1H 2024 REPORT

BPI
Grupo CaixaBank

INDEX

MANAGEMENT REPORT

CONDENSED INTERIM FINANCIAL STATEMENTS

This document is a translation from the Portuguese original "Relatório e Contas 1S 2024". In the event of any inconsistency the Portuguese version shall prevail.

MANAGEMENT REPORT

1st half 2024 Overview

- **Business growth**: loans grew by 2% yoy and total Customer resources by 5% yoy
- **Financial strength**: strong quality of the loan portfolio, with NPE of 1.4%, and 152% coverage, and high capitalisation, with CET1 ratio of 13.8% and total ratio of 17.5%
- **Revenue growth** (+18% yoy) and **low cost of credit risk** (0.06%) drive results
- **Net profit of 327 M.€** in 1st half 2024 (+28% yoy)
- **BPI "Best Bank in Portugal"** in 2024, by Euromoney
- **Commitment to sustainability**

  747 M.€ in sustainable financing in 1st half 2024

  + 4.3 thousand volunteers registered on the platform

Inflation closer to target and strength of the Portuguese economy

The first half of 2024 was marked by the consolidation of the gradual deceleration of inflation towards target levels. Regarding monetary policy, the easing cycle started in some economies; however central banks kept a prudent stance. In the EU, inflation slid from 2.9% in December 2023 to 2.6% in June.

In June, the ECB decided to cut its reference rates by 25 bps, bringing the deposit rate down to 3.75%, while maintaining a cautious stance and suggesting that interest rates would fall very gradually. The 12-month Euribor rates averaged 3.7% in the first half of 2024, below the highs of 4.4% reached in September 2023.

The Portuguese economy continued to show significant strength considering the level of interest rates and the fragility of its European peers. GDP grew 1.3% in the first half of 2024 and 1.5% year-on-year, and employment remained close to historical highs. The Bank of Portugal expects the Portuguese economy to grow 2.0% in 2024.

BPI, more growth, more quality, less risk

In this context, BPI continued to grow its business with Customers, while maintaining a sound financial position.

The loan book was up by 2% year-on-year. The pace of new mortgage loans origination was maintained, with the portfolio growing by 2% yoy, while loans to companies grew by 5% yoy. Total customer resources increased by 5% yoy.

BPI maintains a low risk profile and comfortable capitalisation. At the end of June 2024, its non-performing exposures (NPE) ratio was 1.4%, with coverage by impairments and collaterals of 152%, and its capital ratios - CET1 of 13.8% and total capital ratio of 17.5% - were well above regulatory requirements.

BPI reported a net profit of 327 M.€ in the first half of 2024, a 28% year-on-year increase. The contribution of the activity in Portugal to net profit was 268 M.€, which increased by 35% yoy, while return on recurrent tangible equity in Portugal rose to 19% (+7.4 p.p. yoy).

BPI recorded an 18% yoy increase in gross income, with net interest income expanding by 13% yoy, which, together with stable recurrent expenses and a low cost of risk (0.06%), underpinned the growth of results in Portugal.

The equity holdings in BFA and BCI contributed 59 M.€ to Banco BPI's results in the first half of 2024.

Improving the customer experience, leveraged by digital transformation, is central to all of BPI's activities. BPI continues to grow its Digital Banking Customer Base, which totalled 940 thousand clients at the end of June, with a focus on mobile, which has seen strong uptake, growing usage and new developments and functionalities.

BPI continued to be distinguished by independent national and international entities. The main award was that for "Best Bank in Portugal", from Euromoney, a British magazine. BPI also received awards for 'Best Bank for SMEs in Portugal' and 'Best Digital Bank in Portugal' from the same magazine.

Commitment to sustainability

During the first half of 2024, BPI continued to strengthen its commitment to sustainability, under the guidelines of the 2022-2024 Sustainability Master Plan. Committed to a carbon-neutral economy, BPI has set targets to reduce its operational carbon footprint and contributes to the Caixabank Group's corporate targets through the decarbonisation of its loan portfolio.

BPI continued to stand out in the support provided to families and businesses' sustainable transition. In the first half of the year, sustainable finance totalled 747 M.€, of which 580 M.€ went to companies and 168 M.€ to individuals.

Several communication and awareness-raising initiatives on sustainability were developed during the first half of 2024, including the 3rd edition of the Sustainability Accelerator and the launch of the BPI Forum - The Future of Water.

The budget allocation for the BPI | ”la Caixa” Foundation joint activity in 2024 within the scope of their commitment to society is 50 M.€.

KEY INDICATORS IN JUNE 2024

40.5 Bn.€	30.3 Bn.€	39.3 Bn.€	1.8 million	4 255	308
Total assets	Loans	Customer resources	Clients	Employees	Commercial Units

Growth of Customer loans and resources

+1.8% (yoy)
loan portfolio

+5.1% (yoy)
Customer Resources

11.6% (0.0 p.p. yoy) **Market share** in loans (June24)

11.1% (0.0 p.p. yoy) **Market share** in resources (June24)

Improved efficiency and profitability

327 M.€ Banco BPI results

268 M.€ Results in Portugal

Net profit

36.8%
efficiency in Portugal
(last 12 months)

19.0%
recurrent ROTE in Portugal
(last 12 months)

Low risk profile and high capitalisation

1.4% **NPE ratio**

152% **coverage of NPE**
(by impairments and collaterals)

17.5% total capital

13.8% CET1

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

24.7%
MREL ratio
(as % RWA)

Comfortable liquidity position

95%
transformation ratio
(loans as % of deposits)

Rating
Investment grade

BBB+	Fitch
Baa1	Moody’s
BBB+	S&P

(Amounts in M.€, except where otherwise indicated)

	2019	2020	2021	2022 [1]	2023	Jun.24
Net profit	327.9	104.8	306.8	368.9	524.0	326.8
Activity in Portugal	230.2	66.2	178.6	238.5	443.7	267.8
Equity holdings in BFA and BCI	97.6	38.6	128.2	130.4	80.3	59.1
Return on tangible equity (ROTE) [2]	10.3%	3.0%	9.2%	10.1%	14.6%	16.6%
Recurring ROTE in the activity in Portugal [2]	8.9%	2.7%	6.8%	8.1%	16.0%	19.0%
Cost to income [3] in the activity in Portugal	63.1%	61.1%	56.9%	51.7%	39.9%	36.8%
Return on assets (ROA)	1.0%	0.3%	0.8%	0.9%	1.3%	1.5%
Total assets (net)	31 812	37 786	41 378	38 914	38 628	40 499
Loans to Customers (gross)	24 381	25 695	27 529	29 161	30 073	30 345
Total Customer resources	34 382	36 989	40 305	40 045	37 905	39 343
Loan to deposit ratio	100%	93%	91%	92%	99%	95%
NPE ratio (Non performing exposures; EBA criteria)	2.5%	1.7%	1.6%	1.6%	1.5%	1.4%
NPE coverage by impairments and collaterals	124%	140%	149%	155%	154%	152%
Cost of credit risk [4]	(0.17%)	0.57%	0.17%	0.20%	0.16%	0.06%
Shareholders' equity attributable to BPI shareholders [5]	3 161	2 981	3 393	3 599	3 700	3 498
Common Equity Tier 1 ratio [6]	13.4%	14.1%	14.2%	14.8%	14.1%	13.8%
Total capital ratio [6]	16.6%	17.3%	17.4%	18.9%	17.9%	17.5%
Leverage ratio [6]	8.4%	7.3%	6.8%	7.1%	7.4%	7.1%
Distribution network (no. units) [7]	480	425	349	325	316	308
BPI Group employees (no.)	4 840	4 622	4 478	4 404	4 263	4 255

Note: consolidated accounts up to 2023. From June 2024, Banco BPI ceased to present consolidated accounts as it has no fully consolidated subsidiaries.
In accordance with IAS 28 and IAS 27, the associated companies over which Banco BPI has significant influence (Allianz and BCI) are accounted for using the equity method in Banco BPI's accounts as from 30 June 2024 (previously, these holdings were accounted for at acquisition cost in Banco BPI's separate financial statements).
[1] 2022 restated to reflect the impacts on equity holdings in insurance companies of the adoption of IFRS17, effective from 2023.
[2] The average equity considered in the calculation of ROTE is deducted of the average balance of AT1 instruments, intangible assets and goodwill of equity holdings.
[3] Operating expenses as % of gross income. Excludes non-recurrent impacts.
[4] Impairment losses and provisions for loans and guarantees, net of loan recoveries previously written off against assets / Average value of the gross loans and guarantees portfolio.
[5] Excludes AT1 capital instruments (275 M.€).
[6] Fully loaded capital ratios until 2019 and phased-in impact of IFRS9 implementation from 2020 to June 2024.
[7] Retail branches, mobile branch, Premier centres, Private Banking centres and Corporate and Institutional centres.

WHO WE ARE

BUSINESS MODEL

BPI, which is 100% held by CaixaBank, focuses its activity on commercial banking in Portugal, where it is the **fourth largest financial institution** by business volume (loans, guarantees and total Customer resources). In June, BPI had market shares[1] of 11.6% in loans and 11.1% in customer resources, with its share of mortgage loans reaching 14.4%.

The business model is based on the provision of a complete range of financial products and services, structured to meet the specific needs of each segment, through a specialised, integrated, omnichannel distribution network. Part of this offer relies on products and services provided by subsidiaries in Portugal and CaixaBank Group companies.

> BPI Structure and Business Model

BPI

ACTIVITY IN PORTUGAL

Commercial Banking

- Individuals and Premier
- Small businesses

- Private Banking and Wealth

- Companies
- Corporate & Institutional Banking

Corporate centre

Allianz Portugal [1] **35.0%**
- Non-life insurance

Other equity holdings, corporate income and costs

Investments in African Banks

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

% share capital held by Banco BPI

CAIXABANK GROUP COMPANIES

BPI Gestão de Ativos
- Mutual funds

CaixaBank Payments & Consumer [2]
- Debit and credit cards

CaixaBank Equipment Finance
- Equipment renting

BPI Vida e Pensões
- Capitalisation insurance
- Life risk insurance

Comercia Global Payments
- Acquiring, POS terminals

CaixaBank branch in Portugal
- Corporate finance
- Brokerage and Research

[1] In partnership with Allianz, which holds 65% of the share capital.
[2] Spanish market leader.

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

> BPI Customer Segmentation

Individuals, Businesses, Premier and inContact Banking

This area serves Individual, Entrepreneur and Small Business Clients. Its multichannel distribution network includes:

- **Traditional branches** (mass market and entrepreneur and small business clients);
- **Premier Centres** (higher networth clients or clients with potential for wealth accumulation);
- **inTouch Centres** (individual, Premier and Small Business clients with dedicated account manager accessible by phone or digital channels, during extended hours);
- **AGE Centre** (remote service to young clients between the ages of 18 and 25);
- **Connect Centre** (remote service to clients with low commercial potential and involvement);
- **Citizen Centre** (foreign clients);
- **DayOne Centre** (start-ups).

Corporate and Institutional Banking

Working closely with companies, BPI relies on a **specialised network** that is tailored to the needs of its Clients:

- 22 **Corporate Centres** for medium-sized companies;
- One **Real Estate Business Centre**;
- Two **Intouch Companies** areas (aimed at developing the Bank's relationship with groups with turnover of up to €10 million) delivering a highly flexible remote service.

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

Private Banking and Wealth

Private Banking provides discretionary management and financial advisory services to high net worth Individuals.

This area continues to be a benchmark in Portugal, relying on teams of specialised professionals with extensive experience, constant innovation in the offer of products and services, and a commitment to the Costumer experience.

With a differentiated value proposition and independent financial advisory service, **BPI Wealth** caters to Clients with greater business potential and financial sophistication.

Distribution network and Customer segmentation

To provide products and services to all its Clients, BPI relies on a physical network of 308 commercial units, 12 remote centres/commercial team areas, and an overreaching homebanking service (BPI Net, BPI Net Empresas, BPIApp, BPI AGE App, BPI Empresas APP, BPI Broker and BPI Direto).

In addition to these channels, BPI continues to innovate by exploring new ways of engaging with Customers.

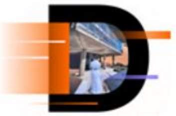
> New Customer relationship channels

1 Virtual branch in the metaverse

1st Information Virtual Branch in Portugal

D-VERSE

Platform for buying and selling digital collectibles



App for Small Businesses

based on Openbanking

pulsoo

Planet AGE Craft Tycoon

1st Bank on Roblox promotes financial education

1.8 M. Clients

308 Commercial units - physical network

940 th. **Digital Banking** regular users

- **Distribution network according to BPI offer segmentation**

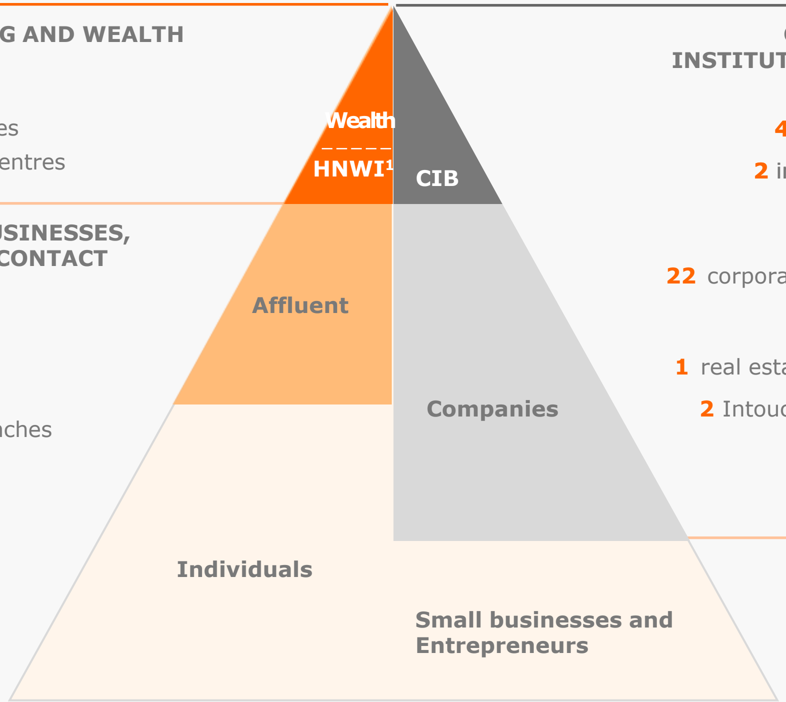
PRIVATE BANKING AND WEALTH

2 BPI Wealth centres
2 Private Banking centres

INDIVIDUALS, BUSINESSES, PREMIER AND INCONTACT BANKING

9 Premier centres

265 traditional branches
7 inTouch centres[2]
1 AGE centre[2]
1 Citizen centre[2]
1 Connect centre[2]



CORPORATE AND INSTITUTIONAL BANKING

4 corporate centres
2 institutional centres

22 corporate and institutional centres

1 real estate business centre
2 Intouch corporate areas[2]

1 DayOne centre

[1] High net worth individuals.

[2] No in-person customer service.

2022-2024 STRATEGIC PLAN

Geared towards service quality, business growth and fulfilment of the Bank's sustainability commitments, BPI continues to roll out its Strategic Plan for 2022-24 under the slogan "**Grow More. Grow Better**".

BPI continues to provide an innovative experience to its Clients, with the following results: growth in the number of regular users of the BPI app (+ 14%/year from Dec-21 to Jun-24), leadership in Individual customers satisfaction with Branches[1], renewal of AENOR certification for service quality in Corporate Banking, and consolidation of market shares in loans, customer resources, mortgage loans and off-balance sheet customer resources, at above 11%[2] in June 2024.

