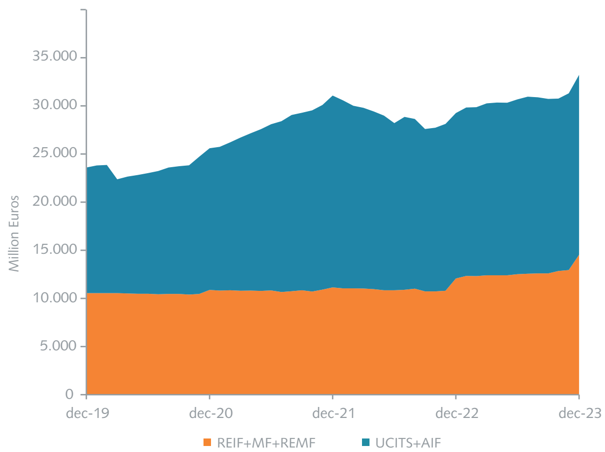
Source: Banco Invest

Financial Services and Institutional Custody

According to the figures revealed by the CMVM, the value under management of undertakings for collective investment in transferable securities (UCITS) and alternative investment funds (AIFs) totalled 18.634 million euros at the end of 2023, up 1.503 million euros (+8,8%) on the same period in 2022.

In turn, the value under management of real estate investment funds (REIFs), special real estate investment funds (SREIFs) and real estate asset management funds (REMFs) reached 14.474 million euros, up 2.447 million euros (+20,3%) on the end of 2022.

Mutual and Real Estate Funds, value under management in Portugal



Source: CMVM

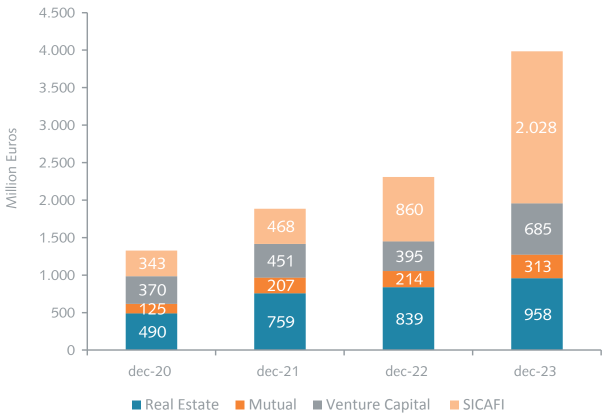
The Bank strengthened its position as a reference custodian bank for independent management companies of collective investment undertakings operating in the domestic market.

At 31 December 2023, the Bank provided custodian banking services to more than 80 Collective Investment Undertakings (CIUs), managed by various Management Entities, with a predominance of Real Estate Investment Funds.

At the end of 2023, the total assets of the CIUs for which the Bank provides the custodian service totalled close to 4 billion euros. Of this total, real estate investment undertakings accounted for 75% of assets, followed by venture capital funds (17%) and mutual funds (8%).

The Bank has maintained strong growth in this area, reflecting the market's recognition of the quality of the services provided and the growth and success of our Customers.

Assets of CIUs with custodian service



Source: Banco Invest

Corporate Finance

During the year, under the Invest Corporate Finance brand, Banco Invest acted as Arranger and Lead Manager in about 45 Commercial Paper issue operations, which came to a total of 248 million euros. In the bond segment, operations in which Banco Invest participated exceeded 710 million euros.

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

Invest Corporate Finance

Financial assets at amortised cost
Loans and advances to customers (Non-securitised)

The subsidiary Bicredit granted loans totalling 86.2 million euros (new production) for the acquisition of vehicles, 95% of which related to the financing of used cars, a segment in which a market share, in terms of the number of loans, of 5% was achieved by 2023. At the beginning of July 2023, Bicredit acquired a performing consumer loan portfolio, and this one-off operation made a positive contribution to Bicredit's results.

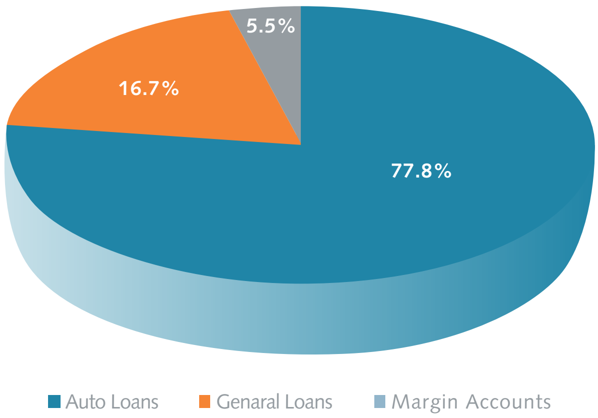
At the end of 2023, Bicredit's gross loan portfolio totalled 340.5 million euros, of which 332.7 million euros corresponded to car loans to end customers, 6 million euros to the acquired consumer loan portfolio and 1.8 million euros to stock loans.

At the end of 2023, general credit, which essentially consists of financing guaranteed by real estate assets, and which includes financial leasing operations, medium and long-term loans and current account credits, totalled 73.0 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 reassessments 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.

Gross loans from margin accounts totalled 24.1 million euros.

On 23 November 2023, Banco Invest and the Banca Sistema Group signed a sale and purchaser agreement (SPA) for the sale of the lender credit business under the Crédito Económico Popular (CEP) brand, the completion of which is still dependent on the necessary authorisations from the regulatory authorities. The assets and liabilities of this business segment have therefore been reclassified in the financial statements under "Non-current assets held for sale" and "Non-current liabilities held for sale", respectively. This operation should take place in the second half of 2024.

Total loans and advances to customers (Non-securitised)



Source: Banco Invest

Financial assets at amortised cost
Debt securities

At the end of 2023, total gross performing loans came to 658.1 million euros, of which 34,7% was securitised. In fact, the Bank has given priority to the concession 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 25,1% was invested in public debt securities and the remainder in corporate bonds. The largest sectoral exposures were to the Mortgage Banking (24,6%), Utilities (9,6%), Energy (6,6%) and Non-Cyclical Consumption (7,9%) sectors.

Capital Markets

In the capital markets, the fall in the inflation rate and the prospect of a reversal in the cycle of interest rate rises by central banks led to strong rises in shares (MSCI World, +21,8%, in USD) and bonds (Bloomberg Global Aggregate, +2,1%, in USD). The exception was commodities which, on average, ended the year with a loss 12,2% (S&P GSCI Index, in USD), penalised by the fall in Energy prices (-14,8%, S&P GSCI Energy, in USD).

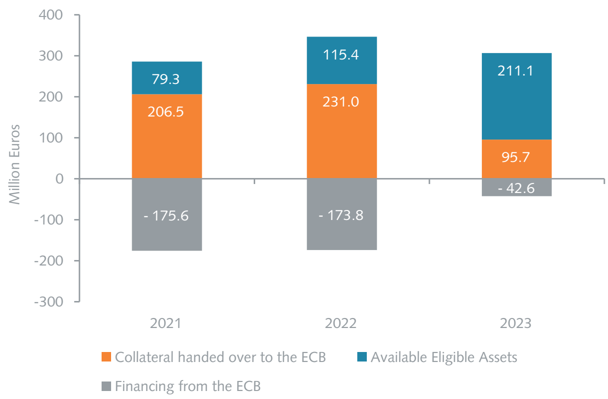
Liquidity and Funding

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 2023 was 238,6%, well above the legal minimum (100%).

In December 2023, Banco Invest held 306.8 million euros of net assets eligible for refinancing operations with the European Central Bank, 42.6 million euros having been drawn down on this date, with 264.2 million euros of financing from the Eurosystem still available. On the same date, deposits with the Central Bank amounted to 6 million euros.

These available liquid resources and the high capital ratio shown (23,9%), position Banco Invest as one of the most solid financial institutions operating in Portugal.

Eligible assets and funding from the ECB



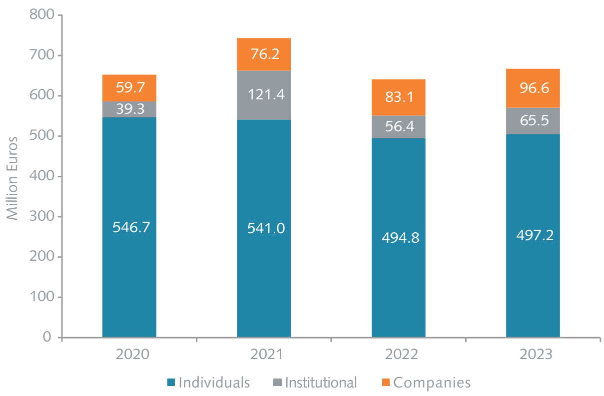
Source: Banco Invest

In 2023, the credit granted by the ECB (42.6 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 grew 3,9% to 659.3 million euros. This growth was transversal to all types of customers, with a 16,1% increase in Resources from Institutional Customers and a 16,3% increase in Resources from Corporate Customers being noteworthy.

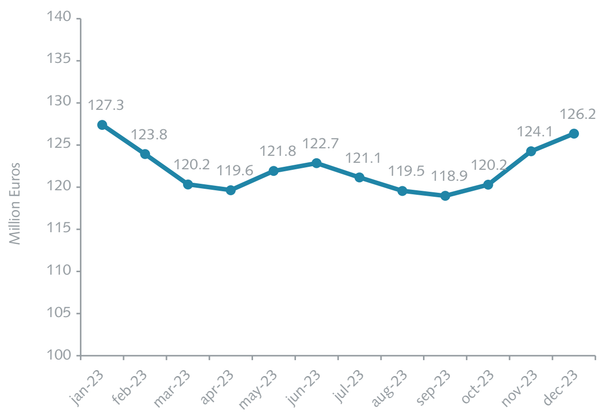
At the end of 2023, the Private Customers segment represented about 75,4% of Resources from Customers.

Resources from Customers (excluding interest payable)



Source: Banco Invest

PVBP Interest Rate



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 (JVR), 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.

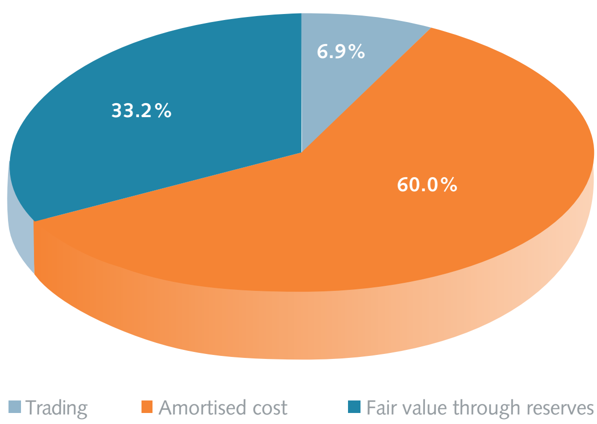
• Interest Rate Risk of the Securities Portfolio

In a context still very much affected by the rise in interest rates and bond yields in 2022, the average duration of the Bank's securities portfolio increased slightly, from 3.3 to 3.9 years. In turn, the interest rate risk of the securities portfolio, measured by the basis point value (BPV), decreased from 133 thousand euros at the end of 2022 to 126 thousand euros at the end of 2023 as a result of the strategy defined by the Board of Directors.

• Bond Risk

At the end of 2023, the Bank's bond portfolio, excluding the notes it holds from Bicredit (a subsidiary of the Bank), totalled 356.9 million euros, characterised by high geographical diversification. The weight of sovereign debt was around 16,9% of the total portfolio, with Spanish public debt being the largest exposure to sovereign debt, representing 9,4% of the total portfolio. The Portuguese public debt saw its weight reduced to 1,5% (1,8% in 2022).

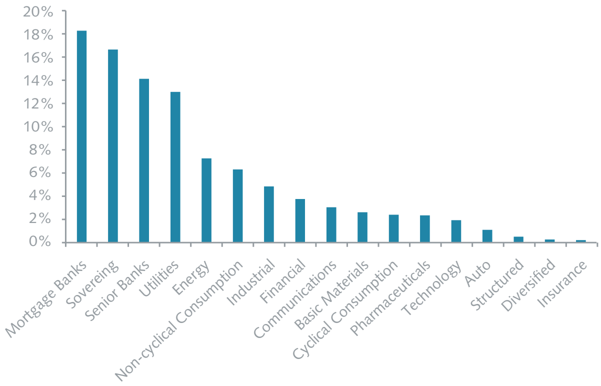
Breakdown of the Bond Portfolio



Source: Banco Invest

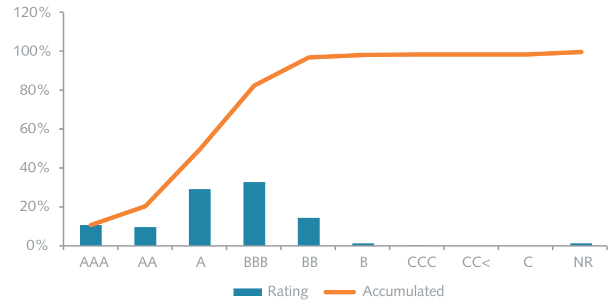
In geographical terms, European issuers accounted for 90,1% of the bond portfolio. In turn, the weight of emerging countries declined to 4,0% of the total, and US and Asian issuers (Australia) accounted for 5,0% and 0,8%, respectively. By sector, the largest exposures were to the Mortgage Banking (18,5%), Sovereign (16,9%), Senior Banking (14,3%) and Utilities (13,2%) sectors.

Sectoral allocation of the Bond Portfolio



Source: Banco Invest

Distribution of the Bond Portfolio by credit rating



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, 82,7% of the total portfolio was rated BBB or higher.

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

Rating Bonds	Portfolio				Accumulated
	Amortised cost	Fair Value through OCI	Trading	Total	
AAA	15,4%	4,6%	-	10,8%	10,8%
AA	12,8%	6,1%	-	9,7%	20,5%
A	25,4%	40,1%	11,2%	29,3%	49,8%
BBB	22,7%	48,3%	47,2%	32,9%	82,7%
BB	21,8%	0,8%	17,2%	14,5%	97,2%
B	1,4%	-	6,1%	1,3%	98,5%
CCC	0,5%	-	-	0,3%	98,7%
CC	-	-	-	-	98,7%
C	-	-	-	-	98,7%
NR	-	-	18,4%	1,3%	100,00%
Total	100,0%	100,0%	100,0%	100,0%	

Fonte: 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 of 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 2023, 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 211 thousand euros, for a Notional of 181.0 million euros. The delta was approximately 6.0 million euros.

Volatility Portfolio

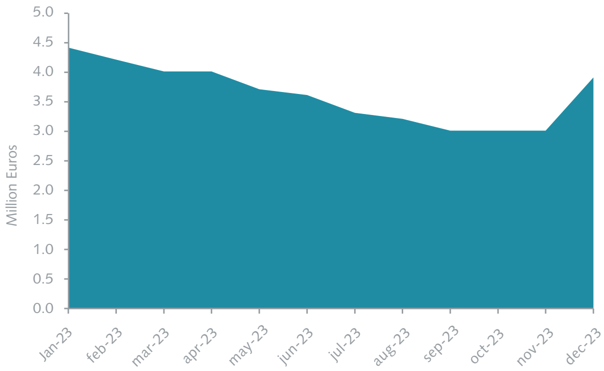
	Dec-23	Dec-22
Stress-test 10 days I 99,99%	(211.343)	(74.724)
Delta	(6.013.843)	(1.665.263)
Vega	16.896	2.092
Notional	180.984.020	152.877.647

Source: Banco Invest Amounts in euros.

• Market Risk

The Bank's trading portfolio (excluding Volatility Risk) ended with an Expected-Shortfall, with a 97,5% confidence interval, of 3.9 million euros. During the year, the monthly Expected Shortfall remained stable, fluctuating between a minimum of 3 million euros and a maximum of 4.4 million euros, as a result of the strategy defined by the Board of Directors for this portfolio.

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



Source: Banco Invest

Environmental Responsibility

The ARIF Group is aware of the growing relevance of climate-related and environmental risks to banking activity, as set out in the European Central Bank's Guide to climate-related and environmental risks, published on 27 November 2020, and subsequently reflected in the supervisory expectations for less significant institutions, communicated in Circular Letter CC/2021/00000010.

To this end, the Group has a number of initiatives underway to implement a framework that meets the expectations of the Supervisory Authority in this area, despite the specific nature of the business it is involved in.

In this context, the following initiatives are underway:

- Definition, for subsequent implementation, of a methodology for assessing environmental risks in the credit granting process;
- Creation and promotion of credit products incentivising the improvement of climate/ESG conditions;
- Definition and implementation of a specific environmental and climate risk management policy for the Group;
- Formalisation of environmental risk management in the procedures associated with the credit granting process.
- Definition of specific risk indicators and their monitoring.

It should also be noted that the risk assessment, which is carried out annually as part of the review of the Business Continuity Plan, includes physical risks related to natural events - droughts, floods, fires, earthquakes, etc., as well as risks related to service providers that could affect the continuity of service provision.

6. Transactions with Members of the Executive Board of Directors and of the General and Supervisory Board

The Legal Framework of Credit Institutions and Financial Companies forbids the Bank from granting credit to members of its governing 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 2023, the balances reflected under the Assets item relating to members of the Board of Directors (changed at the end of the year to Executive Board of Directors) and the Supervisory Board (changed at the end of the year to General and Supervisory Board) relate to funding granted to a member of the Executive Board of Directors under the personnel policy, totalling 191.469 euros.

Members of the management body or the supervisory body, directors and other employees of the Bank may not intervene in the assessment and granting of loan operations in which they, their spouses or unmarried partners, relatives, siblings or first-degree relatives, or companies or other legal entities that they or others directly or indirectly control, are directly or indirectly involved.

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 Body, which also issues a prior written opinion;

(c) The Management Body, after obtaining the prior opinions of the compliance function, the risk management function and the Supervisory Body, ensures that the transactions are carried out under market conditions and are approved by a minimum of 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 at Banco Invest is carried out at the highest level. All risk limits - market, credit, liquidity and operational - are defined and approved by the Bank's Executive Board of Directors. Furthermore, there are five functional bodies - the Investment Committee, ALCO Committee, Credit Committee, IT Committee, Investment and Asset Management 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 Executive Board of Directors.

Autonomously, according to the requirements set out in Notice 3/2020 of the Bank of Portugal, there is still the risk control function, regarding which the person responsible reports directly to the Executive Board of Directors, focusing its activity, among others, on the elaboration 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 Executive 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.

In addition, there is a Risk Committee made up of three members of the General and Supervisory Board, whose main mission is to advise the Executive 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 shareholders' 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 book, 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 test programme in force at the institution is based on the EBA's wide-ranging stress tests, which are also an integral part of the annual assessment of the ICAAP process, in order to gauge its suitability for the development of economic activity.

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 trading portfolios and defining investment guidelines. The Risk Management Department reports daily on the evolution of the Expected-Shortfall of the trading portfolio and monthly on the other models for calculating internal capital requirements.

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

All these indicators are also included in the Risk Management Department's risk matrices, which are analysed by this Department, and this information is permanently available on the front-end of the Risk Management Department, accessible to the members of the Governing Bodies. In addition, there are quarterly meetings with the Executive Board of Directors and the General and Supervisory Board to assess progress and take measures to mitigate 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 concession 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.

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 Non-securitised Portfolio, Counterparty, Concentration).

As already mentioned, stress tests are also carried out based on the EBA's wide-ranging stress tests, in which historical and/or hypothetical scenarios are also used to assess credit risk and, consequently, the impact on impairment, results and solvency.

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 lines and securities contango lines 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 Executive Board of Directors in defining the liquidity risk policy and liquidity risk appetite and in defining and monitoring liquidity risk indicators, as well as integrating the stress tests in force at the institution into the ILAAP process.

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 control;
- 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 so as to ensure compliance with Internal Regulations and reduce the likelihood of mistakes in recording and accounting the various operations.

8. Future Prospects

The Bank will continue to focus on providing a quality service in the investment and savings area, differentiating itself through the training and know-how of its employees, the specialisation of its offer and the added value of its products and services, marketed at a fair price and always in compliance with regulations.

In this context, in 2024, the Bank will offer a new website, developed in PWA (progressive web application), which uses internet platform technologies that provide users with an experience identical to those obtained in the native app, with access using biometric credentials and receiving notifications identical to the IOS and Android apps.

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

The Bank will step up its investment in digitalisation, automating back-office and front-office processes, reducing the number of people involved in processes, shortening the time it takes to carry them out and reducing the operational risk inherent in its business.

9. Subsequent events

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

Authorisation from the Bank of Portugal to transfer the lender business under the Crédito Económico Popular brand to a new company whose purpose will be to carry on this business.

10. Net Income and its Appropriation

The 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 21.140.057.96 euros.

Individual net income came to 21.663.362.61 euros. It is proposed that this amount be appropriated as follows:

Legal Reserve………….................... 2.166.336.26 euros

Free Reserves………….................... 16.497.026.35 euros

Dividends …………......................... 3.000.000.00 euros

11. Acknowledgements

The Executive 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 the Bank of 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 Body 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 company.

Lisbon, 22 April 2024

The Executive Board of Directors

4. Financial Stetements

Consolidated income statement for the year ended 31 December 2023

(Amounts in euros)

	Notes	2023	2022
Interest and similar income		59.924.118	45.260.036
Interest and similar charges		(16.709.539)	(8.359.028)
NET INTEREST INCOME	3	**43.214.579**	**36.901.008**
Net fees and commissions income	4	15.135.201	15.043.479
Gains / (losses) on financial operations at fair value through profit or loss		5.517.370	(6.896.163)
Net gains / losses from foreign exchange		(276.247)	1.478.436
Gains / (losses) on hedge accounting	5	-	1.365.066
Income from financial assets at fair value through other comprehensive income		(3.611.564)	(377.043)
Income from sales of other assets	6	649.799	3.503.164
Other operating income / (losses)	7	(79.086)	341.935
NET OPERATING REVENUE		**60.550.052**	**51.359.882**
Staff costs	8	(14.860.102)	(13.230.441)
Other administrative costs	9	(8.922.919)	(8.023.731)
Depreciations and amortisations	10	(2.036.210)	(1.915.148)
TOTAL OPERATING COSTS		**(25.819.231)**	**(23.169.320)**
OPERATING INCOME BEFORE PROVISIONS AND IMPAIRMENTS		**34.730.821**	**28.190.562**
Impairment of financial assets at amortised cost	11	(2.806.499)	(5.525.200)
Impairment of financial assets at fair value through other comprehensive income	12	130.391	(35.980)
Impairment of other assets	13	(1.123.208)	(123.106)
Other provisions	14	(207.545)	(2.460.414)
NET OPERATING INCOME		**30.723.960**	**20.045.862**
Share of profit of associates accounted for using the equity method	15	81.431	102.542
INCOME BEFORE TAXES		**30.805.391**	**20.148.404**
Income taxes			
Current	28	(7.571.912)	(2.383.241)
Deferred	29	(763.666)	(530.346)
NET INCOME AFTER INCOME TAXES		**22.469.813**	**17.234.817**
Net income for the year attributable to:			
Bank's Shareholders		21.140.059	17.162.313
Non-controlling interests	41	1.329.754	72.504
NET INCOME FOR THE YEAR		**22.469.813**	**17.234.817**

The Notes are an integral part of these financial statements

Consolidated statement of comprehensive income for the year ended 31 December 2023

(Amounts in euros)

	2023	2022
Consolidated net income / (loss)	**22.469.813**	**17.234.817**
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	6.282.489	(16.702.158)
Impact on taxes	(1.633.447)	4.296.796
Transfer to profit or loss due to impairment	(130.391)	35.980
Impact on taxes	33.902	(9.355)
Transfer to profit or loss due to disposal	3.611.564	377.043
Impact on taxes	(939.007)	(98.031)
	7.225.110	**(12.099.725)**
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	(1.629)	(143.268)
Impact on taxes	424	37.250
Result not recognised in the income statement	**(1.205)**	**(106.018)**
Consolidated comprehensive income	**29.693.718**	**5.029.074**
Non-controlling interests	1.329.754	72.504
Consolidated comprehensive income attributable to the Bank's shareholders	**28.363.964**	**4.956.570**

The Notes are an integral part of these financial statements

Consolidated balance sheet as at 31 December 2023

(Amounts in euros)

	Notes	31 December 2023	31 December 2022
ASSETS			
Cash and deposits at Central Banks	17	19.061.291	31.172.573
Loans and advances to credit institutions repayable on demand	18	41.692.934	20.690.409
Financial assets at amortised cost			
Loans and advances to credit institutions	21	1.005.245	997.400
Loans and advances to customers	22	428.373.128	420.124.250
Debt securities		231.528.002	248.993.293
Financial assets at fair value through profit or loss			
Financial assets held for trading	19	25.286.356	34.781.503
Financial assets not held for trading mandatorily at fair value through profit or loss		17.962.885	17.432.208
Hedging derivatives		-	-
Financial assets at fair value through other comprehensive income	20	115.082.716	190.990.326
Investments in subsidiaries, associated companies and joint ventures	23	31.473	25.042
Non-current assets held for sale	25	20.040.184	5.586.373
Investment properties	24	6.449.508	6.271.600
Other tangible assets	26	7.452.722	5.781.176
Intangible assets	27	1.062.076	725.195
Current tax assets	28	3.252.506	2.217.213
Deferred tax assets	29	2.465.578	5.767.373
Other assets	30	7.288.129	5.718.148
Total Assets		**928.034.733**	**997.274.082**
LIABILITIES			
Financial liabilities at amortised cost			
Resources at Central Banks	31	42.648.698	173.826.422
Resources from credit institutions	33	492.906	7.257.569
Resources from customers and other loans	34	664.230.781	635.667.852
Non-subordinated debt securities issued		-	-
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	32	2.029.292	210.360
Hedging derivatives		-	-
Non-current liabilities held for sale	35	1.175.126	-
Provisions	36	1.082.432	6.790.554
Current tax liabilities	28	6.285.097	252.425
Deferred tax liabilities	29	-	-
Other liabilities	37	24.629.648	23.884.177
Total Liabilities		**742.573.980**	**847.889.359**
EQUITY			
Share capital	38	47.500.000	47.500.000
Revaluation reserves	39	(2.748.495)	(9.972.400)
Other reserves and retained earnings		109.153.793	93.505.819
Net income for the year attributable to the Bank's shareholders		21.140.059	17.162.313
Total equity attributable to the Bank's shareholders		**175.045.357**	**148.195.732**
Non-controlling interests	41	10.415.396	1.188.991
Total Equity		**185.460.753**	**149.384.723**
Total Liabilities and Equity		**928.034.733**	**997.274.082**

The Notes are an integral part of these financial statements

Consolidated statement of changes in equity for the year ended 31 December 2023

(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	Equity attributable to the Bank's shareholders	Non-controlling interests (Note 41)	Total
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**
Distribution of profit for 2021											
Profit appropriation	-	-	-	-	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**
Distribution of profit for 2022											
Distribution of profit for 2022	-	-	-	-	1.715.931	15.446.382	17.162.313	(17.162.313)	-	-	-
Comprehensive income for 2023	-	9.762.033	(2.538.128)	7.223.905	-	-	-	21.140.059	28.363.964	1.329.754	29.693.718
Transfer to reserves	-	-	-	-	-	-	-	-	-	-	-
Incorporation of BiCredit	-	-	-	-	-	-	-	-	-	7.896.651	7.896.651
Distribution of reserves to shareholders	-	-	-	-	-	(1.500.000)	(1.500.000)	-	(1.500.000)	-	(1.500.000)
Other	-	-	-	-	-	(14.339)	(14.339)	-	(14.339)	-	(14.339)
Balances as at 31 December 2023	**47.500.000**	**(3.714.184)**	**965.689**	**(2.748.495)**	**12.651.889**	**96.501.904**	**109.153.793**	**21.140.059**	**175.045.357**	**10.415.396**	**185.460.753**

The Notes are an integral part of these financial statements.

Consolidated statement of cash flows for the year ended 31 December 2023

(Amounts in euros)

	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Income from interest and commissions	82.234.940	60.788.858
Payment of interest and commissions	(13.488.433)	(12.483.897)
Payments to staff and suppliers	(23.528.245)	(21.250.017)
Payments of short-term and low-value leasing	(148.189)	(316)
Income tax (payable)/receivable	1.883.480	(6.839.164)
Other payments related to the operating activity	7.897.614	1.131.302
Operating income before changes in operating assets	**51.084.207**	**21.346.766**
(Increases) / reductions in operating assets:		
Financial assets at fair value through profit and loss	14.437.145	(2.712.733)
Dividends received	2.080.432	927.688
Financial assets at fair value through other comprehensive income	82.297.218	(56.000.748)
Loans and advances to credit institutions	-	(300.000)
Financial assets at amortised cost	(10.218.831)	40.290.538
Non-current assets held for sale	1.355.697	1.714.306
Other assets	(4.490.549)	917.792
	85.461.112	**(15.163.157)**
Increases / (reductions) in operating liabilities:		
Resources at central banks	(135.000.000)	-
Resources from other credit institutions	(6.761.605)	6.692.821
Resources from customers	25.067.974	(102.426.300)
Other liabilities	(7.113.558)	4.509.685
	(123.807.189)	**(91.223.794)**
Cash net of operating activities	**12.738.130**	**(85.040.185)**
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase and sale of tangible and intangible assets	(1.397.411)	(1.189.233)
Dividends from financial holdings	75.000	90.000
Cash net of investment activities	**(1.322.411)**	**(1.099.233)**
CASH FLOW FROM FINANCING ACTIVITIES:		
Distribution of reserves to shareholders	(1.500.000)	(1.808.889)
Remission of shares	-	(11.000.000)
Payments related to lease liabilities	(1.087.024)	(1.144.556)
Cash net of financing activities	**(2.587.024)**	**(13.953.445)**
Net increase / (decrease) in cash and cash equivalents	8.828.695	(100.092.863)
Cash and equivalents at the start of the year	51.928.777	152.021.640
Cash and equivalents at the end of the year	60.757.472	51.928.777
	8.828.695	**(100.092.863)**
Details of Cash and cash equivalents:		
Cash in hand (Note 17)	486.859	862.366
Demand Deposits at the Bank of Portugal (Note 17)	18.570.265	30.369.940
Cheques payable (Note 18)	169.200	545
Demand deposits (Note 18)	41.531.148	20.695.926
	60.757.472	**51.928.777**

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 the Bank of 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. (Probolsa) into the Bank was executed on 22 December 2004. 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 Probolsa's 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 full consolidation 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.

The entities included in the consolidated financial statements are shown in Note 49.

The consolidated financial statements as at 31 December 2023 were approved by the Executive Board of Directors on 22 April 2024 and are presented in euros.

The Bank's financial statements with reference to 31 December 2023 are pending approval by the General Meeting. However, the Executive Board of Directors believes that these financial statements will be approved without significant changes.

2. ACCOUNTING POLICIES

2.1.1. Presentation bases

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 Bank of Portugal Notice 1/2005, the Bank's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union (EU). 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 accounts of subsidiaries were consolidated using the full consolidation method, eliminating significant transactions and balances between the entities being consolidated. 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 shareholders' 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 2023. The accounting policies have been applied in the Bank and are consistent with those used in the preparation of the prior year's financial statements.

The financial statements were prepared under the historical cost convention, modified by the application of fair value to derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

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 values 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 2.21.

The balances included in the financial statements for 31 December 2022 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 in 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 shareholders' 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 headings:

- Financial assets held for trading

The financial assets classified under this heading 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 'eventual 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 eventual 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 eventual 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 eventual 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 eventual recipients, and interest earned on such investments is passed to the eventual 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

Purchase or originated credit impaired 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 risk of non-fulfilment, the Bank fully respects, in recognising impairment, the guidelines of Circular Letter 02/2014/DSP, replaced by Circular Letter no. CC/2018/00000062 of 14-11 of the Bank of 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 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 categories:

- 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 the Bank of 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 ("ECLs") 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 Group:
i) for General Credit and for the Landing Activity, and
ii) for Auto Loans.

i) for General Credit and for the Landing Activity

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

Values at risk (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 Value at Risk (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 the Bank of 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 pledged 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

Impairment losses associated with operations classified in this stage 1 correspond to expected credit losses resulting from a potential loss event that may occur within 12 months after the calculation date.

Impairment losses associated with operations classified as stage 2 and 3 correspond to the expected credit loss 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).

The company uses the following model to calculate loan impairments.

The determination and evolution of the impairment parameters to be applied to the Auto Loan portfolio has been based on permanent monitoring of the evolution of the loans in the portfolio, taking into account its characteristics, namely that it is a relatively recent portfolio on average and partly originated in the context of the Covid 19 pandemic, and with a high level of granularity and homogeneity, with a significant dispersion of customers, mainly limited to financing in the form of loans repayable in monthly instalments, centred on the financing of low and mid-range used vehicles, which leads to the application of collective analysis methods.

The impairment calculation model applied takes into account, among other things:

- the 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 Risk Increment (SRI), Restructured (performing and non-performing) and NPL/ default (non- performing loans),

  To calculate the expected loss, specific PD and LGD calculation models are applied, based on this portfolio's own historical data.

  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.

  In the analyses carried out to estimate the PDs, both when modelling and when reviewing the parameters, it was found that the best estimate would be to apply the through-the-cycle (TCC) parameters, since the lack of a complete and balanced economic cycle - with increases and decreases in PD - conditions the results and makes it impossible, for the time being, to incorporate a forward-looking component (FWL) in the estimation of PDs. In this context, a temporary increase in the PD is applied, by management decision, in order to accommodate possible impacts on the reduction of households' ability to pay due to the evolution of the macroeconomic context. An aggravation factor is also applied to the LGD in line with the variation in this parameter between the last two estimation periods.

  The Impairment Policy was updated at the beginning of the second half of 2023 to include the treatment to be given to the performing loan portfolio, originated through credit cards and credit lines granted to private customers through two large chain shops and incorporated on 1 July 2023. All the cards associated with this portfolio have been cancelled since at least the end of 2022, so Bicredit is only managing the existing portfolio and there will be no new credit uses. In this context, not knowing the historical default behaviour of this portfolio and knowing the short term and the accelerated pace of its repayment, it was decided to apply the average PD per risk class of the automobile segment to this segment. This PD will be monitored and updated at least every six months. As far as LGD is concerned, the rates for the car portfolio are increased by 25 per cent, as is the case for car finance contracts that do not require reservation of ownership or a mortgage on the financed asset, stock loans and any personal loans in the portfolio.