At the financial level, the expansion of commercial activity and income, and the enduring quality of the loan portfolio, led to an historical improvement in the core efficiency ratio, which dropped to 36.3% (from 54.2% in Dec-21), and to an increase in the recurrent ROTE, to 19.0% (from 6.8% in Dec-21).

In terms of sustainability, the following should be highlighted: 4.7 billion euros of sustainable turnover since 2022, launch in 2023 of the first green term deposit in Portugal and award for Best Bank in Sustainability (ESG) in Portugal at the Euromoney Awards for Excellence 2023. On the social commitment front, BPI and the "la Caixa" Foundation have multiple initiatives under way, which by June had provided support to more than **240 thousand direct beneficiaries**; Total investment over the 2022-2024 period will reach at least 120 million euros.

> Strategic priorities for 2022-24

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

> Customer Experience leveraged on:

- People
- Technology
- Processes

1 CSI Branch (2023 and 1Q2024) and Mystery Client (1H2023 and 2H2023) market surveys.
2 Total credit: 11.6%; Total customer resources: 11.1%; Mortgage Loans: 14.4%, Off-balance sheet customer resources: 13.8%; Sources: BPI, Bank of Portugal, APFIPP (Portuguese Association of Investment and Pension Funds and Asset Management Firms), APS (Portuguese Association of Insurers), and BPI Vida e Pensões.

SUSTAINABILITY MASTER PLAN

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

This Plan is currently 75% complete (in terms of planned activities), with a set of initiatives aimed at meeting the defined objectives having been completed in the 1st half of 2024, among which the following stand out:

- Contacting clients with active mortgage loans to collect detailed information on energy certificates. The aim is to promote energy efficiency initiatives in the future.
- Various developments under protocols with ADENE regarding the collection and processing of energy certificate information.
- AQUA+ certification for the Environmental Management System of the Monumental Building.
- Revision of the Principles and Declarations on Sustainability Practices, Declaration on Climate Change and Human Rights, and preparation of the Declaration on Nature.
- Installation of electric chargers in BPI buildings and continuation of the plan to replace the fleet of vehicles assigned to BPI employees with hybrid vehicles.

Notably, in the first half of the year, sustainable financing amounted to €747 million, including €580 million for companies and €168 million in the retail segment.

In 2024, the third year of the Sustainability Master Plan, the focus lies on cementing the integration of ESG factors into the Bank's strategy and business model, and in particular on strengthening sustainability-oriented governance, advancing the commitment to decarbonisation, and consolidating the positive social impact.

A Strategic Sustainability Plan is being developed for the 2025-2027 three-year period.

2022-2024 Objectives

SUPPORTING THE **SUSTAINABLE TRANSITION** OF COMPANIES AND SOCIETY

2 Bn.€ financing[1]
2 Bn.€ intermediation and resources[2]

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

200 thousand direct beneficiaries[3]
120 M.€ BPI investment | "la Caixa" Foundation

LEADING IN **GOVERNANCE BEST PRACTICES**

43% of women in management positions[4]

[1] Considers business volume corresponding to: (i) Renewable Energy Personal Loans; (ii) Sustainable Prestige Products Personal Loans; (iii) BPI | EIB Energy Efficiency Line; (iv) BPI ESG Line and (v) ESG Bond Loans.
[2] Includes Transformation and Net Production of Funds and Insurance aligned with Article 8/9 of the SFDR and DP BPI +Ambiente.
[3] Considers the beneficiaries of the BPI Volunteering Programme, BPI | "la Caixa" Foundation Awards, Decentralised Social Initiative, *Incorpora* and Christmas Action.
[4] Percentage of women in management positions in branches with more than 10 Employees and in all central service functions.
☑ Objectives achieved by the 1st half of 2024

OUR PERFORMANCE

ECONOMIC BACKDROP

Global and European Economy

The IMF puts global growth at 3.2% in 2024, the same as in 2023, which underlines the enormous resilience that most economies have shown. Against the worst expectations, the world economy has avoided recession and has managed to navigate the turbulent waters of the post-pandemic and the war in Ukraine, marked by disruptions in the energy and food markets and finally in prices across the board.

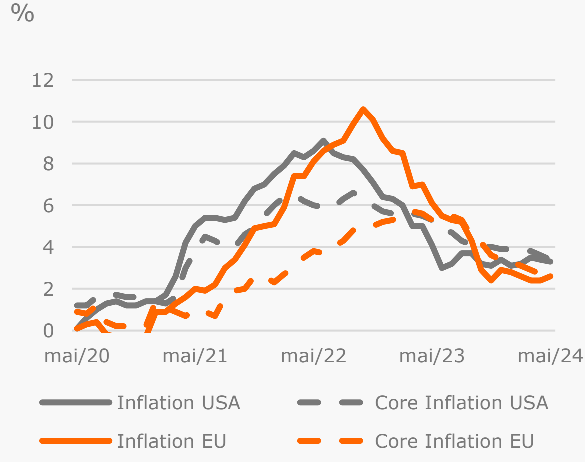
IMF projections for 2024 – 2025P[1]

Real GDP (%)	2023	2024P	2025P
World	3.2	3.2	3.2
Advanced economies	1.6	1.7	1.8
USA	2.5	2.7	1.9
Eurozone	0.4	0.8	1.5
Emerging and developing economies	4.3	4.2	4.2
China	5.2	4.6	4.1

By the end of 2023, global inflation was approaching pre-pandemic levels in most economies for the first time since the start of the inflation surge. However, this is a process that cannot yet be seen as completed.

The fading effects of the energy shocks on prices and a lower underlying component contributed to the easing of inflation. For 2024 the IMF estimates global inflation at 5.9%: 2.6% in developed countries and 8.3% in emerging and developing economies. This is lower than in 2023 (6.8%), and reflects the work done by the major central banks, which have combined effective communication with decisive action to anchor long-term inflation expectations.

yoy inflation in the US and Eurozone



The first half of 2024 was mainly dominated by key rates remaining at their highest point of this monetary tightening cycle, albeit with a nuance.

In fact, **the ECB arrived to the June meeting with the Depo rate at 4% and the Refi rate at 4.50%**, but decided at that meeting to make the first cut in the reference rates, of 25 basis points. **The Federal Reserve**, which had started the key rate hike cycle as early as March 2022, kept the fed-funds rate range at 5.25%-5.50% throughout the first half of 2024.

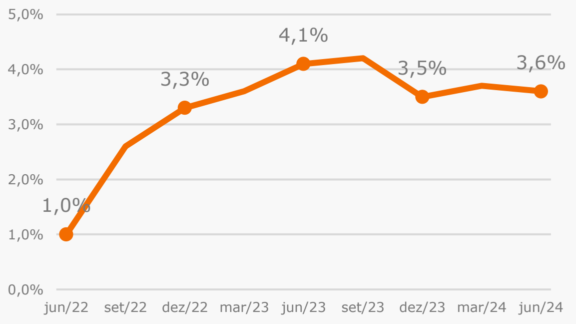
Despite this rate cut by the ECB, the tone of the speech of its officials, and indeed also of the Fed's, was that monetary policy would remain restrictive for as long as necessary. And in fact quantitative tightening continues. In June, the ECB confirmed that it would reduce its balance sheet under the PEPP by 7.5 billion euros per month in the second half of the year, similarly to the bonds purchased under the Asset Purchase Programme (APP). The Fed reduced its assets by around 450 billion dollars in the first half of the year.

[1] IMF, World Economic Outlook, April 2024.

Financial Markets

After peaking in mid-September 2023 (the 12-month Euribor was quoted at 4.23%), this index began a downward trend at the end of last year and averaged 3.7% in the first half of 2024. This happened as a result of the ECB going into "pause mode", the more benign path of prices and the expectation of a cut in reference rates.

12-Month Euribor (end of period)



In the fixed income market, April saw a general rise in eurozone and US government bond yields, with markets dominated by a combination of geopolitical risks and an adjustment in monetary policy expectations.

In June, after the European elections, we saw a flight to quality, with the *Bund* yield falling and peripheral risk premiums rising. The 10-year *Bund* yield thus closed the first half of 2024 at 2.50% (2.01% at year-end 2023) and the 10-year US Treasury yield at 4.34% (3.88% at year-end 2023).

Portugal's **risk premium** over the *Bund* has remained relatively stable over the last twelve months, closing the first half of the year at 76 basis points. This was helped by healthy economic growth and lower imbalances, as evidenced, for example, by the European Commission's decision to remove Portugal from scrutiny under the MIP (Macroeconomic Imbalance Procedure). At the beginning of March, Standard & Poor’s decided to upgrade Portugal's debt rating to A-, with positive outlook.

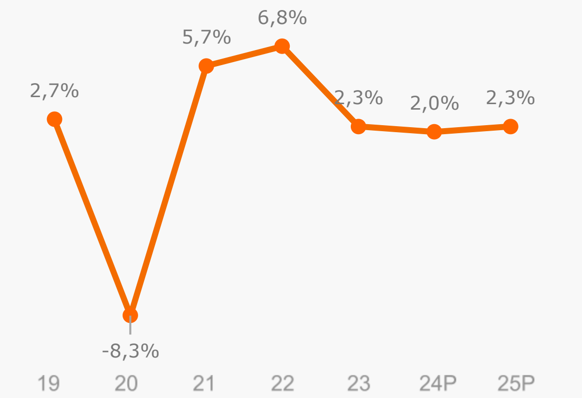
Despite the context of restrictive monetary policy, the main **stock markets** posted significant gains in the first half of the year: the Euro Stoxx 50 rose by 8.4% and the S&P 500 by 15.7%, the latter driven by the performance of the technology company Nvidia. The PSI 20 was more subdued, gaining 1.3% only in the first half of the year.

Portuguese Economy

The Portuguese economy should continue to grow at a faster pace than the Eurozone this year, with the Bank of Portugal forecasting GDP growth of 2.0%[1]. In the 1st semester of 2024 GDP grew by 1.3% qoq and 1.5% yoy. Private consumption entered 2024 with momentum, having accelerated compared with the last semester of 2023. Domestic demand should benefit from lower inflation, higher real household income and more favourable financing conditions.

The labour market continues to perform well, as evidenced by the fact that over 5 million people were employed at the end of June.

Real GDP growth [1]

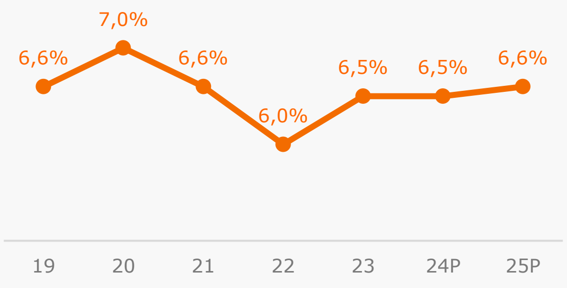


[1] Source: Bank of Portugal (Economic Bulletin projections, June 2024).

The **Recovery and Resilience Plan** (RRP) should continue to foster growth. Around 35% of the total RRP funds has already been received and a further €4.8 billion is expected to be received in 2024, an amount equivalent to more than 2% of last year's GDP.

In May, the government confirmed that the new airport for the Lisbon region would be located in Alcochete. This decision also encompasses investment in the third crossing of the Tagus and the high-speed rail link between Lisbon and Madrid. Thus another issue on the horizon in the medium term is that of major public works, with total investment of 5% to 7% of GDP.

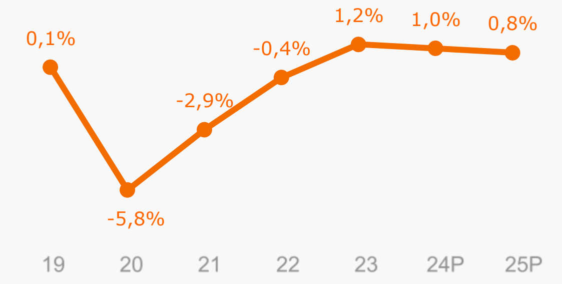
Unemployment rate in Portugal [1]



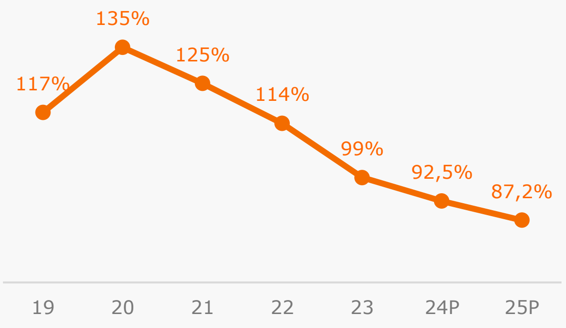
As to the external accounts, the **current account** reached a surplus of 1 489 million euros in the first five months of the year, which contrasts with a deficit of 520.4 million euros in the same period last year. This performance was the result of the improvement in the energy deficit and the widening of the services balance surplus, driven by both tourism and other services. There was also a marked improvement in the income balance, due to a higher allocation of European funds to final beneficiaries and an increase in investment income received from abroad.

On the public accounts front, the consolidated budget execution figures for the first six months of the year, on a cash basis, point to a budget deficit of 2.1% of GDP (-2 731 million euros), which compares with a surplus of 1.4% in the same period last year (1 825 million euros). This deterioration reflects a substantially higher yoy increase in expenditure (+11.2%) than in revenue (+1.7%) up to June. The increase in revenue is mainly explained by the increase in Social Security contributions, while on the expenditure side the increase is explained by current transfers and staff expenses, mainly salary updates applied at the beginning of the year.

Fiscal deficit as % of GDP [1]



Public debt as % of GDP [1]



[1] Source: Bank of Portugal (Economic Bulletin projections, June 2024).

Portuguese financial system

In June, the **stock of loans to the non-financial private sector** stabilized on a yoy basis (-1.4% in the corporate segment and +0.7% in loans to individuals).

Up to June, new production grew by 17.9% yoy, driven by a 25% increase in loans to individuals (+29.6% in mortgage loans and +17.4% in consumption and other loans) and a 10.2% rise in corporate loans.

Also up to June, **non-financial private sector deposits** increased by 3.5% ytd (3.8% and 2.6, respectively, in individuals and companies). It was notable the performance of term deposits, which grew by 6.7% overall (9.5% in the corporate segment).

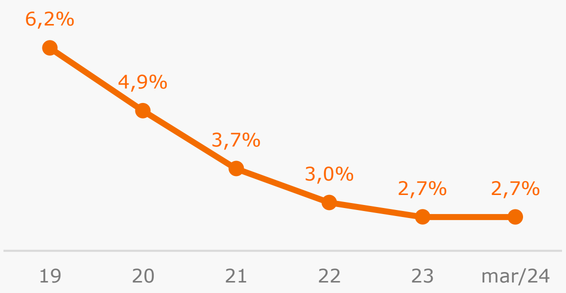
Private sector - evolution of loans and deposits

yoy (%)	2023	June 24[1]
LOANS		
Individuals	**-1.2**	**1.1**
Mortgage loans	-1.5	0.8
Other	0.2	2.0
Non-financial companies	**-2.1**	**-0.5**
TOTAL CREDIT	**-1.7**	**0.5**
DEPOSITS	**-2.3**	**3.5**

In March 2024, the **loan to deposit ratio** was 76.7%, down by 1.3 p.p. on the end of 2023. The solvency position also improved, with a **CET 1** capital ratio of 17.1%, the same as at the end of 2023 and up 1.5 p.p. on the same period last year.

The **non-performing loans (NPL)** ratio stood at 2.7% in March 2024 (the same as at the end of 2023 and 0.4 p.p. lower than in the first quarter of 2023), highlighting the quality of the loan portfolio even in an adverse environment of rising interest rates.