  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.

  Once the impairment values have been calculated and validated, they are reported for accounting.

  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 Bank of Portugal Circular Letter 62/2018.

  The review of the PD and LGD parameter estimates is at least annual. However, given the still limited historical information and in order to incorporate new historical information, this review will be carried out on a six-monthly 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.

  With regard to the monitoring of Bicredit's portfolio, it is important to emphasise that the risk monitoring mechanisms have been consolidated, with regular sharing of information and the analysis and discussion of issues associated with credit risk with the Executive Committee, the Control Functions, the Board of Directors and the Supervisory Board.

Therefore, in addition to the Management Bodies, the Supervisory and Risk Management Bodies also regularly monitor, among other things, the following:

- The monthly process of calculating and recognising impairments on the loan portfolio, as well as the half-yearly audit reports prepared by the External Auditor;

- The evolution of the composition of the portfolio and the weight of NPL contracts and their respective coverage levels

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.

On initial recognition, financial liabilities are classified as 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 charges". Based on the effective interest rate method.

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 are. If the host instrument included in the hybrid contract is considered a financial asset, the classification and measurement of the entire hybrid contract is carried out in accordance with the criteria described 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 instrument (whole) 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 costs" (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 carrying amount 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. *Non-current assets held for sale and investment properties*

2.6.1. Non-current assets held for sale

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. Impairment may be aggravated by the age of the property in the portfolio.

2.6.2. Investment properties

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 own 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 and 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 and loss for the year.

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

2.7. 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 costs for the year, under the item "General administrative costs".

Depreciation is calculated according to the straight-line method and recorded in costs in 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
Premises	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", it is recognised as an impairment loss with an impact on profit or loss for the year. Impairment losses can be reversed, also with effect on the profit and loss for the year, if there is an increase in the recoverable amount of the asset in subsequent periods.

2.8. 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 return 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 present value of future lease cash flows (NPV), 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 assessed. 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 recognizes 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 Depreciation 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.

2.9. *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.

2.10. *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.

2.11. *Investments in Associates*

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

Financial investments in associates

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

2.12. *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).

Bicredit, because it was set up in 2023, does not fulfil the conditions to be part of the Special Taxation Regime for Groups of Companies, and calculates tax on profits autonomously.

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 participations held in the share capital of companies, are not included in taxable profit, provided that the following cumulative requirements are met: (i) the Bank has holdings 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 participations held in the share capital of companies was sold, and provided the participation was 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 no. 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 participations held 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 situations for the Bank that give rise to temporary differences 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 reversion 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% (same rate of 2021) to calculate deferred taxes.

Corporate income tax (current or deferred) is shown in the profit and loss for the year, except where the transactions giving rise to it have been carried in other shareholders' 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 shareholders' equity, and does not affect net income for the year.

2.13. 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.

2.14. 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 2023 and 2022.

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

2.15. 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.

2.16. Amounts deposited

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

2.17. Cash and equivalents

For the preparation of the cash flow statements, the Bank considers all the items of "Cash and balances at central banks" and "Claims on 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.

2.18. 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.

2.19. 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.

2.20. 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.

2.21. 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.

2.22 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 2023 and 2022 this item was made up as follows:

	2023	2022
Interest and similar income		
Interest from deposits at Central Banks and at credit institutions	2.010.998	28.739
Interest from investments in credit institutions	100.370	2.119.820
Interest from loans and advances to customers		
Domestic loans	38.631.914	29.961.441
Foreign loans	333.131	182.965
Other loans and receivables – debt securities	7.170.598	6.081.933
Interest from past due loans	1.059.292	1.045.690
Interest from financial assets held for trading		
Securities	406.913	657.292
Derivative instruments	2.534.922	484.077
Interest from financial assets at fair value through other comprehensive income		
Securities	1.746.614	1.851.572
Interest from debtors and other financial investments	441.617	84.414
Other interest and similar income	(10.116)	187.596
Commissions received associated to amortised cost		
Credit operations	5.951.439	2.928.719
Margin adjustment - IFRS9	(453.574)	(354.222)
	59.924.118	**45.260.036**
Interest and similar charges		
Interest on resources from central banks	2.788.017	353.793
Interest on resources from other credit institutions		
Abroad	22.250	26.852
Interest on resources from customers and other loans	13.513.226	1.385.671
Interest charges related to lease liabilities	3.374	160.081
Other interest expense and similar charges	333.161	-
Other commissions paid		
Commissions paid associated to amortised cost	49.511	6.432.631
	16.709.539	**8.359.028**
	43.214.579	**36.901.008**

The Interest on loans and advances to customers item includes the amount of 1.187.253 euros (31 December 2022: 1.369.592 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 2023 and 2022.

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 2.8.

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 2023 and 2022 this item was made up as follows:

	2023	2022
Services and commissions received		
Guarantees provided	25.314	25.584
Services provided		
Deposit and custody of securities	3.663.236	3.334.019
Management of securities	1.690.416	1.706.914
Collection of securities	199.933	161.650
Transfer of securities	195.308	33.404
Other services provided	10.324.306	7.986.247
Transactions carried out on behalf of third parties		
Brokerage commissions	830.160	2.094.723
Other commissions received	23.586	2.206.116
	16.952.259	**17.548.657**
Services and commissions paid		
Banking services provided by third parties		
Bank commissions	(810.024)	(784.865)
Charges on futures on behalf of third parties	-	-
Banco of Portugal	(2.979)	(90.008)
Transactions carried out on behalf of third parties	(140.101)	(152.173)
Business procurement commissions	(731.846)	(1.469.832)
Other commissions	(132.108)	(8.300)
	(1.817.058)	**(2.505.178)**
	15.135.201	**15.043.479**

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 1.557.329 euros (2022: 2.004.444 euros). Also included are commissions for setting up operations. in the amount of 2.310.164 euros (2022: 3.627.505 euros). which includes commissions associated with corporate finance projects; management commissions of the fund management company in the amount of 1.797.185 euros (2022: 1.522.736 euros); and insurance mediation commissions 1.577.794 euros. relating to the auto loan sector.

The "Bank commissions" item includes the commissions paid to Euroclear which came to 195.880 euros in 2023 (2022: 188.758 euros).

5. NET INCOME FROM FINANCIAL OPERATIONS

In 2023 and 2022 this item was made up as follows:

	2023	2022
Gains / (losses) in financial operations at fair value through profit or loss		
Income from financial assets held for trading	1.439.167	(8.102.729)
Income from financial assets not held for trading mandatorily at fair value through profit or loss	4.044.505	1.184.837
Income from assets and liabilities designated at fair value through profit and loss	33.698	21.729
	5.517.370	**(6.896.163)**
Net gains / (losses) from foreign exchange	(276.247)	1.478.436
Net income from hedge accounting	-	1.365.066
Income from financial assets at fair value through other comprehensive income	(3.611.564)	(377.043)
	1.629.559	**(4.429.704)**

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

In 2023 and 2022 this item was made up as follows:

	2023	2022
Income from assets and liabilities assessed at fair value through profit or loss		
Securities		
Issued by residents		
Bonds	166.519	24.754
Shares	-	-
Investment units	4.597.242	2.053.421
Issued by non-residents		
Bonds	2.561.806	161.138
Shares	825.593	494.854
Investment units	28.123	5.317
Derivatives		
Swaps		
Foreign currency swaps	-	-
Interest rate swaps	(523.385)	2.384.498
Futures		
On interest rates	5.213.101	3.389.070
On equities	-	-
On foreign currencies	2.304.766	5.251.307
Options		
On equities	1.738.146	257.868
Gold	33.898	54.781
	16.945.809	**14.077.008**

	2023	2022
Losses from assets and liabilities assessed at fair value through profit or loss		
Securities		
Issued by residents		
Bonds	(49)	(303.189)
Shares	-	-
Investment units	(580.404)	(842.396)
Issued by non-residents		
Bonds	(61.300)	(7.077.501)
Shares	(463.032)	(719.991)
Investment units	(456)	(31.505)
Derivatives		
Swaps		
Foreign currency swaps	-	-
Interest rate swaps	(1.777.450)	(78.272)
Futures		
On interest rates	(4.779.143)	(5.164.109)
On equities	-	-
On foreign currencies	(2.054.385)	(6.319.892)
Options		
On equities	(1.712.021)	(403.263)
Gold	(199)	(33.053)
	(11.428.439)	**(20.973.171)**
	5.517.370	**(6.896.163)**

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 2023 and 2022 this item was made up as follows:

	2023	2022
Debt instruments		
Residents		
Other bonds	284	51.950
Non-residents		
Foreign public issuers	-	-
Other bonds	(3.611.848)	(428.993)
	(3.611.564)	**(377.043)**

c. Net gains / (losses) from foreign exchange

The balance for this item in 2023 and 2022 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:

	2023	2022
Revaluation of the spot currency position	(279.852)	1.475.772
Revaluation of the forward currency position	3.605	2.664
	(276.247)	**1.478.436**

d. Net income from hedge accounting

In 2023 and 2022 this item was made up as follows:

	2023	2022
Gains from hedging derivatives	-	1.365.066
Losses on hedging derivatives	-	-
	-	**1.365.066**

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 2023 and 2022 this item was made up as follows:

	2023	2022
Non-current assets held for sale	712.195	328.528
Other tangible assets	57.900	561.060
Gold and precious metals	25.299	(7.492)
Other	(145.595)	2.621.068
	649.799	**3.503.164**

The "Non-current assets held for sale" item reflects the gains and losses from the sale of properties recovered by the Bank. During 2023, 21 properties were sold for 2.143.500 euros (2022: 2.175.217 euros). having generated gains totalling 712.195 euros (2022: 328.528 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 2023 and 2022 this item was made up as follows:

	2023	2022
Other operating income		
Reimbursement of expenses	67.844	127.127
Recovery of loans	295.760	297.874
Income from provision of sundry services	13.983	13.698
Rents	156.188	492.653
Salary guarantee fund	-	156.416
Other	494.383	477.497
	1.028.158	**1.565.265**
Other operating expenses		
Other taxes		
Special contribution on the banking sector	(561.980)	(486.917)
Other indirect taxes	(154.065)	(76.975)
Other operating expenses and losses		
Contributions to the Resolution Fund	(241.291)	(233.047)
Levies and donations	(84.231)	(72.558)
Contributions to the Deposit Guarantee Fund	(6.837)	(7.080)
Other operating expenses and losses	(58.840)	(346.753)
	(1.107.244)	**(1.223.330)**
	(79.086)	**341.935**

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 shareholders' 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 the Bank of 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 the Bank of Portugal.

In 2023 and 2022 the Bank recorded a periodic banking sector contribution of 475.530 euros and 412.016 euros, respectively.

Under the terms of Law 27-A/2020 of 27 July, an additional solidarity levy on the banking sector was created. In 2023 the Bank's contribution corresponded to 86.449 euros (2022: 74.901 euros).

Under the terms of article 153-H of the General Regime for Credit Institutions and Financial Companies that transposed articles 100, no. 4, sub-paragraph a), and 103, no. 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) no. 2015/63 of the Commission, of 21 October 2014 ("Delegated Regulation"), in 2016 the ex-ante contribution to the Single Resolution Fund (FUR) in the amount of 101.582 euros was made. It is incumbent on the Bank of 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 2023 and 2022 the contribution came to 139.327 euros and 170.501 euros, respectively.

8. STAFF COSTS

In 2023 and 2022 this item was made up as follows:

	2023	2022
Salaries and earnings		
Governing Bodies	1.729.654	988.447
Employees	10.140.661	9.083.018
Social Security charges		
Charges related to remunerations		
Social Security	2.621.217	2.140.630
Other compulsory social charges		
Other	184.282	102.887
Other staff costs		
Other	184.288	211.962
	14.860.102	**12.526.944**

As at 31 December 2023 and 2022, the average number of employees in the service of the Bank, broken down by professional category, was as follows:

	2023	2022
Directors	9	10
Executives and managers	63	50
Technical staff	235	221
Administrative staff	6	6
	313	**287**

In accordance with Article 47 of Bank of Portugal Notice 3/2020, the remunerations paid in 2023 are detailed as follows:

	Aggregate remuneration
Governing bodies	1.655.360
Significant business units	623.690
Internal control functions	234.471
Other identified employees	630.114
Total	**3.143.635**
No. of identified employees	33
Fixed remuneration	2.850.225
Variable remuneration	217.000
Deferred remuneration payable in 2023	76.410
Total	**3.143.365**

9. OTHER ADMINISTRATIVE COSTS

In 2023 and 2022 this item was made up as follows:

	2023	2022
Water, energy and fuel	372.665	415.316
Consumables	49.038	26.405
Publications	4.766	4.801
Hygiene and cleaning materials	1.663	2.032
Other third party services	18.604	14.789
Leases and rentals	150.851	537
Communications	1.082.727	936.288
Travel and accommodation	272.749	290.097
Advertising and publications	1.026.645	1.145.124
Maintenance and repair	523.439	423.015
Transport	2.968	-
Staff training	66.779	57.914
Insurance	127.091	113.349
Specialised services	3.221.431	4.092.672
Other third party services	2.001.503	501.392
	8.922.919	**8.023.731**

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 2023 and 2022, as follows:

	2023	2022
Statutory audit of the accounts	92.766	90.508
Work arising from the role of Statutory Auditor required by regulations and / or specific request of supervisory bodies	44.630	41.734
Other non-audit services	35.500	33.509
	172.896	**165.751**

The Specialised services item also includes the litigation and notary costs which in 2023 came to 350.305 Euros (2022: 753.851) and IT costs which in 2023 came to 1.020.520 Euros (2022: 972.689 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 150.851 euros in 2023 (2022: 316 euros), relating to contracts of low value assets.

10. DEPRECIATIONS AND AMORTISATIONS

In 2023 and 2022 this item was made up as follows:

	2023	2022
Intangible assets		
Software	226.924	171.313
Tangible assets		
Real estate	112.049	125.401
Furniture and materials	27.424	25.455
Machines and tools	5.107	5.593
IT equipment	240.192	210.608
Fixtures and fittings	6.940	4.954
Safety equipment	121	179
Vehicles	456.717	433.016
Rights of use	960.736	938.629
	2.036.210	**1.915.148**

11. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

In 2023 and 2022 this item was made up as follows:

	2023	2022
Cash and deposits at Central Banks		
Allocation for the year	181.366	62.400
Reversal for the year	(243.766)	-
Loans and advances to credit institutions		
Allocation for the year	1.184	4.370
Reversal for the year	(1)	(6.040)
Amounts and deposits at other credit institutions		
Allocation for the year	9.923	14.312
Reversal for the year	(9.732)	(15.126)
Loans and advances to customers		
Allocation for the year	18.919.332	11.585.936
Reversal for the year	(13.415.609)	(9.026.753)
Margin adjustment	(453.574)	(354.222)
Recovery of credits written off	(76.804)	-
Debt securities		
Allocation for the year	464.915	4.132.070
Reversal for the year	(2.570.735)	(871.747)
	2.806.499	**5.525.200**

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

In 2023 and 2022 this item was made up as follows:

	2023	2022
Impairment of financial assets at fair value through other comprehensive income		
Allocation for the year	6.196	82.753
Reversal for the year	(136.587)	(46.773)
	(130.391)	**35.980**

13. IMPAIRMENT OF OTHER ASSETS

In 2023 and 2022 this item was made up as follows:

	2023	2022
Impairment for non-current assets held for sale		
Allocation for the year	1.332.094	466.098
Reversal for the year	(253.790)	(370.598)
	1.078.304	**95.500**
Impairment of other assets		
Allocation for the year	108.034	80.047
Reversal for the year	(63.130)	(52.441)
	44.904	**27.606**
	1.123.208	**123.106**

14. OTHER PROVISIONS

In 2023 and 2022 this item was made up as follows:

	2023	2022
Provisions for guarantees and other commitments		
Allocation for the year	224.572	156.745
Reversal for the year	(258.179)	(100.665)
Other provisions		
Allocation for the year	432.276	2.473.575
Reversal for the year	(191.124)	(69.241)
	207.545	**2.460.414**

15. SHARE OF PROFIT OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

The amount of 81.431 euros (2022: 102.542 euros) relates to the financial investment in the entity Crest Capital Partners - Sociedade de Capital de Risco, S.A.

16. EARNINGS PER SHARE

In 2023 and 2022 this item was made up as follows:

	2023	2022
Net income	21.140.059	17.162.313
No. of average shares over the period	9.500.000	9.500.000
Basic earnings per share	**2,2253**	**1,8066**

17. CASH AND DEPOSITS AT CENTRAL BANKS

This item was made up as follows:

	31 December 2023	31 December 2022
Cash in hand	486.859	862.366
Demand deposits at Banco de Portugal	18.570.265	30.369.940
Interest receivable	4.167	2.667
Impairment losses	-	(62.400)
	19.061.291	**31.172.573**

Demand deposits at the Bank of 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 ECBS minimum cash reserves regime.