Non-performing loans (NPL) [2] ratio



In its **Financial Stability Report**, published in May, the Bank of Portugal stresses that risks to financial stability arise, to a large degree, from the fallout that geopolitical tensions and protracted tight monetary conditions may have on economic activity.

On the businesses side, financial and liquidity metrics have improved, but the cumulative effect of persistently high interest rates on economic activity and financing costs, together with possible increases in production costs and disruptions in supply chains, could increase credit risk. For households, the credit risk profile has been improving as a result of the macroprudential recommendation introduced in 2018.

In the property market, monetary tightening and a possible deterioration of economic conditions could also lead to price corrections, although the effects on the banking system would be limited by the fact that high loan-to-value ratios in mortgage loans only apply to a small part of banks' portfolios.

[1] May 24 year to date
[2] Source: Bank of Portugal (Portuguese Banking System: recent developments – 1st quarter 2024)
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FINANCIAL CAPITAL

Net profit

BPI reported a **net profit** of 326.8 M.€ in the 1st half of 2024, a yoy increase of 28%. Banco BPI's return on tangible equity (ROTE) was 17%.

326.8 M.€
Banco BPI net profit

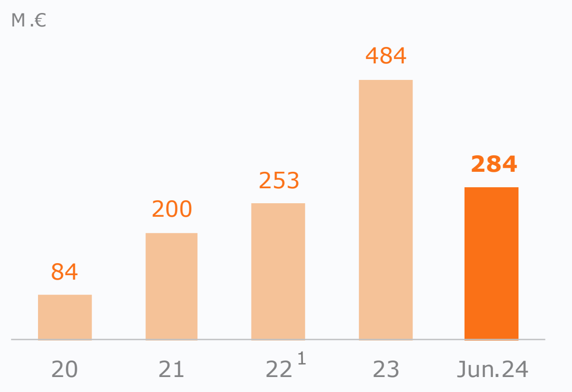
In the **activity in Portugal, net profit** reached 267.8 M.€, which represents a 35% yoy increase.

This growth was underpinned by the increase in gross income (+18% yoy), stable recurrent operating expenses, and a low cost of risk (0.06% in the last 12 months).

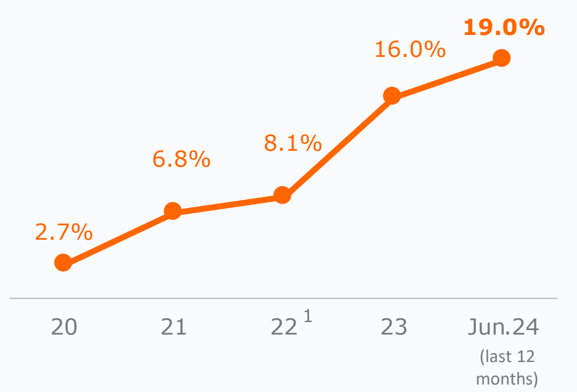
Recurrent net profit in Portugal (excluding costs with early retirements), was 283.5 M.€ in the 1st half of 2024.

Recurrent ROTE rose to 19.0% in June 2024 (last 12 months).

Recurrent net profit from the activity in Portugal



Recurrent ROTE from the activity in Portugal[2]



The contribution of the equity holdings in BFA (48.1%) and BCI (35.7%) to Banco BPI's net profit reached 59.1 M.€ in the 1st half of 2024:

- BFA's contribution, amounting to 41.2 M.€, reflects the 2023 dividend;
- BCI's contribution (equity accounted) was 17.9 M.€.

Net profit (M.€)

	Jun.23	Jun.24	Δ%
Activity in Portugal	**198.7**	**267.8**	**35%**
BFA contribution	40.8	41.2	1%
BCI contribution	16.7	17.9	7%
Banco BPI net profit	**256.2**	**326.8**	**28%**

[1] 2022 restated to reflect the impacts on equity holdings in insurance companies of the adoption of IFRS17, effective from 2023.
[2] Recurrent ROTE (19.0% in June24; last 12 months) = Recurrent net profit in Portugal in the last 12 months (560 M.€) after deducting AT1 interest costs (18 M.€) recorded directly in shareholders' equity / Average allocated shareholders' equity (2 947 M.€).

Activity in Portugal

Income Statement

Net profit from the activity in Portugal reached 267.8 M.€, having increased by 69 M.€ yoy (+35% yoy). This increase is mainly explained by the following factors:

- 56 M.€ increase in net interest income due to the repricing of loans with higher index rates than in the same period last year, partially offset by the increase in the cost of deposits;
- increase in net fee and commission income due to a one-off gain of 16 M.€ from the early settlement in June 2024 of the share in the results of some insurance policies sold in prior years;
- stable recurrent operating expenses;
- 32 M.€ decrease in net loan impairments. It includes a 13 M.€ gain in the 1st half of 2024 from the sale of a portfolio of non-performing loans;
- 23 M.€ non-recurrent expenses with early retirements and voluntary terminations.

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

	Jun.23	Jun.24	Δ%
Net interest income	434.9	490.6	12.8%
Dividend income	2.0	8.3	-
Equity accounted income	10.0	10.3	3.0%
Net fee and commission income	147.0	167.9	14.3%
Gains / (losses) on financial assets and liabilities and other	14.7	15.4	4.5%
Other operating income and expenses	(42.2)	(23.9)	43.4%
Gross income	**566.3**	**668.6**	**18.1%**
Recurring staff expenses	(122.8)	(124.8)	1.7%
Other administrative expenses	(92.7)	(94.1)	1.5%
Depreciation and amortisation	(34.5)	(31.4)	(9.0%)
Recurring operating expenses	**(250.0)**	**(250.4)**	**0.1%**
Non-recurring expenses	(0.5)	(22.9)	-
Operating expenses	**(250.5)**	**(273.2)**	**9.1%**
Net operating income	**315.8**	**395.4**	**25.2%**
Impairment losses on financial assets	(36.6)	(4.4)	(87.9%)
Other impairments and provisions	(1.9)	0.0	(100.8%)
Gains and losses in other assets	10.9	2.0	(81.2%)
Net income before income tax	**288.2**	**393.0**	**36.4%**
Income tax	(89.5)	(125.3)	40.0%
Net income	**198.7**	**267.8**	**34.7%**
[Recurring net income] [1]	*189.8*	*283.5*	*49.4%*

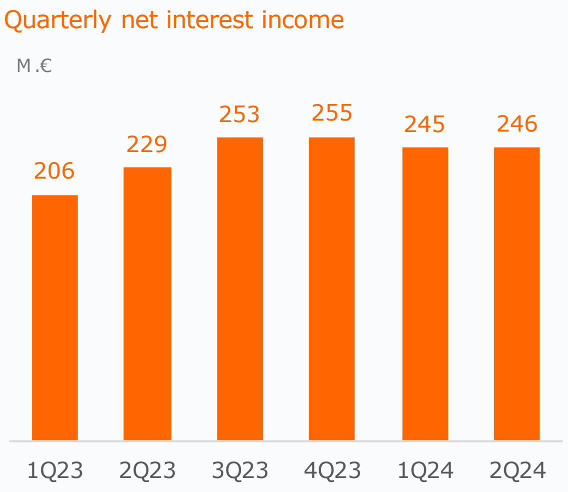
Note: consolidated accounts in June 2023. From June 2024, Banco BPI no longer presents consolidated accounts as it has no fully consolidated subsidiaries. In accordance with IAS 28 and IAS 27, the associated companies over which Banco BPI has significant influence (Allianz and BCI) are accounted for using the equity method in Banco BPI's accounts as from 30 June 2024 (previously, these holdings were accounted for at acquisition cost in Banco BPI's separate financial statements). See note 1.2 to the financial statements.

[1] In June 2023, excludes capital gain on the sale of BPI Suisse (9.3 M.€). In June 2024, excludes costs with early retirements and terminations.

Gross Income

Gross income increased by 18%, driven by positive contributions from net interest income (+13%) and fee and commission income (+14%).

+13%
net interest income
(1H23 / 1H24 change)



Net interest income

After peaking in the 4th quarter of 2023, net interest income remained relatively stable during the first 6 months of 2024.

Year-on-year, net interest income increased by 56 M.€ in the 1st half of 2024, driven by the following factors:

- With a positive impact, the increase in income from interest on loans (+196 M.€), mainly due to the repricing of loans with higher index rates than in the same period last year, and also to the expansion of the loan book;
- with a negative impact, the increase in the cost of deposits (-149 M.€).

The unitary intermediation margin[2] rose by 0.2 p.p. yoy, to 3.5% in the 1st half of 2024.

Net Interest Income (M.€)

	Jun.23			Jun.24			Δ interest (%)
	Average balance	Average rate	Interest	Average balance	Average rate	Interest	
Loans to Customers[1]	28 642	3.4%	492.5	29 212	4.7%	688.7	40%
Customer deposits in euro	27 633	0.1%	20.0	28 324	1.2%	168.7	-
Intermediation margin [2]		**3.3%**	**472.6**		**3.5%**	**520.0**	**10%**
Other revenues and costs			(37.7)			(29.3)	-
Net interest income			**434.9**			**490.6**	**13%**

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

[2] Defined as the difference between income from interest on loans (excluding loans to Employees) and the cost of Customer deposits in euro. Does not include interest rate hedges.

Net fee and commission income

The increase in net fee and commission income (+14% yoy) is explained by a 16.1 M.€ one-off gain on the early settlement in June 2024 of the share in the results of some insurance policies sold in previous years. Excluding this impact, net fee and commission income increased by 3.3% yoy.

Performance breakdown of net fee and commission income, by type of service:

- banking commissions grew by 4.4 M.€ (+4.9%), driven by commissions from the BPI Wealth service and from the placement of corporate debt issues;
- commissions on mutual funds and capitalisation insurance increased by 0.3 M.€ (+1.3%). In the 1st half of 2023 they included 1.5 M.€ of commissions from BPI Suisse, which was sold in April of that year.
- insurance intermediation commissions, excluding the above-mentioned impact from the early settlement of the share in the results of insurance policies, remained stable.

Net fee and commission income (M.€)

	Jun.23	Jun.24	Δ%
Banking commissions	89.8	94.2	4.9%
Mutual funds and capitalisation insurance	27.4	27.7	1.3%
Insurance brokerage	29.8	46.0	54.4%
Total	**147.0**	**167.9**	**14.3%**

Equity accounted income

Equity accounted income, amounting to 10.3 M.€ in the 1st half of 2024, corresponds to the appropriation of results from the stake in Allianz.

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

Gains / (losses) on financial assets and liabilities and other totalled 15.4 M.€, and essentially include 6.3 M.€ gains on foreign exchange transactions with Clients and 7.5 M.€ gains on interest rate hedges.

Other operating income and expenses

Other operating income and expenses was negative in the 1st half of 2024, at -23.9 M.€ (-42.2M.€ in the 1st half of 2023).

In the 1st half of 2024 this caption includes 27.3 M.€ in regulatory costs (National Resolution Fund, 4.5 M.€, Banking Sector Contribution, 19.1 M.€, and Solidarity Surcharge on the Banking Sector, 3.5 M.€). In 2024, no contribution was made to the Single Resolution Fund as it had reached its capitalisation target.

Operating expenses

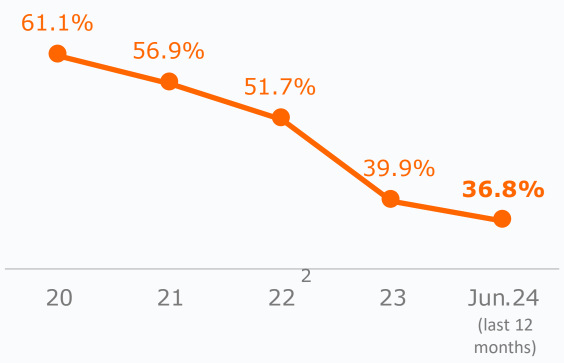
Recurrent operating expenses remained stable compared to the 1st half of 2023:

- recurrent staff expenses were up by 1.7% (+2.0 M.€), reflecting the update of the salary scale (+3%) and the reduction in the average payroll (-2.6%);
- other administrative expenses increased by 1.5% (+1.4 M.€), driven by the continued effort in digitalisation and technologic innovation;
- depreciation and amortisation decreased by 9.0% (-3.1 M.€).

In the 1st half of 2024, BPI recognised non-recurrent expenses of 22.9 M.€ with early retirements and terminations.

The efficiency ratio improved by 3 p.p., to 36.8% in June 2024 (last 12 months), driven by the expansion of the income basis.

Efficiency ratio [1]



Operating expenses (M.€)

	Jun.23	Jun.24	Δ%
Staff expenses, excluding non-recurring expenses	122.8	124.8	1.7%
Other administrative expenses	92.7	94.1	1.5%
Depreciation and amortisation	34.5	31.4	(9.0%)
Operating expenses, excluding non-recurring	**250.0**	**250.4**	**0.1%**
Non-recurring expenses	0.5	22.9	
Operating expenses, as reported	**250.5**	**273.2**	**9.1%**

Pension liabilities

The net assets of the Employees' pension funds amounted to 1 730 M.€ the end of June 2024 and covered 107% of the pension liabilities.

%
107% coverage of pension liabilities
(30 June 2024)

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

	Dec.23	Jun.24
Total past service pension liabilities	1 724	1 618
Net assets of the pension fund	1 780	1 730
Coverage ratio of pension liabilities	103%	107%
Pension funds return (ytd, non-annualised)	8.1%	(0.5%)
Discount rate	3.2%	3.7%

[1] Recurrent operating expenses as % of gross income. Excludes non-recurrent results.
[2] Restated for adoption on IFRS17.

Impairments and provisions for loans and guarantees

Impairments for loans and guarantees net of recoveries amounted to 4.4 M.€ in the 1st half of 2024, to which the following contributed:

- net loan impairment charges of 17.0 M.€, which is 32 M.€ less than in the 1st half of 2023;
- 12.5 M.€ gains[1] on the sale of a 73 M.€ (gross) portfolio of non-performing loans.

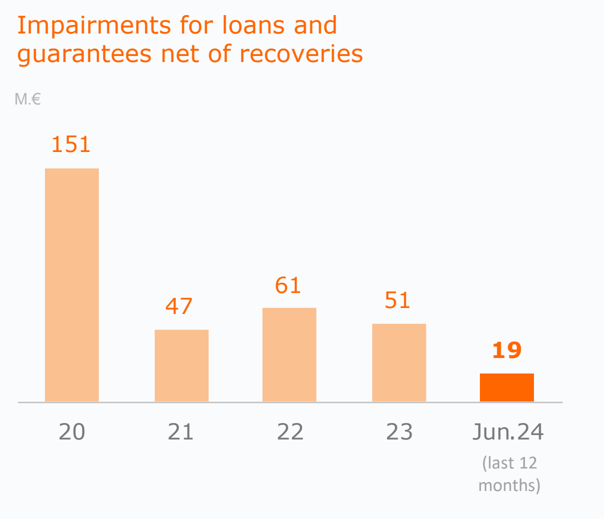
The cost of credit risk [2] was 0.06% in the last 12 months.

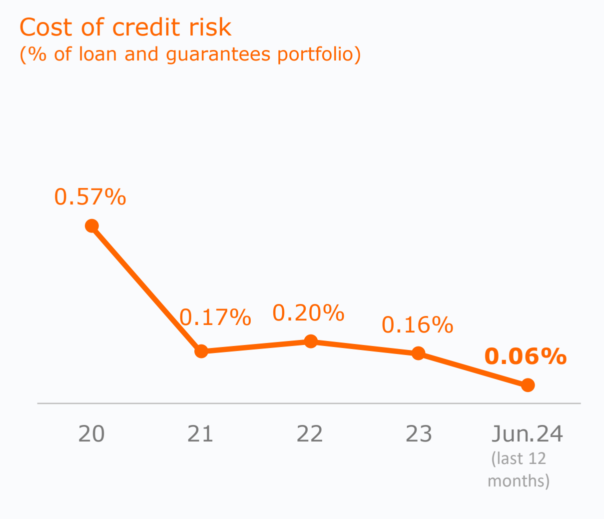
At the end of June 2024 unallocated impairments on the balance sheet amounted to 34.5 M.€.

0.06%
Cost of credit risk
(last 12 months)

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

	Jun.23	Jun.24
Impairments	38.0	18.3
Recovery of loans written off from assets	(1.4)	(1.4)
Subtotal (excluding sale of loans)	**36.6**	**17.0**
(-) Gains with sale of loans		12.5
Total	**36.6**	**4.4**





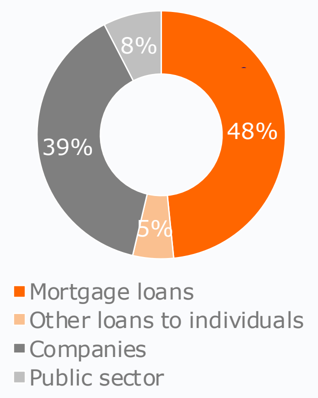
[1] In addition, 0.2 M.€ were recognised under gains / (losses) on financial assets and liabilities, therefore the total gain was 12.7 M.€.
[2] Impairments net of recoveries as % of average gross loans and guarantees.

Loans to Customers

The portfolio of loans and advances to Customers (gross) increased by 1.8% yoy (+0.5 Bn.€). By segment:

- the mortgage loans portfolio increased by 1.7% yoy (+0.2 Bn.€). New mortgage loans production remained stable in the 1st half of 2024 compared to the same period in 2023;
- the corporate loan book expanded by 4.6% (+0.5 Bn.€).

Loan portfolio (June 24)



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

	Jun.23	Dec.23	Jun.24	∆% yoy	∆% ytd
Loans to individuals	16 221	16 241	16 295	0.5%	0.3%
Mortgage loans	14 444	14 557	14 688	1.7%	0.9%
Other loans to individuals	1 777	1 684	1 607	(9.5%)	(4.5%)
Companies	11 229	11 494	11 750	4.6%	2.2%
Public sector	2 347	2 338	2 300	(2.0%)	(1.7%)
Total	**29 797**	**30 073**	**30 345**	**1.8%**	**0.9%**
Note:					
Net loan portfolio	29 237	29 540	29 843	2.1%	1.0%

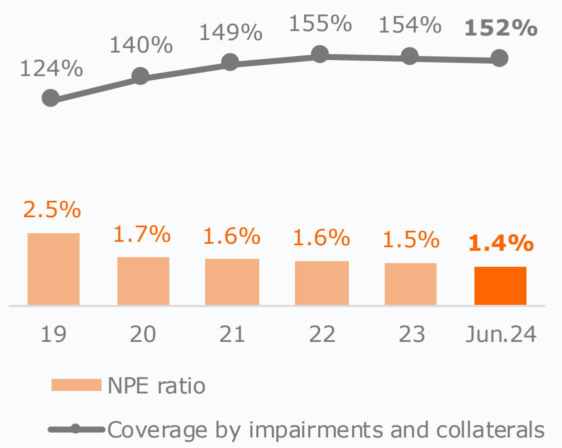
Asset quality

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

Non-Performing Exposures (NPE) EBA[2]

In June 2024 the NPE ratio (EBA) was 1.4% with coverage by impairments of 95% and coverage by impairments and collaterals associated with the NPE exposure of 152%.

Non-performing exposures (NPE) and NPE coverage



[1] Loans to Customers (gross) corresponds to Loans and advances to Customers (26 185 M.€ in June 24), excluding collateral accounts, reverse repos and other assets (38 M.€ in June 24), added of debt securities issued by Customers (4 160 M.€ in June 24, excluding credit institutions), recognised under Financial assets at amortised cost.
[2] In addition to the credit exposure considered in NPL (EBA), also includes loans and debt securities in the loan portfolio.

Non-Performing Loans (NPL) EBA

The NPL ratio was 1.7% at the end of June 2024, well below the high-risk threshold for non-performing assets defined by the EBA (5%).

The NPL coverage by impairments was 97%, or 153% if considering the coverage by associated collaterals.

1.7% **NPL ratio**

153% **Coverage of NPL** by impairments and collaterals

For the main credit segments:

- **corporate loans**, NPL ratio of 2.9% (3.2% in December 2023) and NPL coverage by impairments and collaterals of 147%;
- **mortgage loans**, NPL ratio of 1.3% (1.2% in December 2023). NPL coverage by impairments and collaterals is 145% (impairment coverage of 46%).

M.€	2023	Jun.2024
Non-performing exposures (NPE) [1]		
Gross credit risk exposure	37 431	39 392
Non-performing exposures	560	539
NPE ratio	1.5%	1.4%
Loan impairments[2]	547	513
Coverage by impairments	98%	95%
Coverage by impairments and collaterals	154%	152%
Non-performing loans (NPL) [1]		
Gross credit risk exposure	29 308	30 888
Non-performing loans	549	529
NPL ratio	1.9%	1.7%
Loan impairments[2]	547	513
Coverage by impairments	100%	97%
Coverage by impairments and collaterals	156%	153%
"Crédito duvidoso" (non-performing) [1]		
Gross loans and guarantees	32 232	32 619
"Crédito duvidoso"	553	528
"Crédito duvidoso" ratio	1.7%	1.6%
Loan impairments[2]	547	513
Coverage by impairments	99%	97%
Coverage by impairments and collaterals	155%	151%

Restructured loans

The amount of restructured loans (forborne loans, under the EBA criteria) was 736 M.€ in June 2024. Compared to December 2023, there was a decrease in restructured loans.

Of this, 69% were performing loans (Performing Exposures) and the remaining 31% were included in the balance of NPE. The forborne ratio was 1.7% (1.9% in Dec.23).

Forborne loans by segments:

- **corporate loans**, 187 M.€ of forborne loans and forborne ratio of 2.2%. Of this, 36% are performing loans and the remaining 64% are included in NPE;
- **mortgage loans**, 509 M.€ of forborne loans and forborne ratio of 3.5%. Of this, around 85% are performing loans and the remaining 15% are included in NPE.

Forborne loans, EBA criteria (M.€)

	Dec.23		Jun.24	
	Forborne loans	Forborne ratio	Forborne loans	Forborne ratio
Performing loans	540	1.3%	505	1.2%
Included in NPE	246	0.6%	231	0.5%
Total	**785**	**1.9%**	**736**	**1.7%**

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

Corporate recovery and restructuring funds

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

At the end of June 2024, the subscribed capital in these funds was 74.6 M.€. Balance sheet value, after revaluation, was 12.5 M.€

Recovery funds (M.€)

	June 2024
Subscribed capital [1]	74.6
Revaluation	(62.1)
Net balance sheet value	**12.5**

Foreclosed properties

The portfolio of foreclosed properties has a very low expression in Banco BPI. At the end of June 2024 it amounted to:

2.9 M.€
Gross book value

1.0 M.€
Net book value

This portfolio's valuation value was 4.8 times higher than its net book value.

Financial assets portfolio

At June 2024, BPI held a portfolio of sovereign debt securities in the amount of 3 844 M.€[2]. This portfolio comprises medium- and long-term debt of Portugal (32%), Spain (26%), Italy (17%), the European Union (17%) and the USA (8%).

The average residual maturity of this portfolio is 2.9 years.

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

Sovereign debt securities portfolio (M.€)

	Dec.23	Jun.24
Medium and long-term		
Portugal	1 210	1 212
Spain	996	995
Italy	670	663
European Union	645	648
USA	451	326
Total	**3 973**	**3 844**

[1] Paid-in capital was 72.4 M.€ in June 24.
[2] Securities in financial asset portfolios at fair value through other comprehensive income and financial asset portfolios at amortised cost.

Customer Resources

Customer deposits grew by 6.2% yoy (+1.8 Bn.€). Term deposits increased by 39% (+4.0 Bn.€), which reflects their growing attractiveness due to their rising remuneration throughout 2023, while sight deposits fell by 2.2 Bn.€.

Term deposits increased their share in total deposits to 47% (+11 p.p. yoy).

Total customer resources, which in addition to deposits also include off-balance sheet resources (stable compared to June 2023), increased by 5.1% yoy.

In the six months to June 2024, total customer resources increased by 3.8%, with term deposits remaining the fastest growing component (+6.4%).

Customer Resources (M.€)

	Jun.23	Dec.23	Jun.24	∆% yoy	∆% ytd
Customer deposits	**28 645**	**29 252**	**30 408**	**6.2%**	**4.0%**
Sight deposits	18 343	15 811	16 108	(12.2%)	1.9%
Term deposits	10 301	13 441	14 300	38.8%	6.4%
Off-balance sheet resources	**8 805**	**8 654**	**8 936**	**1.5%**	**3.3%**
Mutual funds	4 342	4 311	4 435	2.1%	2.9%
Capitalisation insurance	4 383	4 263	4 422	0.9%	3.7%
Public subscription offerings	80	79	79	-	-
Total	**37 450**	**37 905**	**39 343**	**5.1%**	**3.8%**

Liquidity and Funding

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

At the end of June 2024:

95% transformation ratio
of deposits into loans (Customer resources are the main source of funding)

143% NSFR ratio
Net stable funding ratio

189% LCR ratio
Liquidity coverage ratio (12-month average[1])

9.3 Bn.€ in eligible assets
for ECB funding

In the first quarter of 2024, Banco BPI issued 700 M.€ of senior debt maturing in 2030, and renewed 500 M.€ of Mortgage Covered Bonds. In the second quarter of 2024, BPI issued 300 M.€ in Mortgage Covered Bonds maturing in 2032.

[1] In accordance with EBA guidelines. Calculation components (12-month average): Liquidity reserves (6 652 M.€); Total net outflows (3 511 M.€).

Equity holdings in BFA and BCI

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

- 48.1% in Banco de Fomento Angola (BFA). BFA has total assets of 3.9 Bn.€ (May 24) and approximately 3 million Customers. Its market share of deposits was 16.5% in April.
- 35.7% in Banco Comercial e de Investimentos (BCI), in Mozambique. BCI is market leader in the Mozambique banking system, with total assets of 3.3 Bn.€, 2.3 million Customers and market shares in May 24 of 23% in total assets, 27% in loans and 26% in deposits.

The equity holdings in BFA and BCI contributed with 59.1 M.€ to Banco BPI's 1st half of 2024 net profit.

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

	Jun.23	Jun.24
BFA contribution	40.8	41.2
BCI contribution	16.7	17.9
Total	**57.5**	**59.1**

Banco de Fomento Angola (BFA)

BFA's contribution to Banco BPI's net profit in the 1st half of 2024, in the amount of 41.2 M.€, reflects the dividend attributed with respect to 2023.

At the end of June 2024, the 48.1% stake in BFA was valued at 299 M.€[1].

Banco Comercial e de Investimentos (BCI)

The equity accounted stake in BCI contributed with 17.9 M.€ to Banco BPI's 1st half of 2024 net profit.

Its book value was 159 M.€ in June 2024.

[1] Booked under "shares at fair value through other comprehensive income".

Banco BPI's profitability and efficiency indicators

Banco BPI indicators according to Bank of Portugal Instruction 16/2004
As amended by Instruction 6/2018

	Jun.23	Jun.24
Gross income / ATA	3.2%	3.7%
Net income before income tax and minority interests / ATA	1.7%	2.3%
Net income before income tax and minority interests / avg. shareholders' equity and minority interests	17.5%	23.7%
Staff expenses / Gross income [2]	20%	17%
Operating expenses / Gross income [2]	41%	34%
Loan to deposit ratio [3]	102%	99%

ATA= average total assets.

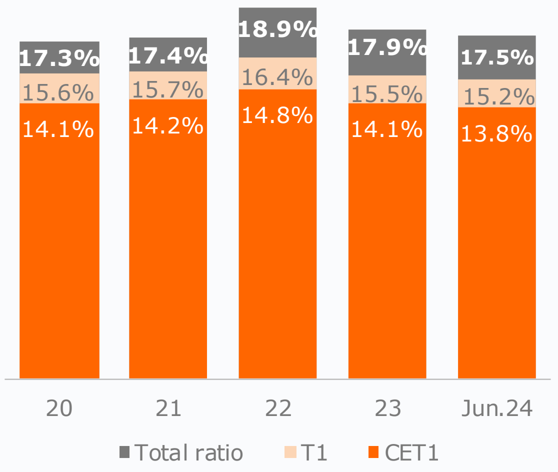
[2] Excluding costs with early retirements.
[3] Net customer loans / Customer deposits.

Prudential capital

At the end of June 2024, Banco BPI's capital ratios (phasing-in) were: CET1 of 13.8%, Tier 1 of 15.2%, and total capital of 17.5%.

Banco BPI has a Maximum Distributable Amount buffer (MDA buffer) of 4.6 p.p..

Banco BPI capital ratios [1]



Note: The minimum capital requirements set by the ECB for Banco BPI for the financial year 2024 were as follows (considering the countercyclical buffer at June 24, which is revised on a quarterly basis): CET1 of 8.58%, T1 of 10.44% and total ratio of 12.91%.

Banco BPI capital ratios (M.€)

	Dec.23	Jun.24
Common Equity Tier 1	2 670	2 691
Tier I	2 945	2 966
Tier II	446	437
Total own funds	3 391	3 403
Risk weighted assets	18 983	19 460
CET1 ratio	14.1%	13.8%
T1 ratio	15.5%	15.2%
Total ratio	17.9%	17.5%
Buffer MDA	5.0%	4.6%
Leverage ratio [2]	7.4%	7.1%
MREL (as % RWA)	23.9%	24.7%
MREL (as % LRE)	11.4%	11.5%

At the end of June de 2024, Banco BPI met the MREL requirements applicable from January 2024:

- MREL to RWAs ratio of 24.7%, versus the requirement of 22.24%[3].
- MREL to LRE ratio of 11.5%, versus the requirement of 5.91%.

Sectoral systemic risk buffer

In November 2023, Banco BPI was notified by the Bank of Portugal of the introduction of a capital buffer for systemic risk in the residential property market in Portugal, consisting of common equity Tier 1 (CET1) capital, to apply as from 1 October 2024.

This buffer applies to institutions using the internal ratings-based (IRB) approach, and corresponds to 4% of the risk exposure amount of all retail exposures to individuals secured by residential real estate located in Portugal.

The estimated capital buffer for systemic risk that will apply to BPI[4] in October 2024 is around 0.8 p.p..

Note: In September, after the close of the 1st half of 2024 accounts, BPI redeemed in advance the AT1 bond issued in 2019 (275 M.€) and issued a new AT1 bond with the same nominal value.

[1] Capital ratios with phased-in impact of IFRS9 implementation from 2020 to June 2024.
[2] Calculated as the ratio of Tier 1 capital to the total value of balance sheet assets and off-balance sheet items, not subject to risk weighting coefficients.
[3] MREL requirement includes combined capital buffer requirement.
[4] At the end of 2022, Banco BPI adopted the IRB (Internal Rating Based) approach for the calculation of risk-weighted assets in the mortgage loans segment.

Rating

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

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

Banco BPI ratings & Outlook

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

In the 1st half of 2024, Fitch Ratings and S&P Global Ratings reaffirmed the rating assigned to Banco BPI, and both upgraded their outlook to Positive.

Moody's has not taken any action on Banco BPI's rating from the beginning of 2024 up to the date of approval of this Report.