18. LOANS AND ADVANCES TO CREDIT INSTITUTIONS REPAYABLE ON DEMAND

This item was made up as follows:

	31 December 2023	31 December 2022
Cheques payable		
In Portugal	169.200	545
Demand deposits		
In Portugal	18.321.857	3.020.248
Abroad	23.209.291	17.675.677
Impairment losses	(7.414)	(6.061)
	41.692.934	**20.690.409**

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 2023		31 December 2022	
	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	472.100	-	405.900	-
Corporates	-	-	717.270	-
Non-residents				
Foreign public issuers	4.380.749	-	1.405.680	-
Credit institutions	1.805.856	-	6.460.237	-
Corporates	11.498.702	-	20.795.181	-
	18.157.407	**-**	**29.784.268**	**-**
Interest receivable	**190.357**	**-**	**366.276**	**-**
	18.347.764	**-**	**30.150.544**	**-**
Equity instruments				
Residents				
Shares	-	-	-	-
Investment units	-	17.752.191	-	17.251.879
Other	-	210.694	-	180.329
Non-residents				
Shares	5.999.220	-	1.739.217	-
Investment units	291.408	-	249.885	-
	6.290.628	**17.962.885**	**1.989.102**	**17.432.208**
Derivatives				
Swaps				
Interest rate	646.513	-	2.615.862	-
Other	-	-	-	-
Options embedded				
in structured deposits	1.451	-	25.995	-
	647.964	**-**	**2.641.857**	**-**
	25.286.356	**17.962.885**	**34.781.503**	**17.432.208**

The composition of (non-resident) debt instruments, excluding public issuers and credit institutions, as at 31 December 2023 and 2022, by sector of activity, was as follows:

	31 December 2023	31 December 2022
Manufacturing industries	2.055.615	5.269.743
Electricity, gas, steam, hot and cold water and cold air	3.048.420	4.709.924
Water supply, sewerage, waste management and remediation activities	433.910	1.720.695
Construction	914.750	829.440
Wholesale and retail trade; repair of motor vehicles and motorbikes	485.695	1.245.515
Transportation and storage	185.126	998.698
Information and communication activities	433.095	1.266.180
Financial and insurance activities	1.965.788	2.750.606
Real estate activities	1.025.613	1.177.491
Administrative and support services activities	950.690	826.889
	11.498.702	**20.795.181**

As at 31 December 2023 and 2022, the nominal value of the debt instruments is as follows:

	31 December 2023	31 December 2022
Other residents		
Credit institutions	500.000	500.000
Corporates	-	1.000.000
Non-residents		
Foreign public issuers	4.939.558	2.000.000
Credit institutions	5.900.000	11.300.000
Corporates	13.150.000	25.550.000
	24.489.558	**40.350.000**

As at 31 December 2023 and 2022, 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:

	2023			
	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	101.374.338	646.513	(221.612)	424.901
Other	-	-	-	-
Options embedded				
in structured deposits	79.609.684	1.451	(1.807.680)	(1.806.229)
Options				
Equities	-	-	-	-
	180.984.022	**647.964**	**(2.029.292)**	**(1.381.328)**
Traded on the stock exchange				
Futures				
Interest rate	75.573.094	-	-	-
Equities	-	-	-	-
Foreign exchange	9.394.530	-	-	-
	84.967.624	**-**	**-**	**-**
	265.951.646	**647.964**	**(2.029.292)**	**(1.381.328)**

	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**

The distribution of derivative transactions as at 31 December 2023 and 2022, by times to maturity, was as follows (by notional amount):

	2023					
	<= 3 months	> 3 months <= 6 months	> 6 months <= 1 year	> 1year <= 5 years	> 5 years	Total
Derivatives						
Over the counter (OTC)						
Swaps						
Interest rate	15.633.253	15.643.972	20.162.834	49.934.279	-	101.374.338
Other	-	-	-	-	-	-
	15.633.253	**15.643.972**	**20.162.834**	**49.934.279**	**-**	**101.374.338**
Options embedded						
in structured deposits	8.483.589	7.133.814	37.239.242	26.753.039	-	79.609.684
Options						
Equities and exchange rates	-	-	-	-	-	-
Futures						
Interest rate	20.264.144	15.988.500	24.864.925	14.455.525	-	75.573.094
Equities	-	-	-	-	-	-
Foreign exchange	9.394.530	-	-	-	-	9.394.530
	29.658.674	**15.988.500**	**24.864.925**	**14.455.525**	**-**	**84.967.624**
	53.775.516	**38.766.286**	**82.267.001**	**91.142.843**	**-**	**265.951.646**

	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**

The distribution of derivative transactions as at 31 December 2023 and 2022, by type of counterparty, was as follows:

	2023	2022
Over the counter (OTC)		
Swaps		
Interest rate		
Financial institutions	101.374.338	100.804.100
Other		
Customers	-	-
Options embedded in structured deposits		
Customers	79.609.684	52.073.548
Opções de cotações		
Customers	-	-
	180.984.022	**152.877.648**
Traded on the stock exchange		
Futures		
Interest rate	75.573.094	73.990.928
Equities	-	69.220
Foreign exchange	9.394.530	18.146.482
	84.967.624	**92.206.630**
	265.951.646	**245.084.278**

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.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This item was made up as follows:

	31 December 2023	31 December 2022
Debt instruments		
Other residents		
Other national public issuers	175.672	160.822
Credit institutions	2.035.240	-
Companies	3.602.440	6.977.460
Non-residents		
Foreign public issuers	12.913.104	55.425.317
Credit institutions	35.253.468	26.199.604
Companies	60.034.420	101.267.500
	114.014.344	**190.030.703**
Interest receivable	1.068.372	959.623
	115.082.716	**190.990.326**

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 2023 and 2022, by sector of activity, was as follows:

	31 December 2023	31 December 2022
Extractive industries	-	970.570
Manufacturing industries	28.483.320	52.182.514
Electricity, gas, steam, hot and cold water and cold air	12.542.040	26.308.073
Water supply, sewerage, waste management and remediation activities	3.421.031	3.229.315
Wholesale and retail trade; repair of motor vehicles and motorbikes	1.469.295	4.768.450
Transportation and storage	2.589.775	-
Information and communication activities	6.182.940	9.772.159
Financial and insurance activities	1.021.230	-
Administrative and support services activities	2.364.870	1.707.790
Human health and social support activities	1.959.919	2.328.629
	60.034.420	**101.267.500**

As at 31 December 2023 and 2022, the nominal value of the debt instruments is as follows:

	31 December 2023	31 December 2022
Other residents		
Other national public issuers	200.000	200.000
Credit institutions	2.000.000	-
Corporates	3.500.000	7.000.000
Non-residents		
Foreign public issuers	13.200.100	57.500.100
Credit institutions	36.200.000	28.700.000
Corporates	63.250.000	110.850.000
	118.350.100	**204.250.100**

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 2023 and 2022, the potential gains and losses in financial assets at fair value through other comprehensive income were as follows:

	31 December 2023	31 December 2022
Debt instruments		
Other residents		
Portuguese public debt	(25.203)	(40.173)
Other bonds	168.630	(21.706)
Non-residents		
Foreign public issuers	(100.526)	(1.526.751)
Other bonds	(3.794.233)	(12.053.801)
	(3.751.332)	**(13.642.431)**
Equity instruments	(45.249)	(46.878)
Net potencial gains (Note 38)	**(3.796.581)**	**(13.689.309)**

By 2023, the Bank had built up 82.399 euros of impairment (2022: 213.094 euros).

As at 31 December 2023 and 2022, 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 2023			
	Stage 1	*Stage 2*	*Stage 3*	Total
	Gross value	Gross value	Gross value	
Financial assets at fair value through other comprehensive income	114.014.344	-	-	114.014.344

	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

In 2023, there are debt securities in the amount of 47.837.919.18 euros (2022: 126.258.064 euros) delivered as a guarantee of repurchase of funds pledged to Central Banks, Interbolsa and Clearnet.

21. LOANS AND ADVANCES TO CREDIT INSTITUTIONS

This item was made up as follows:

	31 December 2023	31 December 2022
Loans and advances to credit institutions		
Credit institutions in Portugal	1.000.000	1.000.000
Interest receivable	7.865	-
Impairment losses	(2.620)	(2.600)
	1.005.245	**997.400**

Changes in impairment were as follows:

	2023				
	Balance as at 31-12-2022	Net allocations	Charge-off	Other	Balance as at 31-12-2023
Impairment from Loans and advances to credit institutions	2.600	1.183	-	-	3.783

	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:

	31 December 2023	31 December 2022
Up to 3 months	-	-
From 3 months to 1 year	1.005.245	997.400
	1.005.245	**997.400**

22. FINANCIAL ASSETS AT AMORTISED COST

a) Loans and advances to customers

This item was made up as follows:

	31 December 2023	31 December 2022
Domestic loans		
Property leasing transactions	21.979.043	25.860.731
Medium and long-term loans	23.709.510	26.833.529
Current account loans	27.031.480	15.730.110
Consumption and auto loan	329.685.099	314.980.861
Equipment finance lease transactions	38.064	80.084
Current account overdrafts	16.178.143	16.793.094
Other loans	-	11.016.626
	418.621.339	**411.295.035**
Foreign loans		
Current account overdrafts	7.936.578	5.056.804
	426.557.917	**416.351.839**
Interest receivable	**2.747.118**	**2.100.196**
Commissions associated to amortised cost:		
Deferred expenses	20.515.391	20.873.979
Deferred income	(7.083.652)	(6.830.144)
	13.431.739	**14.043.835**
Past due principal and interest	**11.036.233**	**15.482.819**
	453.773.007	**447.978.689**
Impairment		
Impairment for non-securitised loans	(25.399.879)	(27.854.439)
	(25.399.879)	**(27.854.439)**
	428.373.128	**420.124.250**

As at 31 December 2023, 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 31% (14.886.218 euros) of the share capital (2022: 26%).

As at 31 December 2023, the loan granted by the Bank to holders with qualified shareholdings and to companies controlled by them comes to 27.632.382 euros (2022: 12.172.399 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 Executive Board of Directors. The impairment amount set up for these contracts comes to 200.055 euros as at 31 December 2023 (31 December 2022: 146.324 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 rate method, as referred to in Note 2.4.

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

The changes in impairment during 2023 and 2022 is as follows (the "others" item corresponds to impairment of stage 3 operations):

	2023				
	Balance as at 31-12-2022	Net appropriations	Charge-off	Other	Balance as at 31-12-2023
Impairment of financial assets at amortised cost					
Non-securitised loans and advances to customers	**27.854.439**	**5.503.723**	**(7.858.970)**	**(99.313)**	**25.399.879**

	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**

In September 2016 the Bank initiated its auto loan concession activity. At the end of 2023, the amount of loans granted amounts to 339.655.531 euros (2022: 328.456.783 euros), excluding principal and interest due and accrued interest.

As at 31 December 2023 and 2022, the breakdown of times to maturity of loans and advances to customers, excluding past due loans, is as follows:

	31 December 2023	31 December 2022
Up to 3 months	25.094.668	22.476.873
3 months to 1 year	21.470.158	13.866.472
1 to 5 years	95.339.041	105.208.761
More than 5 years	284.654.050	274.799.733
	426.557.917	**416.351.839**

As at 31 December 2023 and 2022, the total loan portfolio broken down by stage, as defined in IFRS 9, is as follows:

	31 December 2023						
	Stage 1		*Stage* 2		*Stage* 3		Total
	Gross value	Impairment	Gross value	Impairment	Gross value	Impairment	
Loans and advances to customers							
Property leasing transactions	20.254.854	(2.581.584)	548.650	(404.779)	1.212.970	(95.845)	18.934.266
Medium and long-term loans	21.549.861	(4.095.412)	213.766	(173.218)	2.084.030	(841.752)	18.737.275
Current account loans	27.031.480	(352.525)	-	-	-	-	26.678.955
Consumption and auto loans	300.248.762	(1.916.383)	23.188.716	(3.835.059)	17.073.662	(10.990.912)	323.768.786
Equipment finance lease transactions	38.064	(9.180)	-	-	34.614	(34.614)	28.884
Current account overdrafts	23.793.613	(21.416)	286.046	(15.345)	35.062	(31.856)	24.046.104
Other loans	-	-	-	-	-	-	-
	392.916.634	**(8.976.500)**	**24.237.178**	**(4.428.401)**	**20.440.338**	**(11.994.979)**	**412.194.270**

	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**

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

As at 31 December 2023 and 2022, the breakdown of past due loans by age is as follows:

	2023	2022
Up to 3 months	629.873	634.979
3 months to 1 year	2.445.685	2.251.151
More than 1 year	7.960.675	12.596.689
	11.036.233	**15.482.819**

As at 31 December 2023 and 2022, the breakdown of past due loans by type of guarantee was as follows:

	2023	2022
Mortgage guarantee or financial leasing (property)	175.577	2.073.862
Commercial pledge of pharmacies	-	-
Other real guarantees	34.615	1.749.622
Personal guarantee	-	1.273.509
No guarantee	10.826.041	10.385.826
	11.036.233	**15.482.819**

As at 31 December 2023 and 2022, the breakdown of performing loans and past due loans and the fair value of the underlying guarantees by type of loan was as follows:

	2023			
	Performing	Past due	Total	Fair value of associated guarantees
Loans and advances to customers				
Property leasing transactions	21.979.043	37.431	22.016.474	58.623.390
Medium and long-term loans	23.709.510	138.147	23.847.657	57.942.477
Current account loans	27.031.480	-	27.031.480	12.122.565
Consumption and auto loans	329.685.099	10.826.041	340.511.140	-
Equipment finance lease transactions	38.064	34.614	72.678	-
Current account overdrafts	24.114.721	-	24.114.721	168.131.981
Other loans	-	-	-	-
	426.557.917	**11.036.233**	**437.594.150**	**296.820.413**

	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**

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 2023 and 2022, by sector of activity, was as follows:

	2023		
	Performing loans	Past due loans	Total
Individuals	300.098.969	9.191.086	309.290.055
Wholesale and retail trade; repair of motor vehicles and motorbikes	26.034.954	248.696	26.283.650
Financial and insurance activities	32.169.975	-	32.169.975
Real estate activities	10.229.507	47.765	10.277.272
Public administration and defence; mandatory social security	35.284	-	35.284
Extractive industries	28.226	-	28.226
Manufacturing industries	6.254.063	101.383	6.355.446
Construction	9.086.680	433.131	9.519.811
Agriculture, livestock, hunting, forestry and fishing	3.999.503	48.768	4.048.271
Administrative and support services activities	3.868.777	71.514	3.940.291
Consultancy, scientific, technical and similar activities	3.578.306	84.947	3.663.253
Human health and social support activities	2.198.749	16.079	2.214.828
Hotels, restaurants and similar	6.677.914	185.928	6.863.842
Water supply, sewerage, waste management and remediation activities	441.716	580	442.296
Other activities and services	12.818.076	311.530	13.129.606
Transportation and storage	6.459.263	211.776	6.671.039
Arts, entertainment, sports and recreational activities	1.169.820	74.737	1.244.557
Education	579.426	215	579.641
Electricity, gas, steam, hot and cold water and cold air	9.485	-	9.485
Information and communication activities	807.354	8.098	815.452
Activities of households as employers of domestic staff and production activities	11.870	-	11.870
Total loans	**426.557.917**	**11.036.233**	**437.594.150**

	2022		
	Performing loans	Past due loans	Total
Individuals	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**

To comply with the requirements for disclosure of IFRS 16 – Leasings, the Bank prepared for the financial leasing portfolio, with reference to 31 December 2023 and 2022, 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:

	2023	2022
Minimum lease payments		
Up to 1 year	3.868.979	3.718.146
1 to 5 years	12.525.592	12.521.556
More than 5 years	14.565.471	15.248.933
	30.960.042	**31.488.635**
Unearned financial income	(8.942.935)	(5.547.820)
	22.017.107	**25.940.815**
Present value of minimum lease payments		
Up to 1 year	2.389.906	2.764.884
1 to 5 years	8.270.929	9.959.625
More than 5 years	11.356.273	13 216 306
	22.017.108	**25.940.815**
Impairments for finance lease loans	(2.261.321)	(2.559.877)
	19.755.787	**23.380.938**

As at 31 December 2023 and 2022 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 2023 there were 277 restructurings due to customers' financial difficulties, in a total amount of 5.310.297 euros (2022: 10.232.251 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:

	2023			
	Performing loans	Past due loans	Total	Impairment
Administrative and support services activities	-	20.060	20.060	9.839
Arts, entertainment, sports and recreational activities	27.338	17.299	44.637	27.364
Human health and social support activities	-	-	-	-
Financial and insurance activities	-	-	-	-
Real estate activities	584.642	8.290	592.932	200.258
Agriculture, livestock, hunting, forestry and fishing	1.371.238	14.799	1.386.037	560.032
Hotels, restaurants and similar	255.514	20.553	276.067	28.657
Wholesale and retail trade; repair of motor vehicles and motorbikes	13.307	121.321	134.628	125.353
Construction	37.760	-	37.760	1.636
Education	-	-	-	-
Manufacturing industries	688.133	6.120	694.253	28.110
Other activities and services	82.762	15.318	98.080	53.429
Households	1.500.479	417.925	2.019.201	-
Transportation and storage	31.112	1.651	32.763	19.950
Total loans	**4.592.285**	**643.336**	**5.336.418**	**1.054.628**

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
Households	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**

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 Value 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 of 31 December 2023, the amount of NPL was 20.696.292 Euros (31 December 2022: 29.207.723 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 4.975.560 euros (31 December 2022: 4.439.907 euros), which present an impairment of 1.784.204 euros (31 December 2022: 1.281.581 euros).

b. Debt securities

This item was made up as follows:

	31 December 2023	31 December 2022
Debt securities		
Portuguese public debt or public companies	3.334.466	8.267.316
Other residents		
Credit institutions	21.231.269	14.201.349
Corporates	36.373.855	49.932.338
Commercial paper	14.000.000	8.000.000
Interest receivable	946.990	858.579
Non-residents		
Government Debt	62.999.181	81.600.145
Credit institutions	50.472.383	29.786.814
Corporates	40.066.591	57.876.582
Interest receivable	2.626.356	2.451.696
Adjustments arising from the application of fair value hedge accounting	-	-
	232.051.091	**252.974.819**
Impairment		
Other loans and receivables – debt securities	(523.089)	(3.981.526)
	(523.089)	**(3.981.526)**
	231.528.002	**248.993.293**

The composition of the (non-resident) debt securities, excluding public issuers and credit institutions, as at 31 December 2023 and 2022, by sector of activity was as follows:

	31 December 2023	31 December 2022
Extractive industries	-	5.052.378
Manufacturing, industries	18.787.673	21.688.304
Electricity, gas, steam, hot and cold water and cold air	9.897.096	17.238.533
Other activities and services	-	-
Transportation and storage	5.026.795	5.033.182
Information and communication activities	3.736.167	6.133.326
Financial and insurance activities	614.976	723.263
Real estate activities	1.004.340	1.008.151
Administrative and support services activities	999.544	999.445
	40.066.591	**57.876.582**

As at 31 December 2023, the debt securities portfolio, excluding interest receivable, broken down by stage, as defined in IFRS 9, is as follows:

	31 December 2023						
	Stage 1		*Stage 2*		*Stage 3*		Total
	Gross value	Impairment	Gross value	Impairment	Gross value	Impairment	
Debt securities	231.030.067	(334.089)	1.021.024	(189.000)	-	-	231.528.002.
	231.030.067	**(334.089)**	**1.021.024**	**(189.000)**	**-**	**-**	**231.528.002**

	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**

In 2023, there are debt securities in the amount of 49.354.129,47 euros (2022: 104.663.121 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 2023, is 213.674.289 euros (2022: 237.082.639 euros).

23. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE COMPANIES AND JOINT VENTURES

As at 31 December 2023 and 2022, 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% stake in the amount of 31.473 euros and 25.042 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.	2023	2022
Net assets	1.572.667	1.997.812
Net equity	1.064.731	1.150.420
Net income	814.311	943.224
Total income	3.878.142	4.068.449

In 2023 there was a dividend distribution in the subsidiary Crest Capital Partners S.A., in which the Bank received 75.000 euros (2022: 90.000 euros).

24. INVESTMENT PROPERTIES

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

	2023	2022
Opening balance	6.271.600	6.151.623
Acquisitions	-	-
Revaluations	177.908	119.977
Disposals	-	-
Transfers	-	-
Closing balance	**6.449.508**	**6.271.600**

25. NON-CURRENT ASSETS HELD FOR SALE

This item was made up as follows:

	31 December 2023	31 December 2022
Real estate	7.484.008	8.350.529
Impairment	(3.619.441)	(2.764.156)
Other	16.175.617	-
	20.040.184	**5.586.373**

a. Real estate

Changes in this item in 2023 and 2022 are shown below:

	2023								
	31 de December de 2022						31 de December de 2023		
	Gross value	Impairment	Acquisitions	Disposals	Reinstatements / (Charges) Impairment	Use of Impairment	Gross value	Impairment	Net value
					Note 13				
Real estate	**8.350.529**	**(2.764.156)**	**774.702**	**(1.641.223)**	**(1.078.304)**	**223.019**	**7.484.008**	**(3.619.441)**	**3.864.567**

	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**

As at 31 December 2023 and 2022, the breakdown of non-current assets held for sale is as follows, according to the Bank acquisition date:

	2023			2022		
Year of acquisition	Gross value	Impairment	Net income	Gross value	Impairment	Net income
prior to 2014	2.941.134	(1.588.882)	1.352.252	3.195.867	(1.293.775)	1.902.092
2014	23.567	(6.921)	16.646	380.126	(1.372)	378.754
2015	27.718	(6.930)	20.788	96.549	(16.631)	79.918
2016	1.006.553	(493.607)	512.946	1.006.553	(331.414)	675.139
2017	853.996	(629.026)	224.970	870.103	(552.988)	317.115
2018	175.818	(112.590)	63.228	687.437	(93.539)	593.898
2019	704.888	(395.760)	309.128	704.888	(302.475)	402.413
2020	-	-	-	-	-	-
2021	764.132	(244.996)	519.136	1.003.879	(127.896)	875.983
2022	211.500	-	211.500	405.127	(44.066)	361.061
2023	774.702	(140.729)	633.973	-	-	-
	7.484.008	**(3.619.441)**	**3.864.567**	**8.350.529**	**(2.764.156)**	**5.586.373**

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 2023, the Bank recorded net gains from the sale of real estate received in lieu of payment, for a total of 731.531 euros (2022: net gains of 328.528 euros) (Note 6).

Changes in impairment were as follows:

	2023			
	Balance as at 31-12-2022	Net charges	Charge-off	Balance as at 31-12-2023
Impairment of other assets				
Non-current assets held for sale	**2.764.156**	**1.078.304**	**(223.019)**	**3.619.441**

	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**

b. Other

The Bank has agreed with the Banca Sistema Group to sell the lending credit business segment, under the Crédito Económico Popular (CEP) brand. This heading therefore includes the lending activity, which will be transferred during the 2024 financial year. This item is broken down as follows:

	31 December 2023
Assets	
Cash and deposits at Central Banks	360.788
Loans and advances to customers	13.711.435
Other tangible assets	1.166.748
Other assets	936.646
	16.175.617

26. Other tangible assets

Changes in the "Other tangible assets" items during 2023 and 2022 were as follows:

	2023									
	31 December 2022									
Description	Gross value	Accumulated depreciation	Acquisitions	Depreciation for the year	Transfers	Transfers - CEP Gross value	Transfers - CEP Depreciation	Disposals and write-offs Gross value	Disposals and write-offs Depreciation	Net income 31-12-2023
Real estate										
Premises	866.014	(282.663)	-	(13.203)	-	-	-	-	-	570.148
Leasehold expenses	3.362.009	(2.775.078)	43.102	(98.846)	94.246	(1.561.890)	1.462.454	-	-	525.997
	4.228.023	**(3.057.741)**	**43.102**	**(112.049)**	**94.246**	**(1.561.890)**	**1.462.454**	**-**		**1.096.145**
Equipment										
Furniture and materials	547.961	(442.830)	22.667	(27.424)	40.977	(52.418)	45.010	-	-	133.943
Machines and tools	85.604	(69.446)	1.837	(5.107)	855	(36.598)	32.102	-	-	9.247
IT equipment	1.346.535	(1.017.517)	164.283	(240.192)	32.010	(42.941)	38.083	-	-	280.261
Fixtures and fittings	497.683	(481.201)	40.193	(6.940)	-	(161.661)	153.600	-	-	41.674
Vehicles	2.363.242	(1.149.148)	403.858	(456.717)	-	(67.317)	67.317	(112.203)	112.203	1.161.235
Safety equipment	9.578	(9.343)	-	(121)	-	-	-	-	-	114
	4.850.603	**(3.169.485)**	**632.838**	**(736.501)**	**73.842**	**(360.935)**	**336.112**	**(112.203)**	**112.203**	**1.626.474**
Other tangible assets										
Artistic assets	41.364	-	-	-	-	-	-	-	-	41.364
Under construction	3.459	-	164.629	-	(168.088)	-	-	-	-	-
	44.823	**-**	**164.629**	**-**	**(168.088)**	**-**	**-**	**-**		**41.364**
Right-of-use - IFRS 16										
Real estate	6.611.583	(3.726.630)	3.897.669	(960.736)	-	(2.084.979)	1.042.490	(2.539.875)	2.449.217	4.688.739
Other	21.157	(21.157)	-	-	-	-	-	-		-
	15.756.189	**(9.975.013)**	**4.738.238**	**(1.809.286)**	**-**	**(4.007.804)**	**2.841.056**	**(2.652.078)**	**2.561.420**	**7.452.722**

2022								
	31 de December de 2021					Disposals and write-offs		
Description	Gross value	Accumulated depreciation	Acquisitions	Depreciation for the year	Transfers	Gross value	Depreciation	Net value 31-12-2022
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**

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.

27. INTANGIBLE ASSETS

Changes in the “Intangible assets” items during 2023 and 2022 were as follows:

2023								
	31 de December de 2022				CEP			
Description	Gross value	Accumulated amortisations	Acquisitions	Transfers	Gross value	Depreciation	Amortisation for the year	Net value 31-12-2023
Intangible assets								
Software	3.266.874	(2.795.213)	64.304	143.905	(9.651)	9.651	(226.924)	452.946
Intangible assets in progress	253.534	-	499.501	(143.905)	-	-	-	609.130
	3.520.408	**(2.795.213)**	**563.805**	**-**	**(9.651)**	**9.651**	**(226.924)**	**1.062.076**

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**

28. CURRENT TAX ASSETS

The asset and liability balances by income tax as at 31 December 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets / (liabilities)		
Tax assessed	(5.135.791)	(3.438.221)
Tax benefit	2.186	2.475.322
Surcharge	(195.873)	(228.240)
State surcharge	(761.830)	(563.674)
Autonomous taxation	(171.060)	(198.237)
Other	(22 729)	-
	(6.285.097)	**(1.953.050)**
Payments on account	470.642	2.946.838
Additional payments on account	2.561.452	615.326
Tax withheld at source	220.412	355.674
	3.252.506	**3.917.838**
	(3.032.591)	**1.964.788**

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 Bank of 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 Bank of Portugal Notice 3/95 ("Notice 3/95"), as amended before its revocation by Bank of 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 Bank of 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 Tax and Customs Authority until the end of the tenth month of the current taxation 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 Bank of 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 time subsequent 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:

	2023	2022
Current taxes		
For the year	6.285.097	1.953.051
Corrections from previous years	1.286.815	430.190
	7.571.912	**2.383.241**
Deferred taxes		
Entry and reversal of temporary differences	763.666	530.346
Total tax recognised in profit or loss	**8.335.578**	**2.913.587**
Income before taxes	**30.805.391**	**20.148.404**
Tax burden	27,06%	14,46%

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. In this way, therefore, the tax returns of the Bank for the years 2019 to 2023 are still subject to review and the taxable amount may be corrected.

However, The Bank's Executive Board of Directors does not think that there will be any correction with a significant impact on the financial statements as at 31 December 2023.

The reconciliation between the nominal and effective rate of tax in 2023 and 2022 is given below:

	2023		2022	
	Rate	Tax	Rate	Tax
Income before taxes		30.805.391		20.148.404
Tax at nominal rate	22,50%	6.931.213	22,50%	4.533.391
State surcharge	2,47%	761 830	2,80%	563.674
		7.693.043		**5.097.065**
Impairment not accepted for tax purposes	0,00%	-	0,00%	-
Costs not accepted for tax purposes:				
Write-ups	(0,01%)	(4.342)	(0,02%)	(4.052)
Tax benefits	(0,02%)	(5.488)	(0,04%)	(7.073)
Gains and losses	(1,66%)	(510.534)	(0,28%)	(56.844)
Autonomous taxation	0,34%	104.719	0,98%	198.238
Banking sector contribution	0,41%	126.446	0,51%	102.253
SIFIDE	0,00%	-	(12,29%)	(2.475.322)
Other	3,02%	931.734	0,29%	59.322
	27,06%	**8.335.578**	**14,46%**	**2.913.587**

29. DEFERRED TAX ASSETS

The asset and liability balances by income tax as at 31 December 2023 and 2022 are as follows:

	2023	2022
Deferred tax assets		
By temporary differences	3.606.446	5.985.191
Deferred tax liabilities		
By temporary differences	(1.140.868)	(217.818)
	2.465.578	**5.767.373**

The breakdown of changes in deferred taxes in 2023 and 2022 was as follows:

	2023				
	Balance as at 31-12-2022	Change in income	Transfers	Change in reserves	Balance as at 31-12-2023
Deferred tax assets					
Impairment of credit not recognised for tax purposes	450.662	1.045.786	-	-	1.496.448
Impairment of securities	31.924	-	-	-	31.924
Financial assets available for sale	3.559.222	-	3.447	(2.205.030)	1.357.639
Impairment of properties recovered	196.629	291.816	-	-	488.445
Impairment miscellaneous	6.812	-	-	-	6.812
Provisions	1.739.942	(1.514.763)	-	-	225.179
	5.985.191	**(177.161)**	**3.447**	**(2.205.030)**	**3.606.447**
Deferred tax liabilities					
Revaluation of Investment Units	(162.413)	(586.505)	(3.447)	-	(752.365)
Financial assets at fair value through other comprehensive income	(55.405)	-	-	(333.098)	(388.503)
	(217.818)	**(586.505)**	**(3.447)**	**(333.098)**	**(1.140.868)**
	5.767.373	**(763.666)**	**-**	**(2.538.128)**	**2.465.578**

	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
Miscellaneous impairment	-	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**

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 variations in net worth 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 negative net income, the amount of tax credit to be attributed will result from the proportion between the negative net income 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 variations in net worth, i.e. the deduction undertaken given that the conditions for the tax deductibility of those expenses and negative variations in net worth 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 2023 and 2022, 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 the Bank of 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. In 2023, there are no deferred taxes that do not depend on future profitability.

30. OTHER ASSETS

As at 31 December 2023 and 2022, this item was made up as follows:

	31 December 2023	31 December 2022
Debtors and other financial investments		
Debtors by transactions on futures	607.053	720.822
Other sundry debtors	1.112.329	730.319
Impairment of other sundry debtors	(189.866)	(144.962)
	1.529.516	**1.306.179**
Other		
Gold and other precious metals	-	370.052
Income receivable		
Commissions	1.154.857	829.107
Deferred expenses		
Rents	47.262	85.027
Insurance	11.646	1.214
Other	352.892	452.273
	411.800	**538.514**
Other accruals and deferrals		
Stock market transactions pending settlement	3.166.324	1.592.794
Asset transactions pending settlement	1.025.632	1.081.502
	4.191.956	**2.674.296**
	7.288.129	**5.718.148**

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

As at 31 December 2023 and 2022, "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 "Assets transactions pending settlement" is essentially due to the decrease in the Telemarketing insurance activity associated with auto loans.

The changes to impairment are as follows:

	2023				
	Balance as at 31-12-2022	Net charges	Charge-off	Other	Balance as at 31-12-2023
Impairment of other assets					
Other assets	**144.962**	**44.904**	**-**	**-**	**189.866**

	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**

31. RESOURCES FROM CENTRAL BANKS

As at 31 December 2023 and 2022 this item was made up as follows:

	31 December 2023	31 December 2022
Resources from the Bank of Portugal	41.510.000	176.510.000
Interest receivable	-	(2.683.578)
Interest payable	1.138.698	-
	42.648.698	**173.826.422**

As at 31 December 2023 and 2022, "Resources from the Bank of Portugal" corresponds to resources obtained by discounting securities at the European Central Bank.

As at 31 December 2023 and 2022, the times to maturity of resources obtained from the Bank of Portugal are as follows:

	31 December 2023	31 December 2022
Up to 3 months	-	-
3 months to 1 year	42.648.698	97.996.280
More than 1 year	-	75.830.142
	42.648.698	**173.826.422**

Resources obtained from the Bank of Portugal as at 31 December 2023 and 2022 are secured by a chattel mortgage on the Bank's own securities portfolio (Note 42).

As at 31 December 2023, central bank resources include 41.5 million euros (31 December 2022: 176.5 million euros) in relation to 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.

32. FINANCIAL LIABILITIES HELD FOR TRADING

As at 31 December 2023 and 2022, this item relates to derivatives recorded at fair value offset against profit or loss (Note 5) and is broken down as follows:

	31 December 2023	31 December 2022
Interest rate swaps	221.612	-
Options	1.807.680	210.360
	2.029.292	**210.360**

33. RESOURCES FROM CREDIT INSTITUTIONS

As at 31 December 2023 and 2022, this item was made up demand deposits and other resources from other credit institutions as follows:

	31 December 2023	31 December 2022
Demand deposits and other resources		
Credit institutions in Portugal	492.906	7.257.569
	492.906	**7.257.569**

34. RESOURCES FROM CUSTOMERS AND OTHER LOANS

As at 31 December 2023 and 2022, this item was made up as follows:

	31 December 2023	31 December 2022
At sight		
Demand deposits	215.456.819	290.928.234
With agreed maturity dates		
Term deposits	366.634.155	291.866.045
Structured deposits	77.178.242	51.406.963
	443.812.397	**343.273.008**
	659.269.216	**634.201.242**
Interest payable	**4.961.565**	**1.466.610**
	664.230.781	**635.667.852**

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 Bank of Portugal Notice 11/94.