At 30 June 2024	DBRS	Fitch Ratings	Moody's	S&P Global Ratings
Banco BPI credit ratings				
Issuer Rating / Outlook		BBB+ / Positive	Baa1 / Stable	BBB +/ Positive
Long-Term Deposits / Outlook		A-	A2 / Stable	-
Long-Term Debt / Outlook		A-	Baa1	BBB + / Positive
Short-Term Deposits		F2	Prime-1	-
Short-Term Debt		F2	Prime-2	A-2
Standalone rating		bbb- *(Viability rating)*	baa2 *(Baseline Credit Assessment)*	bbb- *(Stand-alone credit profile, SACP)*
Covered bonds - Mortgage	AA		Aaa	
Covered bonds - Public sector loans			Aa2	
Senior non-preferred debt			Baa2	BBB-
Subordinated debt			Baa3	BB+
Junior subordinated debt			Ba1	
Portugal Rating[1]				
Long-term / Outlook	A / Stable	A- / Stable	A3 / Stable	A-/ Positive [1]
Short-Term	R-1 (low)	F1	Prime-2	A-2 [1]

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

INTELLECTUAL CAPITAL

Customer Experience

In their use of the digital channels, Customers continue to prioritise usability, security, availability and functionality of the services offered, and so these remain the pillars of the strategy to improve the Customer experience.

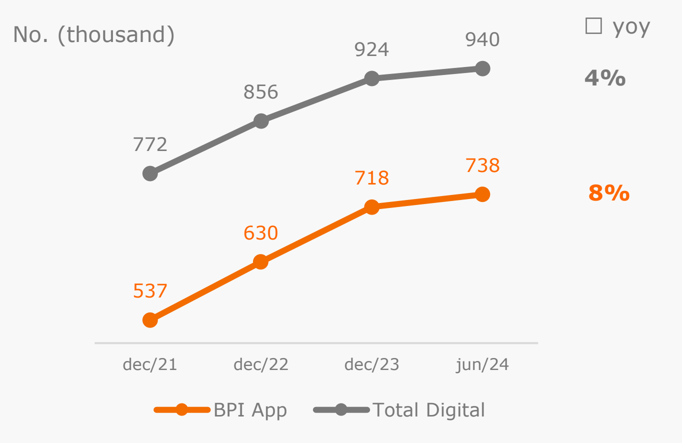
Digital Transformation

BPI continues to invest in optimising the Customer experience by leveraging the digital transformation of its products and services. Given the current high level of digitalisation, BPI focused on simplifying the use of the digital channels and integrating new services, which has had a positive impact on the number of Customers regularly using these channels, with over 940 thousand users[1] at the end of the first half of 2024 (+4.2% yoy).

60%
Digital Customers (1st account holders) as % of total Customers[1]
+ 3 p.p. (☐ yoy)

The number of regular users of BPI App reached 738 thousand at the end of June (+8% yoy). 90% of the Individual Customers who regularly use the digital channels opt for the BPI App.

Digital Banking regular users



Digital Channels Developments

In the 1st half of 2024 **new developments were made to improve the experience of** Individual and Corporate **Customers**, including:

- Customer-centric and even simpler and more intuitive evolution of the BPI app:
  - Main menu redesigned and modernised;
  - New Accounts and Services area;
  - New experiences in Transfers, Saving and Investing, Cards, and Mortgage Loans;
- Contracting of COSEC Insurance on BPI Net Empresas;
- New services available in Transfers (Individuals and Companies)
  - Confirmation of Payee: information on the name of the first holder of the account benefiting from a transfer;
  - SPIN - Account Derivation Identifier: initiation of a SEPA transfer using only the beneficiary's mobile phone number or VAT number.

BPI was the first of Portugal's major banks to offer the SPIN service.

As a result of the focus on digital transformation, in the first half of 2024 more than 37% of total sales of focus products[2] were initiated on the digital channels (Individual Customers segment).

[1] Active Clients, 1st account holders, Individuals and Companies.
[2] Number of Focus Product sales to individual Customers: Mutual Funds/RSP, Prestige Products, Personal Loans, Credit Cards and Standalone Insurance.

Innovation

Pulsoo, the app for small businesses

BPI and NOS have partnered to launch the Pulsoo app, a free mobile application that facilitates the day-to-day management of small businesses by providing an aggregated view of the company's financial position and transactions, and simplifying compliance with regulatory and tax obligations.

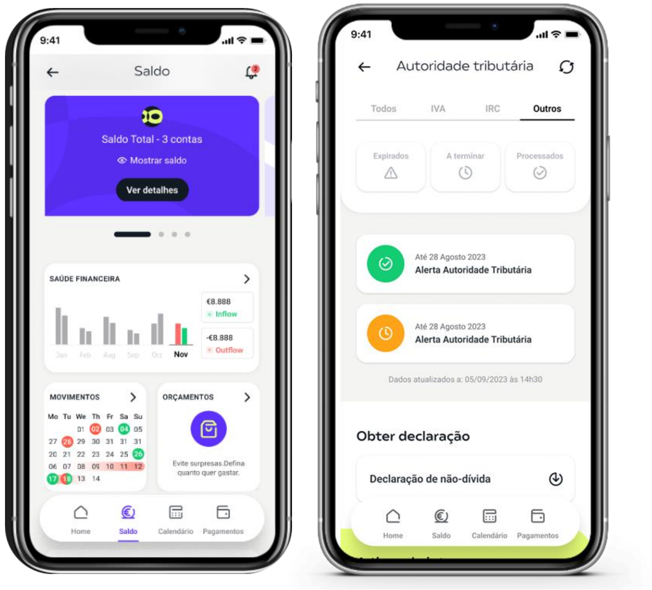
Pulsoo leverages Open Banking technology to manage all the bank accounts (from any bank) associated with the company's activity, making it possible to visualise expenses and income by category. In addition, business owners can link their Tax and Social Security accounts to view alerts on relevant dates for compliance of their obligations, and obtain important documents for their business.

By providing a range of analytical information such as statistics and trends, as well as outstanding tax liabilities and their due dates, this solution enables smarter financial management and facilitates budgeting.

At the same time, the platform provides specialised content to promote digitalisation and financial knowledge for SMEs and Individual Entrepreneurs.

Pulsoo has been recognised internationally by awards from Global Finance, The Innovators, as Best SME App Providing Financial and Regulatory Solutions, and the PayTech Awards, as Best User/Customer Experience Initiative - Business Payments.

The app is available for download on iOS and Android, and is not exclusive for NOS and/or BPI customers.



HUMAN CAPITAL

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

Employees as of June 2024

4 255 Employees

57% women

43% men

Learning and development

The acquisition and development of skills remains a priority at BPI. The following developments took place in the first half of 2024:

Approx **90,000** hours of training

Average classification of **4,4** in 5 out of the **320** courses on the catalogue

In line with the strategic plan, Employee training continued to be provided in the following areas:

Sustainability (course with an impact on Variable Remuneration (VR) "Path to a Net Zero World", Climate Change Quiz and EMS - Environmental Management System video);

Digital/Data Analytics (12 Digital Customer videos and training for 180 Employees in data analysis tools (SQL, Excel, Python and Power BI));

Quality (launch of the "Logical Customer Minutes" course, with impact on VR).

Compulsory Training included:

- Launch of 100% of the content of the 3 **mandatory certifications** (MiFID II, Insurance and Mortgage Credit), as well as the Euro Note content in the first 2 months of the year.
- **AML/CFT** – Sanctions: "Join the good side of the force", a course with an impact on VR;
- Launch of the first 6 videos of the "12 months, 12 videos, 12 times more knowledge" initiative on **Information Security** topics;

There was also a strong focus on the Power Skills component, with the following initiatives standing out:

- **Navigation** programme: to introduce Commercial and Branch Managers (around 330 employees) to the Choreography of the new commercial system and how to train their team;
- **Boost** Programme - 4 online videos - Communicate, Develop, Decide and Change + 3-day face-to-face training for 200 Business Account Managers;
- **Advanced management** in partnership with Nova University for 94 Corporate Banking employees;

Also noteworthy was the **Sales Force** training for 266 employees, as well as the **Credit Analysis** and **Decision** training for Individuals and Entrepreneurs, with a total of 398 participants.

The Bank also held the **Second annual meeting of new employees** - around 100 Employees who had joined BPI in 2023.

Finally, 11 "**BPI Talks**" were held on topics related to a questionnaire made to the Employees, hosting 1,529 participants. The recordings were subsequently released.

Talent

This year, we **extended the definition of objectives (GPS) and VR Target to all the Bank's Employees**. Ensuring that all Employees have defined goals reinforces a culture of greater accountability and transparency, focus on execution and results, and meritocracy.

HUMAN CAPITAL

Employer Branding and Recruitment

Within the scope of its **Employer Branding** strategy, BPI continued to reinforce its communication as an employer brand, highlighting its commitment to innovation and technology. We were present in **20 events**, of which 8 online and 10 in face-to-face.

Recruitment. The Bank made 126 external hires, in line with its strategy of renewing and rejuvenating its staff.

- 8 University Fairs
- 4 Magma Bootcamps
- 2 Magma Fireside Talks
- 6 Other Recruitment Events

Academies and Traineeships

In 2024, the Bank continued to invest in its **Young Talent Programmes** and is running the first editions of the Commercial and DTI (Data, Transformation, Impact) Academies.

- Commercial Academy: 20 Trainees
- DTI Academy: 16 Trainees

Applications opened in March 2024 for Academies starting in September. In total, we have 71 paid internship vacancies for final-year students and recent graduates of bachelor's and master's degrees from various academic backgrounds.

- DTI Academy: 12 Trainees
- Risks Academy: 14 Trainees
- Corporate Academy: 15 Trainees
- Commercial Academy: 30 Trainees

After more than 2,200 applications and a challenging selection and recruitment process, the selected Trainees will join teams with in-depth know-how and experience for 12 months.

The main aim of the **DTI and Risk Academies** is to develop talent in specialised areas. They involve three months of technical training under partnerships with leading academic and other organisations in these fields.

In turn, the main objective of the **Corporate and Commercial Academies** is to attract young talent and provide them an opportunity for growth and continuous development in various core areas of the Bank.

Other Traineeships

In addition to the BPI Trainee Academies, the Bank continued to offer other personalised internship models, having held **50 internships** so far. We also launched a new edition of Summer Internships for Employees' Families.

Internal Culture

The Customer at the centre

We reinforced the culture of Customer service quality, in particular through regular internal communication in various formats: news, videos, games. At the annual kick-off meeting, attended by more than 500 Employees, an umbrella concept for this theme was launched.

Also noteworthy were the efforts made to improve communication between all Employees, with a focus on communication tools such as webinars, quizzes and news.

In May, we held two events (Porto and Lisbon) to honour around 200 Employees who had completed 25 years with the Bank.

Health and Wellbeing

Promotion of activities and support for employees through the Viver + (Living +) programme, which will be extended in the last quarter of the year. The 4th edition of the Health and Wellbeing Week will take place in October.

The Wellbeing Games took place in May, with enthusiastic and wide participation from BPI staff.

Diversity and Inclusion

Fostering a culture of diversity and inclusion within the Bank remains a key focus. Highlights:

2
Disabled employees hired

Professional Women's Network (PWN) Lisbon
Participation in and support for initiatives promoted by the association

Family-Responsible Company

efr

BPI remains focused on developing a culture of family responsibility, and the certification as a 'Family Responsible Company' by the Más Família Foundation is an important milestone in this journey. Communication on this topic was stepped during the first half of 2024.

In most cases, the offers for employees under the Bank's partnerships include a minimum of 4 tickets, thus extending these benefits to their families.

In coordination with the Sports Group, on Children's Day the Bank offered children's tickets and 50% of parents' tickets for children venues such as the Zoo, the Oceanarium and theatre plays.

SOCIAL CAPITAL

Joint action with the "la Caixa" Foundation

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

BPI works together with the "la Caixa" Foundation, a non-profit organisation founded in 1904 to promote a less unequal society.

The "la Caixa" Foundation is the largest foundation in the European Union and one of the most relevant globally in terms of both budget and asset volume.

The working method used by "la Caixa" Foundation and BPI in their joint work is based on the creation of networks of specialised intermediaries, selected through tender, which receive specific training in the areas covered by each programme. This training is designed with the support of institutions and experts specialising in each subject.

The implementation of the programmes is subject to ongoing monitoring and subsequent evaluation. The selection of collaborating organisations and specific projects, depending on the case, is usually subject to jury scrutiny. Each programme applies these general methodological principles to its own scope and circumstances.

"Helping those who help" and "doing with those who do" are, in short, the principles that guide the intervention of the "la Caixa" Foundation in Portugal.

BPI | Fundação "la Caixa"

50 M.€ in 2024

"la Caixa" Foundation initiative with the collaboration of BPI

4 action lines:

- Extension or adaptation of "la Caixa" Foundation's own programmes to the Portuguese reality.
- BPI "la Caixa" Foundation Awards to support projects run by social organisations.
- Outreach support to projects selected by BPI and financed by "la Caixa" Foundation (decided by BPI's Social Responsibility Committee and within the scope of the Decentralised Social Initiative).
- Programmes and initiatives designed to address the country's specific challenges.

Social Programmes

BPI "la Caixa" | Foundation Awards 15 years Helping those who Help

In 2024, there will be 5 million euros to reward the projects of social sector organisations designed to help those those in greater need.

Since 2010, 32 million euros have been allocated to 700 organisations, benefiting more than 213 thousand socially vulnerable people.

There are four awards, accessible by application:

- *Capacitar* Award | To promote the self-sufficiency of People with disabilities or mental illnesses;
- Solidary Award | To support social and labour integration and fight social exclusion;
- Seniors Award | To support active and healthy ageing;
- Childhood Award | To support children living in poverty.

Decentralised Social Initiative

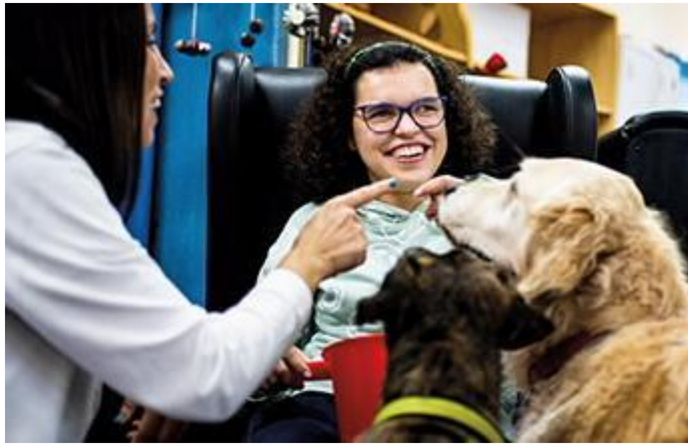
In 2024, the 5th edition of the Decentralised Social Initiative (DSI) was launched with increased funding to support, through the Bank's commercial networks, local social projects promoted by non-profit organisations that are BPI Clients.

The BPI and the "la Caixa" Foundation are allocating 1.8 million euros to the DSI this year (200 thousand euros more than in 2023).

DSI segments or areas of intervention: Children, adolescents and young people in situations of social vulnerability; People over 65 years old, People with disabilities; Labour insertion; Health, permanent illness or disability; Interculturality and social cohesion.

1st half 2024
0.69 M.€
121 projects supported
20.9 thousand beneficiaries

Since the programme began, the DSI has benefited more than 200 thousand people.



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

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

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

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

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

Social Equity Initiative: to promote the development of the social sector in Portugal, in collaboration with Nova SBE.