As at 31 December 2023 and 2022, the times to maturity of customers' resources are as follows:

	31 December 2023	31 December 2022
Up to 3 months	109.714.307	81.064.402
3 months to 1 year	294.748.880	197.412.616
1 to 5 years	39.265.474	64.714.990
More than 5 years	83.736	81.000
	443.812.397	**343.273.008**

35. NON-CURRENT LIABILITIES HELD FOR SALE

This item includes the lending activity, which will be divested during the 2024 financial year. This item is broken down as follows:

	31 December 2023
Liabilities	
Non-current liabilities held for sale	1.175.126
	1.175.126

36. PROVISIONS

Changes in Banco Invest's provisions and impairment during 2023 and 2022 were as follows:

	2023			
	Balance as at 31-12-2022	Net charges	Charge-off	Balance as at 31-12-2023
Other provisions				
Provisions for guarantees and other commitments	98.466	(33.607)	-	64.859
Other provisions	6.692.088	241.152	(5.915.667)	1.017.573
	6.790.554	**207.545**	**(5.915.667)**	**1.082.432**

	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**

The Other provisions item includes the accumulated earnings up to 31 December 2023 of future minority shareholders in the amount of 866.075 euros from the Invest Corporate Finance business segment. The use of the amount of 5.776.651 euros in 2023 corresponds to the accumulated results up to 31-12-2022 of the auto loans business segment, as part of the creation of the new company and the transfer of this segment.

37. OTHER LIABILITIES

As at 31 December 2023 and 2022, this item was made up as follows:

	31 December 2023	31 December 2022
Creditors and other resources		
Creditors by transactions on futures	408.503	2.990.345
Public Administration Sector		
Tax withheld at source	1.365.172	957.184
VAT payable	232.922	182.101
Social Security contributions	304.842	270.307
Advances on account, third parties	56.033	39.293
Sundry creditors		
Trade payables	337.071	500.222
Other creditors	4.764.556	3.704.918
	7.469.099	**8.644.370**
Deferred income		
Rents	5.839	5.653
Commissions	1.379.775	242.522
	1.385.614	**248.175**
Interest payable		
Staff costs	2.346.344	1.962.973
General administrative costs	542.747	355.592
Rent charges	4.685.069	3.004.175
Other	87.643	54.990
	7.661.803	**5.377.730**
Other accruals and deferrals		
Stock transactions pending settlement	3.368.665	1.769.623
Other transactions pending settlement	4.744.467	7.844.279
	8.113.132	**9.613.902**
	24.629.648	**23.884.177**

The margin accounts of customers' futures contracts, according to Note 31, are carried against the "Creditors in 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 615.387 euros (31 December 2022: 507.045 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 2023, the Rent charges item amounted to 4.685.069 euros (2022: 3.004.175 euros) corresponds to the amount of lease liabilities recognised under IFRS 16 and as described in accounting policy 2.8.

The minimum future payments for non-revocable operating lease contracts by maturity are as follows:

	31 December 2023	31 December 2022
Capital Income		
Up to 1 year	778.618	1.125.623
1 to 5 years	2.986.852	2.014.572
5 to 10 years	107.628	659.343
	3.873.098	**3.799.538**
Costs to be accrued in Net interest income	(920.817)	(795.363)
	2.952.281	**3.004.175**

38. SHARE CAPITAL

As at 31 December 2023 and 2022, the Bank's shareholder structure is as follows:

	31 December 2023			31 December 2022		
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	99,59%
Alves Ribeiro - IF. SGPS. S.A. (Preferential Shares)	-	-	0,00%	-	-	0,00%
Other	38.500	192.500	0,41%	38.500	192.500	0,41%
	9.500.000	**47.500.000**	**100%**	**9.500.000**	**47.500.000**	**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 9,68%.

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 2023 and 2022, the breakdown of the reserves and retained earnings items is as follows:

	31 December 2023	31 December 2022
Revaluation reserves		
Reserves arising from fair value valuation		
From financial assets at fair value through other comprehensive income	(3.714.183)	(13.476.216)
Reserves for deferred taxes		
Gains / (losses) from financial assets available for sale	965.688	3.503.816
	(2.748.495)	**(9.972.400)**
Legal reserve	12.651.889	10.935.958
Other reserves and retained earnings	96.501.904	82.569.861
	109.153.793	**93.505.819**

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 2023 and 2022, in the fair value reserve are analysed as follows:

		Change in fair value				
	Balance 31-12-2022	Acquisition	Change in fair value	Disposal	Retained earnings	Balance 31-12-2023
Miscellaneous bonds	(11.376.259)	1.165.253	3.499.496	3.085.907	-	(3.625.603)
Public debt securities	(2.266.173)	246.592	512.054	1.381.797	-	(125.730)
Shares	(46.878)	-	1.629	-	-	(45.249)
Investment units	-	-	-	-	-	-
Potential net capital gains (Note 9)	(13.689.310)	1.411.845	4.013.179	4.467.704	-	(3.796.582)
			9.892.728			
Miscellaneous bonds	163.445	18.176	(2.120)	(102.814)	-	76.687
Public debt securities	49.649	3.780	-	(47.717)	-	5.712
Provisions and impairment (Note 23)	213.094	21.956	(2.120)	(150.531)	-	82.399
	(13.476.216)	**1.433.801**	**4.011.059**	**4.317.173**	**-**	**(3.714.183)**
			9.762.033			

		Change in fair value				
	Balance 31-12-2021	Acquisition	Change in fair value	Disposal	Retained earnings	Balance 31-12-2022
Miscellaneous bonds	2.901.990	(1.122.969)	(12.793.957)	(361.323)	-	(11.376.259)
Public debt securities	68.323	(619.423)	(1.712.425)	(2.648)	-	(2.266.173)
Shares	(190.146)	-	(2.732)	-	146.000	(46.878)
Investment units	-	-	-	-	-	-
Potential net capital gains (Note 9)	2.780.167	(1.742.392)	(14.509.114)	(363.971)	146.000	(13.689.310)
			(16.469.477)			
Miscellaneous bonds	153.337	(1.138)	10.094	1.152	-	163.445
Public debt securities	22.682	23.879	3.265	(177)	-	49.649
Provisions and impairment (Note 23)	176.019	22.741	13.359	975	-	213.094
	2.956.186	**(1.719.651)**	**(14.459.755)**	**(362.996)**	**146.000**	**(13.476.216)**
			(16.432.402)			

The revaluation reserves item includes, in 2023, impairment of 82.399 euros (2022: 213.094 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 resolution of the General Meeting held in 2023, the Bank distributed free reserves totalling 1.500.000 euros to the shareholder Alves Ribeiro Investimentos Financeiros, SGPS, S.A., as holder of ordinary shares.

Credit reserve

Due to the revocation of Bank of 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 on the basis of 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 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.

41. NON-CONTROLLING INTERESTS

Non-controlling interests are broken down as follows:

	2023			
	Balances as at 31 Dezembro 2022	Constitution	Net income	Balances as at 31 Dezembro 2023
Fundo Especial de Investimento Imobiliário Fechado Tejo	1.188.991	-	39.748	1.228.739
BiCredit, Sociedade Financeira de Crédito, S.A.	-	7.896.651	1.290.006	9.186.657

	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

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 2023 and 2022, guarantees and commitments are recorded in off-balance sheet items and are broken down as follows:

	2023	2022
Guarantees and stand-by-letters of credit provided		
Guarantees and stand-by-letters of credit provided	1.491.343	1.441.478
Assets pledged as collateral	97.592.049	201.062.890
	99.083.392	**202.504.368**

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 2023 and 2022, the total sum of this item corresponds to securities given as guarantee to the Bank of 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 ('FR') was created. The mission of this entity is to provide financial support to the resolution measures applied by the Bank of 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 the Bank of 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 the Bank of 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, the Bank of 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) the obtainment of 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 the Bank of 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. 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, deadlines 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, CEMG included, 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 2023, 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:

	2023	2022
Assets under management and custody		
Portfolio management	14.911.587	14.225.407
Fund management	283.115.762	224.584.569
	298.027.349	**238.809.976**

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), 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 Executive Board of Directors:
- Afonso Ribeiro Pereira de Sousa (Chairman);
- António Miguel R. R. Branco Amaral (Deputy Chairman);
- Luís Miguel Barradas Ferreira (Member); and
- Marília Boavida Correia Cabral (Member).

Governing bodies – members of the General and Supervisory Board:
- Carlos António A. da Cunha Ramalho (Chairman);
- José Manuel L. Neves de Almeida (Member);
- Alexandre Wende Dias da Cunha (Member);
- Maria Paula Toscano Figueiredo Marcelino (Member); and
- Sofia Luísa Corrêa Henriques Cardoso de Menezes Frère (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 e Service;
- ALRISA Sociedade Imobiliária, S.A.;
- Alves Ribeiro - Investimentos Financeiros, SGPS, S.A. – Group's parent company in the financial;
- 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.;
- 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); e
- VALRI, SGPS, S.A..

Other related entities:
- KENMEI - Investimentos, S.A.;
- Soromenho & Ramos, Lda.;
- AR4I - Imobiliário e Gestão, S.A.;
- M&V - Ginásio, Lda.;
- Netmais - Consultores em Internet e Telecomunicações, Lda.;
- SOMORAIS - Sociedade de Investimentoe 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 Seguro, Lda.;
- Vocábulo Positivo, Lda.;
- MVM SEGUROS - Mediação de Seguros, Lda.;
- Luis Portela Sociedade Agrícola, Unipessoal, Lda.;
- CAFOCA - Consultoria e Gestão de Projetos, Unipessoal, 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.;
- Chiripa, S.A.;
- Kraken, S.A.;
- AEBT - Autoestradas Baixo Tejo, S.A.;
- ARB Construções Ltda (Brazil);
- 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.;
- ALR PATRIMOINE;
- 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.;
- 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.;
- GiantProgress, Lda.;
- RIFT - Consultoria de Gestão, S.A.;
- Brisa - Auto Estradas de Portugal;
- J. Vasconcelos, Lda.;
- Táticas Didáticas, Lda.;
- António Carlos Marcelino UNIP, Lda..

The company Motor Park - Comércio de Veículos Automóveis, S.A. was liquidated in January 2023.

Transactions with related entities, excluding governing bodies

In 2023 and 2022, the main balances in the income statement with related entities were as follows:

	2023	2022
Interest and similar income		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	324.920	186.776
Monvest - SGPS, S.A.	-	-
US Gestar	25.287	22.702
Interest and similar charges		
VALRI, SGPS, S.A.	105.351	20.494
SOTIF, SGPS, S.A.	21.437	-
MS - Participações, SGPS, S.A.	80.251	3.458
LERIMO, SGPS, S.A.	958	1.044
SCO - Sociedade investimento e consultoria	5.401	2.620
SOTIF - Soc. INVEST Consultoria Técnica SA	2.098	739
Var - Soc. Consultoria Técnica e Inv, SA	4.014	134
Alves Ribeiro, S.A.	88.472	-
Mundicenter, S.A.	145.482	-
Management Bodies and relatives of related parties	70.856	19.290

The amount of rents that are recorded under IFRS 16, paid to Alrisa, in the year 2023 amounts to 563.757 euros (2022: 695.939 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 deadline 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 deadline 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 2023, the amount of Resources from Customers of Governing Bodies came to 289.488 euros (31 December 2022: 1.025.056 euros).

As at 31 December 2023, the amount of loans granted to members of the Executive Board of Directors, members of the General and Supervisory Board and the General Meeting and the General Meeting came to 191.618 euros (31 December 2022: 219.317 euros), with the same conditions having been applied to the other employees. Interest and similar charges came to 2 euros (2022: 3.316 euros).

Remuneration Policy

The Remuneration Commission, 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 Commission, 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 Audit Board earn a fixed remuneration, not related, in any way, to the performance or results of the Bank;
e) The Remuneration Commission 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 31 March 2023, and can be consulted on Banco Invest's website.

Balances with related entities, excluding governing bodies

As at 31 December 2023 and 2022, the main balances with related entities were as follows:

	31 December 2023	31 December 2022
Loans and advances to customers		
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	11.427.353	9.543.344
US Gestar	515.081	613.112
Monvest, SGPS, S.A.	-	266.058
Crest Capital Partners - Sociedade de Capital de Risco, S.A.	-	70.521
Related parties and relatives	1.312.451	1.679.364
Resources from customers		
Alves Ribeiro, S.A.	9.093	27.867
VALRI, SGPS, S.A.	10.061.281	9.423.291
SOTIF, SGPS, S.A.	2.584.866	2.548.956
MS - Participações, SGPS, S.A.	7.585.221	10.219.682
US Gestar	88.078	53.145
Fundo Inspirar;	3.667.390	2.116.884
LERIMO, SGPS, S.A.	411.285	385.401
Alves Ribeiro Consultoria de Gestão, S.A.	141.955	614.364
Alves Ribeiro - Investimentos Financeiros, SGPS, S.A.	141.526	6.933.388
Mundicenter, S.A.	3.876	657
ALRISA Sociedade Imobiliária, S.A.	1.546.679	2.143.313
Var - Soc. Consultoria Técnica e Inv, S.A.	221.344	218.112
SCO - Sociedade Investimento e Consultoria	674.215	597.715
SOTIF - Soc. INVEST Consultoria Técnica, S.A.	246.045	243.692
Monvest - Urbanização Gestão Imóveis, Lda.	2.725	3.964
Visão e Resultados, Prestação De Serviços, Lda.	-	104
Vumba Projectos e Investimentos Financeiros, Lda.	219	219
Crest Capital Partners - Sociedade de Capital de Risco, S.A.	7.979	517
Management Bodies and relatives of related parties	22.412.026	16.606.459

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 shareholders' 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 the Bank of 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 2023 and 2022, the Bank presented the following consolidated ratios:

	2023	2022
Common Equity Tier 1 capital (includes profit for the year)	158.006.549	147.191.228
Complementary capital	-	
Total Own Funds	**158.006.549**	**147.191.228**
RWA	**749.583.828**	**778.573.090**
Capital ratios		
Common Equity Tier 1	21.08%	18.91%
Total capital ratio	21.08%	18.91%

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 2023 and 2022, the maximum exposure to credit risk by type of financial instrument was summarised as follows:

	2023		
	Gross value	Provisions and impairment	Net value
Assets			
Deposits at Central Banks	19.057.124	-	19.057.124
Amounts and deposits at other credit institutions	41.700.348	(7.414)	41.692.934
Financial assets held for trading			
Securities	18.347.764	-	18.347.764
Derivatives	647.964	-	647.964
Financial assets at fair value through other comprehensive income	115.082.716	-	115.082.716
Financial assets at amortised cost			
Loans and advances to credit institutions	1.007.865	(2.620)	1.005.245
Loans and advances to customers	453.773.007	(25.399.879)	428.373.128
Debt securities	232.051.091	(523.089)	231.528.002
Other assets			
Debtors and other financial investments	1.719.382	(189.866)	1.529.516
	883.391.428	**(26.122.868)**	**857.264.393**
Off-balance sheet			
Guarantees provided	1.491.343	(64.859)	1.426.484
	884.882.771	**(26.187.727)**	**858.690.877**

	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**

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 also 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, with regard to 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 issue 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 the Bank of Portugal; ii. Debts to the Tax Authority (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 the Bank of 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 non-fulfilment, the Bank fully respects, in recognising impairment, the guidelines of Circular Letter 02/2014/DSP, replaced by Circular Letter no. CC/2018/00000062 of 14-11 of the Bank of 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 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;

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 expected default, reduction of loss probability, 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 deadline; 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 Bank of Portugal terms and depending on the difficulties of the Debtor, the corresponding credit impairments are then calculated via individual analysis.

As at 31 December 2023 and 2022, the Bank's loan portfolio according to the stages defined in note 2.4 is as follows:

	2023			
	Risk Category			
Type of contract	***Stage* 1**	***Stage* 2**	***Stage* 3**	**Total**
Current accounts	26.678.955	-	-	26.678.955
Medium and long-term loans	17.454.449	40.548	1.242.278	18.737.275
Property leasing	17.673.270	143.871	1.117.125	18.934.266
Equipment leasing	28.884	-	-	28.884
Other loans	-	-	-	-
Consumer credit and auto loans	298.332.379	19.353.657	6.082.750	323.768.786
Current account overdrafts.	23.772.197	270.701	3.206	24.046.104
	383.940.134	**19.808.777**	**8.445.359**	**412.194.270**

	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	18.593.930	127.660	3.584.706	22.306.296
Property leasing	21.397.876	383.184	867.400	22.648.460
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**

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 real property, 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 establishments.

- 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 Bank of Portugal requirements stipulated 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 thousand 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.

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 amount of the realisation of the credits, the costs related to their realisation are considered, as regulated by the Bank of 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 contract 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 financing contracts 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 2023 and 2022, the credit risk associated with the Bank's security portfolio can be demonstrated via the rating, being presented as follows:

	2023									
	Ratings									
	AAA	AA	A	BBB	BB	B	CCC	C	N.R.	Total
Assets										
Financial assets held for trading	-	-	1.635.407	10.958.788	4.951.243	467.057	-	-	335.269	18.347.764
Financial assets at fair value through other comprehensive income	5.706.597	13.164.828	38.496.166	56.772.298	942.827	-	-	-	-	115.082.716
Financial assets at amortised cost - Debt securities	32.754.078	27.697.225	48.862.595	66.622.630	52.794.332	2.797.142	-	-	-	231.528.002
	38.460.675	**40.862.053**	**88.994.168**	**134.353.716**	**58.688.402**	**3.264.199**	**-**	**-**	**335.269**	**364.958.482**

	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**

N.R. – Not Rated

In preparation of this disclosure, relative to 2023 and 2022, 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 2023 and 2022, the exposure by country associated to the Bank's security portfolio, is presented as follows:

	2023				2022			
	Banks	Public Debt	Other	Total	Banks	Public Debt	Other	Total
Portugal	29.802.171	5.347.473	52.952.325	88.101.969	14.671.251	8.523.683	66.208.910	89.403.844
Spain	16.885.096	40.081.256	7.163.926	64.130.278	18.834.472	96.231.225	11.353.195	126.418.892
Netherlands	-	986.881	27.355.323	28.342.204	-	-	55.196.861	55.196.861
Italy	8.279.954	4.348.372	5.325.612	17.953.938	9.229.996	19.406.060	4.880.582	33.516.638
Great Britain	-	-	15.451.012	15.451.012	258.282	-	17.302.182	17.560.464
U.S.A.	5.760	-	5.998.871	6.004.631	7.200	-	12.616.697	12.623.897
Germany	2.287.783	-	14.680.273	16.968.056	5.007.332	-	22.043.629	27.050.961
France	23.396.058	4.204.651	15.560.312	43.161.021	10.791.661	1.190.895	19.620.162	31.602.718
Other	31.828.544	30.316.647	22.700.182	84.845.373	20.216.760	22.983.758	33.559.370	76.759.888
	112.485.366	**85.285.280**	**167.187.836**	**364.958.482**	**79.016.954**	**148.335.621**	**242.781.588**	**470.134.163**

Equity instruments and derivatives were not considered in the elaboration of these tables.

As at 31 December 2023 and 2022, the financial instruments subject to impairment requirements laid down in IFRS 9, analysed by stage, are detailed in the following table:

	2023			
	Risk Category			
Category	Stage 1	Stage 2	Stage 3	Total
Deposits at Central Banks	19.057.124	-	-	19.057.124
Amounts and deposits at other credit institutions	41.692.934	-	-	41.692.934
Financial assets at amortised cost				
Loans and advances to credit institutions	1.005.245	-	-	1.005.245
Loans and advances to customers	383.940.134	19.808.777	8.445.359	412.194.270
Debt securities	230.695.978	832.024	-	231.528.002
Financial assets at fair value through other comprehensive income	115.082.716	-	-	115.082.716
	791.474.131	**20.640.801**	**8.445.359**	**820.560.291**
Guarantees and other commitments	41.832.866	-	-	41.832.866

	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	-	-	-
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

The following are the transfers in stages that occurred during 2023 and 2022:

	Stage transfer					
	To Stage 2 from Stage 1	To Stage 1 from Stage 2	To Stage 3 from Stage 2	To Stage 3 from Stage 1	To Stage 2 from Stage 3	To Stage 1 from Stage 3
Exposure	23.898.409	9.431.316	6.141.325	4.736.739	6.396.484	753.341
Impairment	342.854	23.856	(820.089)	(2.044.228)	1.383.014	362

	Stage 1	Stage 2	Stage 3
Balance as at 31 December 2022	9.427.597	4.279.338	14.147.503
Increases due to origination and acquisition	2.565.580	245.227	473.257
Decrease due to reimbursement	(1.304.206)	(262.497)	(2.215.302)
Variations changes from credit risk	(1.675.671)	191.786	7.386.240
Write-offs	(36.800)	(25.453)	(7.796.719)
Balance as at 31 December 2023	8.976.500	4.428.401	11.994.979

At 31 December 2023 and 2022, the main parameters used in the credit loss models of a real estate origin are detailed in the following table:

2023				
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	4,64%	6,51%	24,60%	PD over 1 year
2	6,24%	9,13%	26,10%	*PD lifetime*
3	6,64%	9,02%	22,41%	
4	8,26%	9,77%	18,79%	
5	8,52%	9,89%	20,42%	

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%	

As at 31 December 2023 and 2022, the main parameters used in the Crédito Económico Popular loss models are detailed in the following table:

2023				
	Crédito Economico Popular			
	Probability of passing from ... to ...			
# of months	*Stage* 1 *Stage* 3	*Stage* 1/2 *Stage* 3	*Stage* 2 *Stage* 3	
12	25,31%	36,84%	58,24%	PD over 1 year
13	26,60%	37,92%	59,14%	
14	27,35%	38,27%	59,60%	
15	0,00%	0,00%	0,00%	

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%	PD over 1 year
13	25,49%	36,94%	56,67%	
14	26,04%	37,07%	56,62%	
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 2023, is 43,10% and 2,23%, respectively (31 December 2022: 41,41% and 5,75%, respectively).

As at 31 December 2023 and 2022, the main parameters used in the credit loss models of the auto loan portfolio are detailed in the following table:

2023			
	Average PD	Average LGD	Average ECL
Stage 1	1,3%	49,5%	0,6%
Stage 2	33,4%	49,2%	16,4%
Stage 3	100,0%	65,5%	65,5%

2022			
	Average PD	Average LGD	Average ECL
Stage 1	1,2%	47,8%	0,6%
Stage 2	28,1%	47,7%	13,4%
Stage 3	100,0%	70,2%	70,2%

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 carried out and the type of credit associated, and the impacts obtained in relation to the impairment recorded on 31 December 2023 are 2022 presented in the following tables:

2023									
Type of credit	Impairment before the shock			Shock		Impairment after the shock			Variation %
	Individual	Collective	Total	Colateral	PD	Individual	Collective	Total	
General real estate credit	8.331.218	257.691	8.688.775	(11,9%)	30%	9.944.966	426.788	10.371.754	19%
Loans with precious metals as collateral	42.507	56.806	99.313	(13,5%)	30%	78.859	73.134	151.993	53%
Auto loans	-	16.414.221	16.414.221	-	30%	-	18.057.058	18.057.058	10%
TOTAL	**8.373.725**	**16.828.584**	**25.202.309**			**10.023.825**	**18.556.989**	**28.580.805**	

2022									
Type of credit	Impairment before the shock			Shock		Impairment after the shock			Variation %
	Individual	Collective	Total	Colateral	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**	

This table does not take into account the impairment and provisions of overdrafts and includes provisions for guarantees and other commitments.

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 Bank of Portugal Instruction 34/2018, the impact on own funds arising from a 200 bps shock to the interest rate curve comes to 16.517.167 euros (2022: 8.886.672 euros).

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 permit 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 2023 and 2022, the breakdown of the times to maturity of the financial instruments was as follows:

2023	At sight	Up to 3 months	3 months to 1 year	From 1 to 5 years	More than 5 years	Indeterminate	Other (1)	Total
Assets								
Cash and deposits at Central Banks	6.561.291	12.500.000	-	-	-	-	-	19.061.291
Amounts and deposits at other credit institutions	41.692.934	-	-	-	-	-	-	41.692.934
Financial assets held for trading	-	176.323	873.112	12.072.290	5.874.004	6.290.627	-	25.286.356
Financial assets not held for trading mandatorily at fair value through profit or loss	-	-	-	-	-	17.962.885	-	17.962.885
Financial assets at fair value through other comprehensive income	-	-	8.371.000	70.505.491	36.206.225	-	-	115.082.716
Financial assets at amortised cost								
Loans and advances to credit institutions	-	-	1.005.245	-	-	-	-	1.005.245
Loans and advances to customers	52.681.197	12.286.808	41.389.316	200.587.871	111.071.041	-	10.356.895	428.373.128
Debt securities	-	54.323.490	11.932.824	101.076.553	64.195.135	-	-	231.528.002
Hedging derivatives	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	1.529.516	-	1.529.516
	100.935.422	**79.286.621**	**63.571.497**	**384.242.205**	**217.346.405**	**25.783.028**	**10.356.895**	**881.522.073**
Liabilities								
Resources from Central Banks	-	-	42.648.698	-	-	-	-	42.648.698
Resources from other credit institutions	492.906	-	-	-	-	-	-	492.906
Resources from customers and other loans	209.546.747	118.100.836	292.262.350	39.265.474	83.736	-	4.971.638	664.230.781
Hedging derivatives	-	-	-	-	-	-	-	-
Financial liabilities held for trading	-	20.944	885.575	1.122.773	-	-	-	2.029.292
Non subordinated debt securities issued	-	-	-	-	-	-	-	-
	210.039.653	**118.121.780**	**335.796.623**	**40.388.247**	**83.736**	**-**	**4.971.638**	**709.401.677**
Liquidity gap	**(109.104.231)**	**(38.835.159)**	**(272.225.126**	**343.853.958**	**217.262.669**	**25.783.028**	**5.385.257**	**172.120.396**

2022	At sight	Up to 3 months	3 months to 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**

(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 lines 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 movement of 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 US dollar and pound transactions have any relevance, with transactions in other currencies being almost non-existent.

As at 31 December 2023 and 2022, the breakdown of financial instruments by currency was as follows:

	2023 Currency				
	Euros value	US Dollars	Pound	Other	Total
Assets					
Cash and deposits at Central Banks	19.061.291	-	-	-	19.061.291
Amounts and deposits at other credit institutions	38.844.708	2.533.934	185.789	128.503	41.692.934
Financial assets held for trading	21.636.605	3.152.890	311.260	185.601	25.286.356
Financial assets not held for trading mandatorily at fair value through profit or loss	17.962.885	-	-	-	17.962.885
Financial assets at fair value through other comprehensive income	115.082.716	-	-	-	115.082.716
Financial assets at amortised cost	645.772.206	11.965.888	3.168.281	-	660.906.375
Hedging derivatives	-	-	-	-	
Other Assets	1.346.816	172.941	4.142	5.617	1.529.516
	859.707.227	**17.825.653**	**3.669.472**	**319.721**	**881.522.073**
Liabilities					
Resources from Central Banks	42.648.698	-	-	-	42.648.698
Financial liabilities held for trading	2.029.292	-	-	-	2.029.292
Resources from other credit institutions	466.966	25.940	-	-	492.906
Resources from customers and other loans	656.132.698	7.742.058	267.447	88.578	664.230.781
	701.277.654	**7.767.998**	**267.447**	**88.578**	**709.401.677**
Net exposure (Currency Position)	**158.429.573**	**10.057.655**	**3.402.025**	**231.143**	**172.120.396**

	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**

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 2023 and 2022.

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 2023 and 2022, the type of was summarised as follows:

	2023			
	Not subject to interest rate risk	Fixed rate	Variable rate	Total
Assets				
Cash and deposits at Central Banks	486.860	-	18.574.431	19.061.291
Amounts and deposits at other credit institutions	1.468.443	-	40.224.491	41.692.934
Financial assets held for trading				
Securities	6.290.628	18.342.005	5.759	24.638.392
Derivatives	-	-	647.964	647.964
Financial assets not held for trading mandatorily at fair value through profit or loss	17.962.885	-	-	17.962.885
Financial assets at fair value through other comprehensive income	-	115.082.716	-	115.082.716
Financial assets at amortised cost				
Loans and advances to credit institutions	-	-	1.005.245	1.005.245
Loans and advances to customers	13.180.533	216.714.699	198.477.896	428.373.128
Debt securities	-	213.829.865	17.698.137	231.528.002
Hedging derivatives	-	-	-	-
Other Assets	-	-	1.529.516	1.529.516
	39.389.349	**563.969.285**	**278.163.439**	**881.522.073**
Liabilities				
Resources from Central Banks	-	-	42.648.698	42.648.698
Financial liabilities held for trading	-	927.409	1.101.883	2.029.292
Resources from other credit institutions	-	-	492.906	492.906
Resources from customers and other loans	-	39.349.211	624.881.570	664.230.781
Hedging derivatives	-	-	-	-
Non-subordinated debt securities issued	-	-	-	
	-	**40.276.620**	**669.125.057**	**709.401.677**
	39.389.349	**523.692.665**	**(390.961.618)**	**172.120.396**
Off-balance sheet				
Derivatives (notional value)				
Swaps	-	-	101.374.338	101.374.338
Options	79.609.684	-	-	79.609.684
Futures	9.394.530	-	75.573.094	84.967.624
	89.004.214	**-**	**176.947.432**	**265.951.646**

	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**

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 2023 and 2022, the was broken down into the following periods:

	2023						
	At sight	**Up to 3 months**	**3 months to 1 year**	**From 1 to 5 years**	**More than 5 anos**	**Other (1)**	**Total**
Assets							
Cash and deposits at Central Banks	6.557.125	12.504.166	-	-	-	-	19.061.291
Amounts and deposits at other credit institutions	41.692.934	-	-	-	-	-	41.692.934
Financial assets held for trading							
Securities	-	5.760	-	12.039.996	6.302.008	6.290.628	24.638.392
Derivatives	-	676	647.288	-	-	-	647.964
Financial assets not held for trading mandatorily at fair value through profit or loss	17.962.885	-	-	-	-	-	17.962.885
Financial assets at fair value through other comprehensive income	-	-	3.442.435	73.955.281	37.685.000	-	115.082.716
Financial assets at amortised cost							
Loans and advances to credit institutions	-	-	1.005.245	-	-	-	1.005.245
Loans and advances to customers	107.397.593	121.533.477	32.116.318	74.811.737	35.007.843	57.506.160	428.373.128
Debt securities	-	53.025.890	11.751.539	97.974.227	68.776.346	-	231.528.002
Hedging derivatives	-	-	-	-	-	-	-
Other Assets	-	-	-.	-	-	1.529.516	1.529.516
	173.610.537	**187.069.969**	**48.962.825**	**258.781.241**	**147.771.197**	**65.326.304**	**881.522.073**
Liabilities							
Resources from Central Banks	-	-	42.648.698	-	-	-	42.648.698
Financial liabilities held for trading	-	20.271	1.081.612	927.409	-	-	2.029.292
Resources from other credit institutions	492.906	-	-	-	-		492.906
Resources from customers and other loans	209.546.747	118.100.841	292.262.345	39.265.474	83.736	4.971.638	664.230.781
Hedging derivatives	-	-	-	-	-	-	-
Non-subordinated debt securities issued	-	-	-	-	-	-	-
	210.039.653	**118.121.112**	**335.992.655**	**40.192.883**	**83.736**	**4.971.638**	**709.401.677**
	(36.429.116)	**68.948.857**	**(287.029.830)**	**218.588.358**	**147.687.461**	**60.354.666**	**172.120.396**

	2022						
	At sight	**Up to 3 months**	**3 months to 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**

(1) - The column "Other" includes fixed rate loans.

According to the methodology described in Bank of Portugal Instruction 34/2018, the impact on own funds arising from a 200 bps shock to the interest rate curve comes to 16.517.167 euros (2022: 8.886.672 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:

	2023		
	Portugal	Rest of the European Union	Rest of the World
Financial assets held for trading	1.124.903	18.198.558	5.962.895
Financial assets not held for trading mandatorily at fair value through profit or loss	17.962.885	-	-
Financial assets at fair value through other comprehensive income	4.271.312	95.836.925	14.974.479
Financial assets at amortised cost - Debt securities	83.353.609	110.894.404	37.279.989
Financial assets at amortised cost - Loans and advances	427.879.677	-	493.451

	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

Concentration by economic sector

As at 31 December 2023 and 2022, the distribution by economic sector is as follows:

2023					
	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	-	-	-	-	2.513.134
Extractive industries	46.048	-	987.394	-	30.540
Manufacturing industries	5.611.639	-	32.108.875	40.397.860	5.355.194
Production and distribution of electricity, gas, steam and air conditioning	5.798.564	-	23.301.628	21.801.165	9.833
Water supply	476.204	-	3.436.764	-	420.863
Construction	1.038.012	-	-	-	5.302.625
Wholesale and retail trade	708.757	-	1.472.408	-	22.955.199
Transportation and storage	830.761	-	3.622.107	10.122.437	6.058.887
Accommodation and food service activities	83.841	-	-	-	3.689.349
Information and communication	1.353.081	-	6.238.795	10.804.325	2.349.009
Financial and insurance assets	5.898.686	17.962.885	38.075.249	78.527.103	22.493.650
Real estate activities	1.188.603	-	-	1.210.024	9.989.800
Consultancy, scientific, technical and similar activities	-	-	-	-	1.902.004
Administrative and support services activities	968.841	-	2.386.538	3.564.124	2.880.802
Public administration and defence, mandatory social security	1.265.309	-	1.458.518	59.922.631	28.820
Education	-	-	-	-	347.900
Human health services and social work activities	18.010	-	1.994.440	5.178.333	1.695.495
Artistic, entertainment and recreational activities	-	-	-	-	876.567
Other services	-	-	-	-	864.687
Institutions	-	-	-	-	1.000.000
Households	-	-	-	-	337.608.770
	25.286.356	**17.962.885**	**115.082.716**	**231.528.002**	**428.373.128**

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**

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 "Claims on other credit institutions": Given the short-term nature of these assets, the accounting value is considered a reasonable estimate of their fair value;

- "Amounts owed by and 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 2.198.139 euros (31 December 2022: 2.288.019 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 2023 and 2022, the calculation of the fair value of the financial assets and liabilities of the Bank can be summed up as follows:

	2023					
		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	-	24.303.122	335.270	-	24.638.392	24.638.392
Derivatives	-	-	-	647.964	647.964	647.964
Financial assets not held for trading mandatorily at fair value through profit or loss (Note 8)	-	-	-	17.962.885	17.962.885	17.962.885
Financial assets at fair value through other comprehensive income (Note 9)	-	115.082.716	-	-	115.082.716	115.082.716
Debt securities (Note 7)	-	181.854.984	30.384.590	14.029.840	226.269.414	231.528.002
	-	**321.240.822**	**30.719.860**	**32.640.689**	**384.601.371**	**389.859.959**
Liabilities						
Financial liabilities held for trading (Note 20)						
Derivatives	-	-	-	2.029.292	2.029.292	2.029.292

	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	-	-	-	-	-	-

Level 3 reconciliation is presented as follows:

	2023	2022
Opening balance	**25.634.898**	**80.288.180**
Reimbursement of Commercial Paper	(8.021.793)	(65.680.775)
Commercial Paper Subscription	14.029.840	8.021.793
Acquisition of Investment Units	980.000	2.913.000
Repayment of share capital of investment units	(2.426.120)	(423.836)
Dividends received from investment units	(2.080.432)	(927.688)
Redemption of investment units	-	(381.359)
Reclassification from level 2	207.920	-
Valuation of investment units	3.668.412	1.825.582
Closing balance	**31.992.725**	**25.634.898**

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 on the basis of 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 2023 and 2022, contingent liabilities and commitments are recorded in off-balance sheet items and are broken down as follows:

	2023	2022
Garantees and stand-by-letters of credit provided	99.083.392	202.504.368
Commitments to third parties	39.462.315	32.856.968
Amounts deposited	884.228.320	692.201.482
Assets under management and custody		
Asset management	298.027.349	12.499.158

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

In the course of its business, the Bank sells insurance contracts.