Proximity Projects in the areas of culture and science, social, education and scholarships, selected by BPI's Social Responsibility Committee. In the first half of 2024 the support provided totalled approximately 2.6 million euros.

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

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

Portugal, Social Balance 2023
In the first half of 2024, BPI, the ”la Caixa” Foundation and Nova SBE presented the report "Portugal, Social Balance 2023". This study, carried out by Susana Peralta, Bruno P. Carvalho, and Miguel Fonseca, of Nova SBE, analyses the socio-economic situation of families in Portugal.

BPI Volunteering

The BPI Volunteering programme, with initiatives taking place throughout the year, is based on three main pillars:

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

To expand this programme, BPI has established partnerships with other entities, such as Entrepreneurs for Social Inclusion, Junior Achievement Portugal, Food Banks Against Hunger and Serve The City.

BPI Volunteers tutor young people at risk of social exclusion, help Incorpora Programme beneficiaries train for the job market, promote financial literacy and entrepreneurship in schools, clean the beaches, plant trees and renovate houses, among other activities.

The 4th Volunteering Week took place from 19 to 26 May 2024, with 130 initiatives involving more than 1,500 volunteers and benefiting over 9 thousand people.

In the 1st half of 2024:

173
initiatives

1 700
volunteers

+15 thousand
direct beneficiaries

+7 thousand
hours of voluntary service

4 354
Volunteers registered on the platform

1St Social Fair

On 7 May, Customers and Employees visited the 1st Social Fair at BPI All in One, where six institutions that won BPI "la Caixa" Foundation Awards showcased their social businesses and sold handcrafted products made by the institutions' beneficiaries.

Financial Literacy

BPI has sought to act on several fronts to promote financial literacy: organising training sessions; investing in the simplification and digitalisation of products; creating saving and investment solutions for all stages of life; and giving a strong boost to the development of sustainable finance.

In the first half of 2024, the first edition (school year 2023/24) of the Portuguese Banking Association's "At the School Bench" initiative was completed, in which BPI volunteers introduced 3rd cycle and secondary education students to the workings of the financial system, as well as to some essential products and online security concepts.

BPI AGE continues to promote financial literacy with educational content aimed at parents and children.

Acknowledgement and reputation

2024 New Campaigns

"Tutorials you'll never forget"

BPI has launched a multi-media campaign entitled "Tutorials you'll never forget". In a positive tone, the three films use a "tutorial" logic to remind us of three gestures so simple that we sometimes forget them: "Do you remember how to stretch out your hand?"; "Do you remember how to take a step?"; and "Do you remember how to give an impulse?

It seeks to convey, in an emotional way, the rationale of BPI's customer service, a bank that is at side of the Customer to listen and help them realise their dreams and projects.

"How to become a champion"

BPI also launched a multimedia campaign to support the national team's journey in the Euro 2024. Under the slogan "Do you remember what it's like to be European Champion?", the campaign stars BPI ambassador Kika Nazareth.

As the Official Bank of the National Teams, BPI wanted to mobilise the Portuguese to support the journey of our team.

BPI is the Official Bank of the National Teams and sponsors the men's and women's National A teams and the under-21 National Team. The Bank is also the name sponsor of the main women's football competition, the BPI League, and sponsors the Women's League Cup.

BPI brand value increase

According to a study carried out by Onstrategy, a certified consultant in the valuation of intangible assets, which analyses the strength of Portuguese brands and assigns a financial value to them, the BPI brand is the **10th most valuable Portuguese brand**, worth 532 million euros, which represents a 4% increase compared to 2023.

Also in accordance with the same consultant:

- The BPI brand has an excellent level of awareness;
- BPI is perceived as having the best Environmental, Social and Governance (ESG) practices in the banking sector;
- BPI also achieved first place in the BXS® - Brand Experience Score in the banking sector.

Recognition

Best bank – Portugal
Euromoney

Best Bank for SMEs - Portugal
Euromoney

Best Digital Bank - Portugal
Euromoney

Brand of Excellence
Superbrands

Trusted Brand 11 years straight
Reader's Digest

Prestige Products
Five Stars

Best User/Consumer Experience Initiative in Business Payments
Fintech Futures

Excellence in Sustainable Banking Initiative
CFI.co

Best Domestic Private Bank – Portugal 2024
Euromoney

Best for Sustainability – Portugal 2024
Euromoney

Best for High Net Worth - Portugal 2024
Euromoney

Best for Digital Solutions – Portugal 2024
Euromoney

Best for Next-Gen – Portugal 2024
Euromoney

Best for Digital Education
PWN

João Pedro Oliveira e Costa, Executive Chairman of BPI, alumnus of Business Administration and Management at Católica-Lisbon, is the winner of the XIV edition of the 2024 Career Award.

NATURAL CAPITAL

Commitment to decarbonisation

BPI aims to be carbon neutral by 2050, and reflects this commitment by joining the Net-Zero Banking Alliance (NZBA), an initiative of the United Nations Environment Programme - Finance Initiative.

This commitment covers (i) the reduction of Scope 1 and 2 emissions related to energy consumption associated with BPI's operations; and
(ii) the reduction of Scope 3 emissions associated with BPI's value chain, including Customers' financed emissions.

Operational Footprint

BPI calculates its carbon emissions since 2019 and has been extending scope 3 in categories 3.1 and 3.2. The Bank continues to implement monitoring measures and other steps to reduce its operational footprint. It is managing to achieve its reduction targets, except for scope 1, and therefore is developing a sustainable mobility plan for the fleet. BPI offsets Scope 1, 2 and 3.6 emissions through international reforestation projects of high-quality in terms of biodiversity protection, certified by the Verified Carbon Standard (VCS).

Financed Footprint

As part of its membership of the NZBA, the CaixaBank Group, of which BPI is an integral part, has already published ambitious decarbonisation targets for its credit portfolio across all sectors considered carbon-intensive, contributing to the 2050 net zero target.

Operational carbon footprint targets[1] 2022-2024

Indicators	*Targets*		
	2023		*2024*
By scope	**Target**	**Actual**	**Target**
Scope 1 (vs 2019)	(5 %)	(2 %)	(7 %)
Scope 2 (vs 2019)	(100 %)	(100 %)	(100 %)
Scope 3 (vs 2019)	(8 %)	(17 %)	(10 %)
Total Emissions	**Target**	**Actual**	**Target**
Global CO_2 emissions reduction (vs 2019)	(6 %)	(39 %)	(12 %)
Carbon Neutral: Partial offset (scopes 1, 2 and 3.6)	100 %	100 %	100 %

[1] The target for Scope 1 considers the 2019-2022 average of BPI's emissions from cooling gas leaks. The targets set for this three-year period do not take supply chain emissions into account.

Dialogue with the Clients

Banco BPI invests in training of specialised teams to respond to Customer needs in sustainable financing products for Companies and Individuals.

BPI has a Public Support Portal that aggregates comprehensive information on national and European public incentives, where companies can find opportunities to apply for programmes such as the PRR, PT2030, PEPAC, Innovation Fund and Horizon Europe.

The Sustainability Accelerator, now in its 3rd edition, is once again touring the country, with six new topics: sustainable mobility, regenerative tourism, blue economy, smart cities, sustainable fashion and the challenge of water in agriculture.

In February, BPI, in partnership with Deloitte, Expresso and SIC Notícias, brought together at the Champalimaud Foundation experts, former government members, mayors and businesses to discuss the future of water with more than 300 participants.

Sustainable finance operations

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

Main operations carried out in the 1st half of 2024:

- **EFANOR**: Advisory services on the structuring of a syndicated Sustainability-Linked Bond. The bond loan is linked to KPIs of greenhouse gas emissions reduction and the number of women in leadership positions. The syndicate is for a total amount of 550 M€, of which BPI's share is 91.7 M€. BPI is the bond agent in this operation.
- **Navigator**: Arrangement of a 100 M€ Sustainability-Linked Bond. This sustainable finance operation is linked to three KPIs: reduction of GHG emissions, use of certified wood and use of renewable energy.
- **Galp**: Arrangement of a €250 million Green Bond to refinance the acquisition of 18 photovoltaic parks in Spain with an installed capacity of 864 MWp.

Sustainable Finance Lines

BPI continued to strengthen its sustainable offer for Companies by expanding the BPI ESG Companies Line to include the following purposes:

- Acquisition, Construction and/or Refurbishment of buildings with a minimum B-rating Energy Certification.
- Loans to support, on a complementary basis, sustainable projects approved under the main Public Support programmes.

Sustainable finance Volume[1]

Product/Line	*Amount (M€)*	
	2023	*1H2024*
Individuals	**260**	**168**
Mortgage Loans	259	158
Other loans	1	9
Companies, incl. Indiv. Entrepreneurs	**781**	**580**
Green		
Linked to green targets	115	100
Car finance	0[2]	38
Real Estate projects	155	75
Other green projects	142	263
Social	22	4
Other ESG financing		
ESG Line	16	8
Linked to green and social targets	331	92

[1] Values reported as defined in the Sustainability Master Plan.
[2] In the 1st half of 2023 this business line was not measured from a sustainability perspective.

GOVERNANCE AND INTERNAL CONTROL

Governance model

Governance

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

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

At 30 June 2024

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

Audit Committee

Chairman
Fátima Barros
Members
António Lobo Xavier
Inês Valadas (1)
Joana Freitas
Natividad Capella

Board of Directors

Chairman
Fernando Ulrich
Deputy-Chairman
Cristina Rios Amorim
Members
Afonso Fuzeta Eça (2)
Ana Rosas Oliveira (2)
António Lobo Xavier
Diogo Sousa Louro
Fátima Barros
Francisco Artur Matos
Gonzalo Gortázar Rotaeche
Inês Valadas (1)
Javier Pano Riera
Joana Freitas
João Pedro Oliveira e Costa
Natividad Capella
Susana Trigo Cabral

Statutory Auditor

Member in Office
PricewaterhouseCoopers & Associados, SROC, Lda. represented by José Manuel Bernardo or Cláudia Sofia Parente

Alternate
Ana Maria Ávila de Oliveira Lopes Bertão

Company Secretary

Member in office
Miguel Morais Leitão
Alternate
João Baptista da Silva

Risk Committee

Chairman
Cristina Rios Amorim
Members
Fátima Barros
Inês Valadas (1)
Javier Pano Riera

Executive Committee of the Board of Directors

Chairman
João Pedro Oliveira e Costa
Members
Afonso Fuzeta Eça (2)
Ana Rosas Oliveira (2)
Diogo Sousa Louro
Francisco Artur Matos
Susana Trigo Cabral

Nominations, Evaluation and Remuneration Committee

Chairman
Joana Freitas
Members
Cristina Rios Amorim
Javier Pano Riera

Social Responsibility Committee

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

(1) Co-opted by the Board of Directors on March 26, 2024, awaiting the ECB´s authorisation to take office.
(2) Co-opted by the Board of Directors on February 19, 2024, took office on 30 July 2024 after obtaining the ECB´s authorisation.

RISK MANAGEMENT

General Principles

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

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

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

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

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

Organisation

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

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

3 Lines of Defence
(3LoD)

Risk-taking (1LoD)	Control (2LoD)	Audit (3LoD)

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

Risk Management Organisational Chart

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

BOARD OF DIRECTORS

Executive Committee of the Board of Directors

Asset-Liability Committee (ALCO):
- Manages, monitors and controls **liquidity and funding risks**, **market risk**, **interest rate risk on the banking book** (IRRBB) and **foreign exchange risk**;
- Optimises the balance sheet's **financial structure profitability**;
- Determines the **transfer rates** for the various businesses, and monitors prices, maturities and volumes of asset- and liability-generating activities, in accordance with the policies, risk appetite and risk limits approved by the BD.

Permanent Credit Committee:
- Decides on **credit proposals** (including Credit Recovery) as per internal regulations and in accordance with the ECBD's delegation of powers;
- Issues opinions on proposals to be decided by the ECBD and BD;
- Ensures that the **limits set for Large Exposures** are met, both internally and at group level.

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

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

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

Risk Committee

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

Global Risk Committee
- Ensures and assesses the **Internal control system**;
- Ensures that **risk levels** and **decisions** are **aligned** with the **risk strategy** established by the BD through the Risk Appetite Framework;
- Ensures that **risk policies** are properly updated and implemented.
- **Monitors the activity of the Delegated Committees,** in particular: i. Loan Impairments and NPL Committee; ii. Models Committee; iii. Risk Policies Committee; iv) Operational Risk and Resilience Committee.

AUDIT COMMITTEE

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

3 Lines of Defence Model

The structure of BPI's Risk Management Division is based on the "three lines of defence model", in compliance with the provisions of Bank of Portugal Notice no. 3/2020:

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

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

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

The following stand out, on account of their importance:

- **Credit Division:** performs the functions of independent analysis of proponents, sureties and operations, backed by various risk indicators and scoring models produced by the Risk Management Division (RMD);
- **Credit Recovery Division:** manages credit recovery processes in default events.

2nd Line of Defence (2LoD) CONTROL

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

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

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

At BPI the second line of defence functions are distributed through the following departments:

- **Risk Management Division** (RMF – Risk Management Function), responsible for the identification, monitoring, control, management and reporting of the Bank's risks.
- **Compliance Division:** identifies, monitors and controls the Conduct and Compliance, Regulatory, and Reputational risks.

3rd Line of Defence (3LoD) AUDIT

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

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

Risk Appetite

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

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

Risk Strategic Processes

Risks Catalogue	Risk Assessment
Facilitates risk monitoring and internal and external reporting	Identification, definition and assessment of the risks to which the Bank is or could become exposed

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

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

Description and Structure

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

Strategic Documents

Strategic Plan	Budget	ICAAP	Recovery Plan

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

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

Monitoring and Governance of the Risk Appetite Framework

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

Level 1 metrics

Objective

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

Tolerance

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

Limit

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

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

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

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

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

Global Risk Committee:

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

Risk Committee:

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

Board of Directors

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

Audit Committee

- Supervises compliance with the Risk Appetite Framework.

Risks Catalogue

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

CROSS-CUTTING RISKS

Business Profitability

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

Capital and Solvency

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

Model [1]

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

Reputational

Potential economic loss or lower revenue for the Bank as a result of events that negatively affect stakeholders' perception of the Bank.

FINANCIAL RISKS

Credit

Risk of financial loss due to the loss of value of the Bank's assets as a result of the deterioration of Clients' capacity to honour their commitments to the Bank. Includes the risk generated by financial market operations (counterparty risk).

Actuarial

Risk of loss or decline in the value of commitments made under insurance or pension agreements with Clients or employees due to differences between the assumptions used to estimate the actuarial variables used to calculate liabilities and the actual figures.

Structural Rates

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

Liquidity and Funding

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

FINANCIAL RISKS (cont.)

Market

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

OPERATIONAL RISKS

Conduct and Compliance

Application of criteria that go against the interests of the Bank's Clients or other stakeholders, or actions or omissions by the Bank that are incompatible with the legal and regulatory framework, internal policies, standards and procedures, or codes of conduct, ethical standards, and best practices.

Legal and Regulatory

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

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

OPERATIONAL RISKS (cont.)

Technology

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

Other Operational Risks

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

Emerging Risks

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

Sustainability Risk

Sustainability Risk, seen in the context of an ecosystem where the Bank's various stakeholder groups play a preponderant role, represents the potential loss arising from the negative impact of certain environmental, social and governance (ESG) conditions.

A double materiality assessment is therefore necessary:

- Ecosystem impacts on BPI (**outside-in**): financial impacts on BPI caused by environmental, social or governance factors. Management of Risks and Opportunities;
- BPI's material impacts, positive or negative, on the ecosystem and/or stakeholders **(inside-out)**: impacts from BPI’s activity on the planet, people and society.