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.

With regard to 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
2023 Insurance Net Remuneration			
Nature - Cash	1.587.289	-	-
Nature - Kind	-	-	-
2022 Insurance Net Remuneration			
Nature - Cash	1.970.316	-	-
Nature - Kind	-	-	-

Subparagraphs (c) and (d) Total commissions, broken down by branches and insurance companies

	Entity	Commissions
2023 Insurance Net Remuneration		
Life Branch	Real Vida Seguros, S.A.	1.471.004
Non-Life Branch	Mapfre Assistência, S.A.	106.790
Non-Life Branch	Ibero Assistência, S.A.	9.496
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

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 client 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

	2023	2022
OTHER ASSETS		
Debtors and other financial applications		
Other debtors - insurance company	686	-
Other debtors - insurance	5.092	3.798
Income receivable		
Insurance collection commissions receivable	335.654	303.944
Other accrual and deferrals		
Insurance premiums to be invoiced	331.902	736.515
OTHER LIABILITIES		
Deferred income	109.501	242.523
Other accounts payable	615.387	507.045

As far as payables and receivables are concerned, they come from insurance companies.

Accounts payable are detailed as follows:

Entity	2023	2022
Real Vida Seguros, S.A.	371.013	433.799
Mapfre Assistência, S.A.	244.374	73.246
	615.387	**507.045**

Subparagraph (h) Analysis of receivables past due at the reporting date

Seniority	2023	2022
Up to 6 months	4.514	3.164
From 6 to 12 months	83	28
More than 12 months	496	605
Total	**5.093**	**3.798**

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:

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 material accounting policy information instead of 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:
"Accounting policy information is material if, when considered in conjunction with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions that the primary users of financial statements generally make on the basis of those financial statements."

In this context, the Group reviewed its policies in the light of the new requirements and made the necessary adaptations.

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 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.

The Bank has not recorded significant changes in the adoption of this amendment.

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 Bank has not recorded significant changes in the adoption of this amendment.

IFRS 17 - Insurance Contracts

The IASB issued on 18 May 2017 a standard that replaced IFRS 4 and completely reformed the treatment of insurance contracts. The standard introduces significant changes to the way insurance contract performance is measured and presented, with several impacts also at the level of the financial position.

The Bank has not recorded significant changes in the adoption of this amendment.

Amendments to IFRS 17 - Insurance contracts: initial application of IFRS 17 and IFRS 9 - Comparative Information

The IASB has issued an amendment to the scope of the transition requirements of IFRS 17 - Insurance Contracts, providing insurers with an option aimed at improving the usefulness of information for investors in the initial application of the new Standard.

The amendment does not affect any other requirements of IFRS 17.

IFRS 17 and IFRS 9 - Financial Instruments have different transition requirements. For some insurers, these differences may cause temporary accounting mismatches between financial assets and insurance contract liabilities in the comparative information they present in the financial statements when applying IFRS 17 and IFRS 9 for the first time.

The amendment helps insurers avoid these temporary accounting mismatches and will therefore increase the usefulness of comparative information for investors.

The Bank has not recorded significant changes in the adoption of this amendment.

Amendments to IAS 12 - International Tax Reform - Pillar Two Model Rules

On 23 May 2023, the IASB issued International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12 to clarify the application of IAS 12 - Income Taxes to income taxes arising from tax legislation enacted or substantially enacted to implement the OECD Pillar Two model rules.

The amendments introduce:

- A mandatory temporary exception to accounting for deferred taxes arising from the jurisdictional implementation of Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of financial statements understand an entity's exposure to Pillar Two income tax arising from that legislation, especially before its effective date.

The mandatory temporary exception - the use of which must be disclosed - applies immediately. The other disclosure requirements apply to annual reporting periods beginning on or after 1 January 2023.

The Bank has not recorded significant changes in the adoption of this amendment.

The Group/Entity has decided to opt out of the early application of the following standards and/or interpretations adopted by the European Union:

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 to:
a) specify that an entity's right to defer settlement must exist at the end of the reporting period and must be substantive;
b) clarify that the ratios that the company must fulfil 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) clarify 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.

The Bank is currently assessing the impact this change will have on its financial statements.

Lease liability in a sale and leaseback transaction (amendments to IFRS 16 - Leases)

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 currently assessing the impact this change will have on its financial statements.

Standards, amendments and interpretations issued, but not yet effective for the Group/Entity

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Financing Arrangements

On 25 May 2023, the International Accounting Standards Board (IASB) published Supplier Financing Arrangements with amendments to IAS 7 - Statement of Cash Flows and IFRS 7 - Financial Instruments Disclosures.

The amendments relate to disclosure requirements concerning supplier financing arrangements - also known as supply chain financing, accounts payable financing or recourse factoring arrangements.

The new requirements complement those already included in the IFRS standards and include disclosures on:
- Terms and conditions of supplier financing agreements;
- The amounts of the liabilities that are the subject of such agreements, the portion of which the suppliers have already received payments from the financiers and under which heading these liabilities are presented in the balance sheet;
- Maturity date ranges; and
- Information on liquidity risk.

The amendments are effective for financial years beginning on or after 1 January 2024.

The Bank is currently assessing the impact this change will have on its financial statements.

Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates: Lack of exchangeability

On 15 August 2023, the International Accounting Standards Board (IASB or Board) issued Lack of Exchangeability (Amendments to IAS 21 - The Effects of Changes in Foreign Exchange Rates) (the amendments).

The amendments clarify how an entity should assess whether a currency is convertible or not and how it should determine a spot exchange rate in situations of lack of exchangeability.

A currency is convertible into another currency when a company is able to exchange that currency for another currency on the measurement date and for a specific purpose. When a currency is not convertible, the company has to estimate a spot exchange rate.

According to the amendments, companies will have to provide new disclosures to help users assess the impact of using an estimated exchange rate on financial statements. These disclosures may include:
- the nature and financial impacts of the currency not being convertible;
- the spot exchange rate used;
- the estimation process; and
- the risks for the company because the currency is not convertible.

The amendments apply to annual reporting periods beginning on or after 1 January 2025. Early application is permitted.

The Bank is currently assessing the impact this change will have on its financial statements.

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 Assets - SGFIM, S.A.	Mutual fund . management	Lisbon	100%	Full
Fundo Tejo	Real estate purchase and sale	Lisbon	86,5%	Full
BiCredit, Sociedade Financeira de Crédito, S.A.	Financial Credit Companies	Lisbon	81,0%	Full

As at 31 December 2023 and 2022, the more significant financial highlights of the respective individual financial statements can be summed up as follows:

Company	2023			2022		
	Net assets	Net equity	Net income	Net assets	Net equity	Net income
Banco Invest, S.A.	912.585.654	175.582.221	21.663.363	1.002.259.436	148.194.952	17.159.313
Invest Gestão de Assets - SGFIM, S.A.	6.432.102	5.991.153	1.093.236	5.230.106	4.912.257	854.973
Fundo Tejo	8.972.992	8.945.976	147.444	8.832.913	8.798.532	536.532
BiCredit, Sociedade Financeira de Crédito, S.A.	360.130.660	48.974.431	7.413.110	-	-	-

The consolidated net income shows the following contributions:

	31 December 2023	31 December 2022
Individual results:		
Banco Invest	21.663.363	17.159.313
Invest Gestão de Activos	1.093.236	854.973
Fundo Tejo	147.444	536.532
BiCredit	7.413.110	-
	30.317.153	**18.550.818**
Adjustments:		
Write-off of equity method - Invest Gestão de Activos	(1.078.896)	(854.973)
Write-off of equity method - BiCredit	(6.004.619)	-
Write-off of valuation of the Fundo Tejo Investment Units	(147.444)	(464.027)
Write-off of securitisation operation	(617.172)	-
Other adjustments	791	2.999
Income after taxes and before non-controlling interests	22.469.813	17.234.817
Income attributable to minority interests	(1.329.754)	(72.504)
Consolidated net income for the year	**21.140.059**	**17.162.313**

51. RELEVANT FACTS

In 2023, the following relevant facts occurred:

- Incorporation of BiCredit - Sociedade Financeira de Crédito, S.A., in which Banco Invest holds 81% and maintained the Group's car loan business, previously carried out by Banco Invest.
- Agreement with the Banca Sistema Group for the sale of the lending credit business segment, under the Crédito Económico Popular (CEP) brand.

52. SUBSEQUENT EVENTS

Apart from the aspects disclosed in the other notes and in accordance with the accounting policy in Note 2.22, no events occurred after the date of the financial statements and up to the date of their approval.

In January 2024, the Bank of Portugal authorised the transfer of the lending business under the Crédito Económico Popular brand to a new company whose purpose will be to carry on this business.

6. Statutory Auditors' Report

KPMG

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 2023 (showing a total of 928,034,733 euros and total equity of 185,460,753 euros, including a profit for the year of 22,469,813 euros), and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the consolidated financial position of **Banco Invest, S.A.** as at 31 December 2023 and of its consolidated 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 entities that comprise 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 year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG & Associados –Sociedade de Revisores Oficiais de Contas, S.A., sociedade anónima portuguesa e membro da rede global KPMG, composta por firmas membro independentes associadas com a KPMG International Limited, uma sociedade inglesa de responsabilidade limitada por garantia.

KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A.
Capital Social: 3.916.000 Euros - Pessoa Coletiva N.º PT 502 161 078 - Inscrito na O.R.O.C. N.º 189 - Inscrito na C.M.V.M. N.º 20161489
Matriculada na Conservatória do registo Comercial de Lisboa sob o N.º PT 502 161 078

Impairment for loans and advances to customers (25,399,879 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

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 response to the identified risk

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 financial assets based on their credit risk (Stage 1, 2 and 3);
- 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

Auditors’ responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material 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 consolidated 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;
- 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

Auditors’ responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material 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 consolidated 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;
- 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 2021 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 consolidated 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 18 April 2024.
- 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;
- Issuance of the agreed upon procedures report on compliance with additional assurance requirements on data information to be communicated for the purpose of calculating the ex-ante annual contributions of 2024 for the Single Resolution Fund;
- Support in the process of updating the separation exercise of the Auto consumer credit business activity (Bicredit);
- Issuance of a reasonable assurance report on the validation of the implementation status of eight Supervision Measures (i.e.DEs 1, 4, 5, 6, 9, 11, 12 and 13) from the Bank of Portugal (BoP) related to AML/CTF and Sanctions and reflected in the letter with the reference CEX/2022/1000116563 from the BoP; and
- Performance of agreed upon procedures for the validation of the data of a loan sample in relation to the underlying documentation of the Bugio Finance no.1 securitization operation.

9 May 2024

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 General and Supervisory Board

REPORT AND OPINION OF THE GENERAL AND SUPERVISORY BOARD

FOR THE FINANCIAL YEAR 2023

To the Shareholders of

Banco Invest , S.A.

In accordance with the provisions of Article 420(1)(g) of the Commercial Companies Code, it is our duty as the General and Supervisory Board of Banco Invest, S.A. to submit the Report of our supervisory action, as well as our opinion on the management report, consolidated accounts and proposals presented by the Executive Board of Directors of Banco Invest, S.A., for the financial year ended 31 December 2023.

We were appointed on 28 December 2023 and have carried out our work since then. As part of our duties, we liaised with the Executive Board of Directors and the former Supervisory Board, obtained clarifications and gathered information from the Bank's relevant departments, including but not limited to the internal control functions, as well as from the External Auditor. We have informed ourselves about the Company's activity and the management of the business carried out and have verified the financial information produced during the year ended 31 December 2023, carrying out the analyses deemed appropriate from the time of our appointment in order to develop a reasonable understanding of Banco Invest, S.A. 's activity and formulate our opinion.

We have checked compliance with the Law and the Company's Articles of Association, confirmed that the accounting records and supporting documentation are in order, confirmed 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 Executive 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 the corresponding Notes.

We have taken note of the Statutory Auditors' Report on the Company's consolidated accounts, without emphasis and without reservations, issued by KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A., dated 9 May 2024, with whose content we agree.

We have always obtained the documentation and clarifications requested from the Executive Board of Directors and the relevant departments, for which we are grateful, 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 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.

Finally, we would like to highlight and acknowledge the excellent cooperation received in the performance of our duties from the Company's Executive Board of Directors and the services with which we had the opportunity to contact.

Lisbon, 10 May 2023

General and Supervisory Board

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 Bank of Portugal Notice 3/2020 ('Notice'), in force since 16 July 2020, and Bank of 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 2023.

It should be noted that the supervisory body's assessment of the adequacy and effectiveness of the organisational culture in force and of its governance and internal control systems, under the terms of Article 55(a) of the Notice, was issued by the Bank's former Supervisory Board. The General and Supervisory Board was appointed on 28 December 2023 and has carried out its work since then.

The Self-Assessment Report includes a framework of the Bank's organisational structure, as well as the changes made to its governance model and organisational structure during the reference period.

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, the External Auditor, the Supervisory Entities and External Entities, including a description and characterisation of the deficiencies open at 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 the open deficiencies detected in each internal control function, with a number of open deficiencies relating to the risk management and compliance functions. The Internal Audit function has no open deficiencies relating to its function.

The Report includes the assessment of the Bank's Supervisory Board and Board of Directors, in accordance with Articles 56 and 57 of the Notice, on the adequacy and effectiveness of the organisational culture:

- The Supervisory Board's assessment of the adequacy and effectiveness of the Bank's organisational culture and its governance and internal control systems was based on the cumulative evidence obtained: the monitoring work carried out by the Supervisory Board in relation to the Bank's internal bodies and the work carried out under the terms of its responsibilities throughout the reference period; the Self-Assessment Report prepared by the Board of Directors; the work carried out by KPMG, the entity contracted to carry out procedures to support the Supervisory Board in the process of self-assessing the suitability and effectiveness of the Bank's organisational culture and its governance and internal control systems; in the activity carried out by the internal control functions, the monitoring of the work carried out by the External Auditor and other external entities, the reports and activities carried out by the supervisor and the discussions and meetings held with the Board of Directors, the Executive Committee and the various heads of the different organisational units covered by the Notice.

Therefore, on the basis of the work carried out and the evidence gathered, the Supervisory Board concludes, weighing up the impact of the deficiencies classified as level F3 'High', or others which in aggregate call into question the Bank's risk profile, that the organisational culture in force at the Bank and its governance and internal control systems are adequate and effective in all materially relevant aspects, under the terms of 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 in the risk management function do not jeopardise the quality of the performance and adequate independence of that function, since it is considered that the majority of the situations identified have already been remedied and/or that the action plans defined to mitigate them are already in the final stages of implementation.

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 still open in relation to the prudential and financial reporting process and the situations identified by the Bank of Portugal in the Bank's prudential reports do not jeopardise the reliability of the process, since it is considered that the situations identified in these reports have already been corrected to date, and that the mitigating controls currently in place for the open deficiencies guarantee the quality of the process for preparing prudential and financial reports.

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 appropriateness of the classification assigned 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 subcontracting of specific operational tasks of the internal control functions complies with the provisions of Article 36 of Notice 3/2020, since it is considered that they will contribute to greater efficiency of the tasks and that they fall within the tasks that can be subcontracted;

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. In this way, and weighing up the current and potential impacts of the deficiencies that remain open and the aspects identified in the Bank's Self-Assessment Report for November 2022, the Board of Directors concludes that the organisational culture and its governance and internal control systems, including the Bank's remuneration practices and policies, are appropriate and effective. The Board of Directors believes that a number of the deficiencies and aspects mentioned above have already been addressed and that the mitigating controls currently in place for the open deficiencies guarantee the quality of the processes in question and do not call into question the adequacy and effectiveness of the Bank's organisational culture and governance and internal control systems.

BANCO
INVEST

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