In terms of **outside-in** ESG impacts, the following risks are noted:

- **Loan portfolio**: risk arising from the deterioration of Customers' debt servicing capacity due to environmental factors (physical and transition risk);
- **Market**: risk arising from the potential devaluation of financial instruments held by BPI due to ESG factors.

To manage its **inside-out** impacts, BPI has a Sustainability Risk Management Policy that identifies ESG risks and defines the criteria that underpin commercial relationships with Clients or potential Clients.

The governance of sustainability risk management follows the general principles of BPI's Risk Management, in accordance with the **three lines of defence model**.

BPI's **Credit Division**, through its **Sustainability Area** (1LoD), incorporates the analysis of sustainability factors (ESG) into the credit risk taking process in order to operationalise the validation of the general and sector-specific criteria set out in the **Sustainability Risk Management Policy**, in line with the corporate risk management policy.

The **GRD-Sustainability, Balance Sheet and Market**, as 2LoD, is responsible for the **Sustainability Risk Management Policy**. The process of **managing and assessing** other types of ESG risk, namely the physical and transition risks of the Bank's portfolio, was initiated in 2023.

The Audit Division, as the 3LoD, monitors and validates the Bank's ESG risk management processes.

In line with CaixaBank's endorsement of the **Equator Principles Agreement**, in 2007, BPI applies additional validation procedures in the assessment of ESG (environmental, social and governance) risks for operations falling within the Agreement's scope of application.

In July 2024, the Board of Directors approved updated versions of three key sustainability documents: the **Principles of Action on Sustainability Matters**, the **Climate Change Statement**, and the **Human Rights Principles**. Additionally, the **Nature Statement** was approved, a new document that reflects the Bank's commitment to preserving nature, reducing its negative impact, and enhancing biodiversity and ecosystems.

In March 2023, the Bank became a signatory to the UN Principles for Responsible Banking, committing to align its strategy and decisions with the Sustainable Development Goals and the Paris Agreement.

As mentioned in Our performance - Natural Capital, the CaixaBank Group, of which BPI is an integral part, has published the decarbonisation targets for its credit portfolio, within the scope of the Net-Zero Banking Alliance.

Strategic Events

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

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

The more relevant strategic events

CHANGES TO THE LEGAL, REGULATORY OR SUPERVISORY FRAMEWORK

- The risk of increased pressure from the **legal, regulatory or supervisory environment** identified in the risk self-assessment exercise, which may have an impact in the short or medium term.
- The need to maintain constant monitoring of new regulatory proposals and their implementation.
- Currently, stakeholders such as supervisors, regulators, and government bodies have heightened expectations when it comes to ESG issues.
- **Mitigants**: control and monitoring of regulations by BPI's different areas, control over the effective implementation of regulations. With the increase in legislative activity, Banco BPI has intensified its relations with authorities to proactively anticipate potential new initiatives and to effectively represent and communicate its interests to them.

NATIONAL AND INTERNATIONAL GEOPOLITICAL ENVIRONMENT

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

EXTREME EVENTS AND HIGH-IMPACT OPERATIONAL INCIDENTS

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

NEW COMPETITORS AND APPLICATION OF NEW TECHNOLOGIES

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

CYBERCRIME AND DATA PROTECTION

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

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

Credit Risk

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

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

Monitoring of credit risk in the current context

The changes in economic activity, mainly due to the significant increase in market interest rates in a short period of time, **made it necessary to strengthen BPI's credit risk monitoring mechanisms,** especially in the loans to individuals portfolios.

The procedures required to **comply with Decree-Law 91/2023**, which allowed Customers with mortgage loans to acquire a permanent home to set a ceiling to their instalments during a 2-year period, were in force until 31 March 2024.

These were the main procedures in place up to that date:

- definition of specific **risk policies** for mortgage loan Clients with increased financial difficulties;
- **maintaining the monitoring procedures** for retail portfolios, including for Clients who resorted to measures under DL 80-A 2022 and DL 91/2023;
- conducting **sensitivity analyses on the evolution of risk parameters,** particularly in **rising interest rate** scenarios, both for credit decisions and for individual analyses.

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

Liquidity and Funding risk

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

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

The assets portfolio is monitored to assess the possibility of using the instruments that compose it as collateral on loans or for trading, based on several indicators (the assets' liquidity, number of days to obtain liquidity, spread size and volatility, etc.).

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

Operational Risks

The definition of **operational risk (OR)**[1] adopted by BPI is that provided in Regulation (EU) 575/2013:

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

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

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

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

Risk Categories

- Conduct and Compliance
- Legal and Regulatory
- Technology
- Other Operational Risks

ISO 22301 Certification
Business Continuity Management System (BCMS)

Non-Financial Risks Management Area

Second Line of Defence
integrated in the Risk Management Division;

Responsibilities:

- To define, maintain and disclose Banco BPI's non-financial risk policies, namely for operational, technological, business continuity, outsourcing and external fraud risks;
- To ensure compliance with regulatory requirements and monitor good practices in operational risk management;
- To monitor the evolution of operational risk and its subcategories (technological, outsourcing, external fraud and business continuity);
- To implement the assessment model for Operational Risk subcategories;
- To promote the definition and implementation of mitigation measures;
- To propose risk appetite levels;
- To ensure regulatory reporting;
- To promote the risk culture in the Bank.

[1] This definition excludes strategy and reputational risks.

SUPPLEMENTARY INFORMATION

ADOPTION OF THE FSB AND CEBS RECOMMENDATIONS

on the transparency of information and valuation of assets

The Bank of Portugal, through circular-letters 97 / 08 / DSBDR of 3 Dec. 2008 and 58 / 09 / DSBDR of 5 Aug. 2009, has recommended that within the accounting documents, a separate chapter or a specific annex be included in the Report and Accounts, designed to address the recommendations of the Financial Stability Board (FSB) and Committee of European Banking Supervisors (CEBS), taking into account the principle of proportionality and following the questionnaire presented as an annex to Bank of Portugal's circular-letter 46 / 08 / DSBDR. In order to comply with Bank of Portugal's recommendation, this chapter provides a response to the aforesaid questionnaire, using cross-references to the more detailed information presented in the 1st half of 2024 Report.

Recommendation Summary	Reference to 1st half of 2024 Report and Accounts
I. Business Model	
1. Description of the business model	***MR*** *– Business Model, page 9;* ***NFS*** *– 6. Segments, page 100.*
2. Description of strategies and objectives	***MR*** *– 1st half 2024 Overview, page 4; Strategic Plan and Sustainability Master Plan, page 12; Financial Capital, pages 19; Risk management, page 47;* ***NFS*** *– 3. Risk management, page 78.*
3. Description of the importance of the operations carried out and the respective contribution to business	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 6. Segments, page 100.*
4. Description of the type of activities undertaken 5. Description of the objective and extent of the institution's involvement relating to each activity undertaken	***MR*** *–Economic Backdrop, page 15; Financial Capital, pages 19; Risk management, page 47;* ***NFS*** *– 3. Risk management, page 78; 6. Segments, page 100.*
II. Risks and Risk Management	
6. Description of the nature and extent of risks	***MR*** *– Financial Capital, page 19; Risk management, page 47;* ***NFS*** *– 3. Risk management, page 78; Financial assets, notes 9 to 13, page 104; 37. Information on fair value, page 131.*
7. Description of major risk-management practices in operations	***MR*** *– Risk Management, page 47;* ***NFS*** *– 3. Risk management, page 78 and Financial assets, notes 9 to 13, page 104;* ***2023 CGR*** *– Corporate Governance Report, page 435.*
III. Impact of the Period of Turmoil on the Results	
8. Qualitative and quantitative description of the results	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 6. Segments, page 100; Detail of income statement captions, notes 26 to 36, page 126.*
9. Breakdown of the write-downs / losses by types of products and instruments affected by the period of turmoil	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 3. Risk management, page 78; Financial assets, notes 9 to 12, page 104; 29. Gains or losses in financial assets and liabilities, page 127; 33. Impairment of financial assets not measured at fair value through profit or loss, page 129.*
10. Description of the reasons and factors responsible for the impact suffered	***MR*** *– Financial Capital, page 19; Economic Backdrop, page 15;* ***NFS*** *– 3. Risk management, page 78.*
11. Comparison of the i) impacts between (relevant) periods and ii) the financial statements before and after the period of turmoil	***MR*** *– Financial Capital, page 19;* ***NFS*** *– 6. Segments, page 100; Detail of income statement captions, notes 26 to 36, page 126.*

MR – Management Report; **NFS** – Notes to the Financial Statements; **2023 CGR** – 2023 Corporate Governance Report

Recommendation Summary	Reference to 1st half of 2024 Report and Accounts
12. Breakdown of write-downs between realised and non-realised	**MR** – *Financial Capital, page 19;* **NFS** –*Financial assets, notes 9 to 12, page 104; 23. Shareholders' equity, page. 122; 29. Gains or losses in financial assets and liabilities, page 127.*
13. Description of the influence of the financial turmoil on the behaviour of Banco BPI shares	*Banco BPI has no shares admitted to trading on a regulated market. CaixaBank holds the entire share capital of Banco BPI since the end of 2018.*
14. Disclosure of the maximum loss risk	**MR** – *Financial Capital, page 19;* **NFS** – *3. Risk management, page 78.*
15. Disclosure of the impact that the trend in spreads associated with the institution's own liabilities had on earnings	**MR** – Financial Capital, page 19; **NFS** – 26. Net interest income, page 126. The Bank did not revalue its liabilities.
IV. Level and Type of Exposures Affected by the Period of Financial Turmoil	
16. Nominal value (or amortised cost) and fair value of exposures	**NFS** – *Financial assets, notes 9 to 12, page 104; 3. Risk management, page 78; 37. Information on fair value, page 131.*
17. Information about credit risk mitigators and respective effects on existing exposures	**MR** – *Financial Capital, page 19;* **NFS –** *13. Derivatives - hedge accounting, page 109.*
18. Detailed disclosure of exposures	**MR** – *Financial Capital, page 19; Risk management, page 47;* **NFS** – 3. Risk management, page 78; Financial assets, notes 9 to 13, page 104; 37. Information on fair value, page 131.
19. Movements in exposures occurred between the relevant reporting periods and the reasons for these movements (sales, write-downs, purchases, etc.)	**MR** – *Financial Capital, page 19*; **NFS** – 3. Risk management, page 78; Financial assets, notes 9 to 13, page 104.
20. Explanations about exposures which have not been consolidated (or which have been recognised during the crisis) and the associated reasons	*From June 2024, Banco BPI no longer presents consolidated accounts as it has no fully consolidated subsidiaries. In accordance with IAS 28 and IAS 27, the associated companies over which Banco BPI has significant influence (Allianz and BCI) are accounted for using the equity method in Banco BPI's accounts as from 30 June 2024. See note 1.2 to the financial statements.*
21. Exposure to monoline insurers and quality of the assets insured	*At 30 June 2024, Banco BPI had no exposure to monoline insurers.*
V. Accounting Policies and Valuation Methods	
22. Classification of transactions and structured products for accounting purposes and respective accounting treatment	**NFS –** Financial Assets, notes 9 to 13, page *104*; 19. Financial liabilities at amortised cost, page 112; 37. Information on fair value, page 131.
23. Consolidation of Special Purpose Entities (SPE) and other vehicles and their reconciliation with the structured products affected by the period of turmoil	At 30 June 2024 Banco BPI has no exposure.
24. Detailed disclosure of the fair value of financial instruments	**NFS** –Financial Assets at fair value, notes 9 to 11 and note 13, pages *104*; 37. Information on fair value, page 131.
25. Description of the modelling techniques used for valuing financial instruments	**NFS** – 3. Risk management, page 78; Financial Assets at fair value, notes 9 to 11, page 104; 37. Information on fair value, page 131.
VI. Other Relevant Aspects of Disclosure	
26. Description of the disclosure policies and principles used in financial reporting	**2023 CGR –** 2023 Corporate Governance Report, page 435.

MR – Management Report; **NFS** – Notes to the Financial Statements; **2023 CGR** – 2023 Corporate Governance Report

ALTERNATIVE PERFORMANCE MEASURES

The European Securities and Markets Authority (ESMA) published on 5 October 2015 a set of guidelines relating to the disclosure of Alternative Performance Measures by entities (ESMA/2015/1415). These guidelines are mandatory for issuers since 3 July 2016.

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

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

This report makes cross-references to the information previously disclosed and includes a summary list of the Alternative Performance Measures.

Units, conventional signs and abbreviations

€, Euros, EUR	Euros	p.p.	percentage points	vs.	Versus
€ th., th. euros	Thousand euros	Δ	Change	E	Estimate
M.€, M. euros	Million euros	yoy	year-on-year change	F	Forecast
€ Bn, € billion, th.M.€	billion euros or thousand million euros	n.a.	non-available data		
Tr.€, Tr. Euros	Trillion euros	0, –	Nil or irrelevant		
b.p., bps	basis points	n.r.	not relevant		

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

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

Amounts in M.€

In the Management Report	Jun. 24	Jun. 24	In the Financial Statements and respective notes
Net interest income	490.6	490.6	Net interest income
Dividend income	8.3	8.3	Dividend income
Equity accounted income	10.3	10.3	Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method
Net fee and commission income	167.9	182.5	Fee and commission income
		(14.6)	Fee and commission expenses
Gains / (losses) on financial assets and liabilities and other	15.4	0.2	Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net
		3.2	Gains or (-) losses on financial assets and liabilities held for trading, net
		(1.8)	Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net
		7.5	Gains or (-) losses from hedge accounting, net
		6.3	Exchange differences [gain or (-) loss], net
Other operating income and expenses	(23.9)	13.3	Other operating income
		(37.2)	Other operating expenses
Gross income	**668.6**	**668.6**	**Gross income**
Staff expenses	(147.6)	(147.6)	Staff expenses
Other administrative expenses	(94.1)	(94.1)	Other administrative expenses
Depreciation and amortisation	(31.4)	(31.4)	Depreciation and amortisation
Operating expenses	**(273.2)**	**(273.2)**	**Administrative expenses, depreciation and amortisation**
Net operating income	**395.4**	**395.4**	
Impairment losses and other provisions	(4.4)	1.4	Provisions or (-) reversal of provisions
		(5.8)	Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss
Gains and losses in other assets	2.0	0.0	Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates
		0.0	Impairment or (-) reversal of impairment on non-financial assets
		0.0	Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net
		1.2	Gains or (-) losses on derecognition of non-financial assets, net
		0.8	Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations
Net income before income tax	**393.0**	**393.0**	**PROFIT OR (-) LOSS BEFORE TAX FROM CONTINUING OPERATIONS**
Income tax	(125.3)	(125.3)	Tax expenses or (-) income related to profit or loss from continuing operations
Net income	**267.8**	**267.8**	**PROFIT OR (-) LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE PARENT**

Earnings, efficiency and profitability indicators

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

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

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

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

Net operating income = Gross income - Operating expenses

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

Cost-to-income ratio (efficiency ratio)[1] = (Operating expenses, excluding costs with early retirements and voluntary terminations) / Gross income [2]

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

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

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

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

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

Balance sheet and funding indicators

On-balance sheet Customer resources = Deposits

Off-balance sheet Customer resources [3] = Mutual funds + Capitalisation insurance + Pension plans + Subscriptions in public offerings

- Mutual funds = Unit trust funds + Real estate investment funds + Retirement-savings and equity-savings plans ("PPR" and "PPA" in Portuguese) + Hedge funds + Assets from funds under BPI Suisse management until the sale of this equity holding in April 2023 + Third-party unit trust funds placed with Customers
- Capitalisation insurance = third-party capitalisation insurance placed with Customers
- Pension Funds = pension funds under Banco BPI management (includes Banco BPI pension funds)

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

Balance sheet and funding indicators (continued)

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

Total Customer resources = On-balance sheet Customer resources + Off-balance sheet Customer resources

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

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

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

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

Asset quality indicators

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

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

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

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

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

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

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

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

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

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

CONDENSED INTERIM FINANCIAL STATEMENTS

BANCO BPI, S.A.

CONDENSED INTERIM BALANCE SHEETS AS OF 30 JUNE 2024 AND 31 DECEMBER 2023

(Amounts expressed in thousand euros)

	Notes	30-06-2024	31-12-2023
ASSETS			
Cash, cash balances at central banks and other demand deposits	**8**	**3 289 588**	**1 856 228**
Financial assets held for trading	**9**	**43 055**	**56 113**
Non-trading financial assets mandatorily at fair value through profit or loss	**10**	**53 068**	**55 466**
Equity instruments		53 020	55 419
Debt securities		48	47
Financial assets at fair value through other comprehensive income	**11**	**1 207 626**	**1 253 332**
Equity instruments		428 848	469 166
Debt securities		778 778	784 166
Financial assets at amortised cost	**12**	**35 012 620**	**34 540 701**
Debt securities		7 708 988	7 319 484
Loans and advances - Central Banks and other Credit Institutions		1 566 235	1 260 815
Loans and advances - Customers		25 737 397	25 960 402
Derivatives - Hedge accounting	**13**	**2 833**	**2 554**
Fair value changes of the hedged items in portfolio hedge of interest rate risk		**(71 876)**	**(68 581)**
Investments in subsidiaries, joint ventures and associates	**14**	**216 563**	**220 740**
Tangible assets	**15**	**196 938**	**208 062**
Intangible assets	**16**	**103 248**	**105 534**
Tax assets	**24**	**168 056**	**170 496**
Other assets	**17**	**262 480**	**212 590**
Non-current assets and disposal groups classified as held for sale	**18**	**14 966**	**14 536**
Total assets		**40 499 165**	**38 627 771**
LIABILITIES			
Financial liabilities held for trading	**9**	**48 918**	**58 115**
Financial liabilities at amortised cost	**19**	**35 738 489**	**33 705 352**
Deposits - Credit Institutions		924 425	1 061 525
Deposits - Customers		30 407 821	29 251 657
Debt securities issued		4 128 436	3 106 221
Memorandum items: subordinated liabilities		434 769	434 805
Other financial liabilities		277 807	285 949
Derivatives - Hedge accounting	**13**	**4 577**	**5 262**
Fair value changes of the hedged items in portfolio hedge of interest rate risk		**(23 600)**	**(29 375)**
Provisions	**20**	**37 337**	**39 907**
Pending legal issues and tax litigation		25 104	26 253
Commitments and guarantees given		10 371	11 757
Other provisions		1 862	1 897
Tax liabilities	**24**	**344 761**	**210 880**
Other liabilities	**21**	**575 385**	**662 902**
Total Liabilities		**36 725 867**	**34 653 043**
SHAREHOLDERS' EQUITY			
Capital	**23**	**1 293 063**	**1 293 063**
Equity instruments issued other than capital	**23**	**275 000**	**275 000**
Accumulated other comprehensive income	**23**	**(434 194)**	**(431 112)**
Items that will not be reclassified to profit and loss		(364 665)	(361 220)
Tangible assets		703	703
Actuarial gains or (-) losses on defined benefit pension plans		(252 747)	(289 863)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		(90)	(36)
Fair value changes of equity instruments measured at fair value through other comprehensive income		(112 531)	(72 024)
Items that may be reclassified to profit and loss		(69 529)	(69 892)
Foreign currency translation		(32 759)	(37 732)
Fair value changes of debt instruments measured at fair value through other comprehensive income		(36 180)	(30 902)
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates		(590)	(1 258)
Retained earnings	**23**	**2 265 699**	**2 279 248**
Other reserves	**23**	**46 901**	**34 556**
Profit or loss attributable to owners of the parent		**326 829**	**523 973**
Total Equity		**3 773 298**	**3 974 728**
Total Equity and Total Liabilities		**40 499 165**	**38 627 771**

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

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

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS FOR THE PERIODS ENDED ON 30 JUNE 2024 AND 2023

(Amounts expressed in thousand euros)

	Notes	30-06-2024	30-06-2023
Interest income	26	852 064	625 252
Interest expense	26	(360 413)	(186 635)
NET INTEREST INCOME		**491 651**	**438 617**
Dividend income	27	53 475	74 519
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	14	28 724	27 816
Fee and commission income	28	182 501	161 212
Fee and commission expenses	28	(14 569)	(14 248)
Gains or (-) losses on derecognition of financial assets & liabilities not measured at fair value through profit or loss, net	29	177	3
Gains or (-) losses on financial assets and liabilities held for trading, net	29	3 172	5 840
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	29	(1 796)	(1 492)
Gains or (-) losses from hedge accounting, net	29	7 506	3 575
Exchange differences [gain or (-) loss], net	29	6 029	(33 960)
Other operating income	30	13 332	8 049
Other operating expenses	30	(40 991)	(56 041)
GROSS INCOME		**729 211**	**613 890**
Administrative expenses		**(241 775)**	**(215 993)**
Staff expenses	31	(147 645)	(122 759)
Other administrative expenses	32	(94 130)	(93 234)
Depreciation	15/16	(31 450)	(34 543)
Provisions or (-) reversal of provisions	20	**1 400**	**(2 076)**
Commitments and guarantees given		1 386	(167)
Other provisions		14	(1 909)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss	33	**(5 886)**	**(36 896)**
Financial assets at amortised cost		(5 886)	(36 896)
Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates	14		(1 568)
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net	34		10 225
Gains or (-) losses on derecognition of non-financial assets, net		1 204	108
Profit or (-) loss from non-current assets and disposal groups classified as held for sale not qualifying as discontinued operations	35	838	2 102
Profit or (-) loss before tax from continuing operations		**453 542**	**335 249**
Tax expenses or (-) income related to profit or loss from continuing operations	24	(126 713)	(79 068)
PROFIT OR (-) LOSS AFTER TAX FROM CONTINUING OPERATIONS		**326 829**	**256 181**
PROFIT OR (-) LOSS FOR THE YEAR		**326 829**	**256 181**
PROFIT OR (-) LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	36	**326 829**	**256 181**

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

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

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED ON 30 JUNE 2024 AND 2023

(Amounts expressed in thousand euros)

	Notes	30-06-2024	30-06-2023
PROFIT OR (-) LOSS FOR THE PERIODS		**326 829**	**256 181**
Other comprehensive income		**(3 089)**	**(98 286)**
Items that will not be reclassified to profit or loss		**(3 453)**	**(102 392)**
Actuarial gains or (-) losses on defined benefit pension plans	**21 / 22**	52 989	(3 533)
Non-current assets and disposal groups classified as held for sale			(108)
Share of other recognised income and expense of investments in joint ventures and associates	**14**	(54)	359
Fair value changes of equity instruments measured at fair value through other comprehensive income		(40 355)	(98 096)
Income tax relating to items that will not be reclassified		(16 033)	(1 014)
Items that may be reclassified to profit or loss		**364**	**4 106**
Foreign currency translation		4 973	(5 594)
Translation gains or (-) losses taken to equity		4 973	(3 269)
Transferred to profit or loss			(2 325)
Debt instruments at fair value through other comprehensive income		(7 648)	11 649
Valuation gains or (-) losses taken to equity		(7 648)	11 649
Non-current assets and disposal groups classified as held for sale			(1 773)
Valuation gains/(losses) taken to equity			(1 773)
Share of other recognised income and expense of investments in joint ventures and associates	**14**	668	3 435
Income tax relating to items that may be reclassified to profit or loss		2 371	(3 611)
Total comprehensive income for the period		**323 740**	**157 895**
Attributable to owners of the parent		323 740	157 895

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

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

BANCO BPI, S.A.

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED ON 30 JUNE 2024 AND 2023

(Amounts expressed in thousand euros)

	Notes	Capital	Equity instruments issued other than equity	Accumulated other comprehensive income	Retained earnings	Other reserves	Profit or loss (-) attributable to the owners of the parent	Shareholders´ equity
Balances at 31 December 2022 Restated [1]		**1 293 063**	**275 000**	**(309 028)**	**2 161 163**	**84 541**	**368 883**	**3 873 622**
Results application								
Transfer to reserves of 2022 net income					300 326	68 557	(368 883)	
Dividends distributed	**5**				(284 000)			(284 000)
Dividends distributed by associates					38 390	(38 390)		
Deconsolidation of associated companies				(743)	63 858	(63 115)		
Additional Tier 1 interest	**23**					(8 882)		(8 882)
Realised gains on equity instruments at fair value through other comprehensive income				278		(278)		
Comprehensive income in the first half of 2023				(98 286)			256 181	157 895
Other changes in equity						820		820
Balances at 30 June 2023		**1 293 063**	**275 000**	**(407 779)**	**2 279 737**	**43 253**	**256 181**	**3 739 455**
Deconsolidation of associated companies					(108)	108		
Additional Tier 1 interest	**23**					(8 993)		(8 993)
Realised gains on equity instruments at fair value through other comprehensive income				490	(381)	(109)		
Comprehensive income in the second half of 2023				(23 823)			267 792	243 969
Other changes in equity						297		297
Balances at 31 December 2023		**1 293 063**	**275 000**	**(431 112)**	**2 279 248**	**34 556**	**523 973**	**3 974 728**
Results application								
Transfer to reserves of 2023 net income					466 906	57 067	(523 973)	
Dividends distributed	5				(516 992)			(516 992)
Dividends distributed by associates					36 549	(36 549)		
Additional Tier 1 interest	23					(8 882)		(8 882)
Realised gains on equity instruments at fair value through other comprehensive income				7	(7)			
Comprehensive income in the first half of 2024				(3 089)			326 829	323 740
Other changes in equity					(4)	709		705
Balances at 30 June 2024		**1 293 063**	**275 000**	**(434 194)**	**2 265 699**	**46 901**	**326 829**	**3 773 299**

[1] Corresponds to consolidated statement of changes in equity in the period ended on 31 December 2022 restated for first-time application of IFRS 17 and IFRS 9 by Companhia de Seguros Allianz Portugal, S.A., an associated company of BPI.

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

The Registered Accountant

The Executive Committee of the Board of Directors

BANCO BPI,S.A.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED ON 30 JUNE 2024 AND 2023

(Amounts expressed in thousand euros)

	Notes	30-06-2024	30-06-2023
Cash flows from/(used in) operating activities			
Interest, commissions and other income received		1 112 071	832 338
Interest, commissions and other expenses paid		(325 157)	(262 478)
Dividends received		8 196	1 872
Dividends received from Banco de Fomento Angola	**11**	40 277	89 645
Recovery of overdue loans and interest and gains/(losses) on the sale of real estate received in settlement of defaulting loans		7 530	2 514
Payments to staff and suppliers		(244 486)	(204 795)
Net cash flow from income and expenses		598 431	459 096
Decreases (increases) in:			
Financial assets held for trading, at fair value through profit or loss, at fair value through other comprehensive income		41 727	240 028
Financial assets at amortised cost - Central Banks and other Credit Institutions (includes debt instruments)		(339 664)	(327 500)
Financial assets at amortised cost - Customers (includes debt instruments)		(160 494)	(564 248)
Other assets		(28 087)	249 879
Net cash flow from operating assets		(486 518)	(401 841)
Increases (decreases) in:			
Financial liabilities measured at amortised cost - Central Banks and other Credit Institutions		(136 656)	1 562 006
Financial liabilities measured at amortised cost - Customers and other		1 086 885	(606 709)
Financial liabilities held for trading		(37 214)	(263 573)
Other liabilities		(32 646)	(179 726)
Net cash flow from operating liabilities		880 369	511 998
Contributions to Pension Funds	**22**	(2 904)	(209)
Income tax paid		(892)	(28 507)
		988 486	**540 537**
Cash flows from/(used in) investing activities			
Sale of BPI Suisse equity holding			17 000
Purchase of other tangible assets and intangible assets	**15/16**	(15 340)	(10 804)
Dividends received from investments in joint ventures and associates		17 028	16 476
		1 688	**22 672**
Cash flows from /(used in) financing activities			
Issuance of debt securities and subordinated debt	**19.3**	1 500 000	
Redemption of debt securities	**19.3**	(500 000)	
Interest on debt instruments and subordinated debt		(47 182)	(27 126)
Additional Tier 1 interest		(8 938)	(8 938)
Dividends distribution	**5**	(516 992)	(284 000)
Rents paid for leasing operations		(10 276)	(11 147)
		416 612	**(331 211)**
Net increase / (decrease) in cash and cash equivalents		**1 407 073**	**236 854**
Exchange rate variation in the year		(287)	(4 856)
Cash and cash equivalents at beginning of the year		2 123 213	2 546 863
Reclassification of BPI Suisse to the portfolio of non-current assets held for sale			
Cash and cash equivalents at the end of the year		**3 529 999**	**2 778 861**
Cash and deposits at Central Banks	**8**	3 230 079	2 476 002
Deposits at other credit institutions	**8**	58 648	43 049
Cheques for collection and other cash items	**12.2**	120 300	38 477
Very short-term applications	**12.2**	120 972	221 333
Cash and cash equivalents		**3 529 999**	**2 778 861**
Cash and cash equivalents by currency			
EUR		3 362 406	2 515 615
USD		142 016	240 332
Other currencies		25 578	22 914
Cash and cash equivalents		**3 529 999**	**2 778 861**

The accompanying notes are an integral part of these financial statements

The Registered Accountant
Alberto Pitôrra

The Executive Committee of the Board of Directors
Chairman João Pedro Oliveira e Costa
Afonso Fuzeta Eça
Ana Rosas Oliveira
Diogo Sousa Louro
Francisco Artur Matos
Susana Trigo Cabral

Banco BPI, S.A.

Notes to the condensed interim financial statements at 30 June 2024

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

Notes to the condensed interim financial statements at 30 June 2024

In accordance with current standards on the content of condensed interim financial statements, these explanatory notes supplement the balance sheet, income statement, statement of income and other comprehensive income, statement of changes in equity, and statement of cash flows, all interim and condensed, with a view to providing sufficient information to ensure a comparison with the annual financial statements, while also seeking to provide the necessary information and explanations to enable the understanding of significant changes in the first half of 2024.

NOTES INDEX **PAGE**

1. FINANCIAL GROUP, BASIS OF PRESENTATION AND OTHER INFORMATION

1.1. Banco BPI

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

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

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

Banco BPI has securities issued and admitted to trading on Euronext Lisbon, namely debt instruments placed externally or retained, with a total nominal value of 7.45 billion euros (of which 7.10 billion euros issued after 31/12/2010, with unit nominal value of 100 000 euros or more).

As from 2024 Banco BPI ceases to present consolidated accounts (Note 1.2).

1.2. Basis of presentation

The condensed interim financial statements were prepared based on the accounting records of Banco BPI and its associated companies, in conformity with the International Accounting Standards / International Financial Reporting Standards (IAS/IFRS) as endorsed by the European Union and in force on 1 January 2024, in accordance with Regulation (EC) 1606/2002 of 19 July of the European Parliament and of the Council, transposed into Portuguese legislation through Bank of Portugal Notice no. 5/2015 of 30 December.

BPI’s financial statements as of 31 December 2023 were approved by the Board of Directors on 27 February 2024 and by the General Meeting of Shareholders on 7 March 2024.

In the preparation of the 2023 annual accounts, the consolidation principles, accounting policies and valuation criteria described in Note 2. Basis of Presentation and Main Accounting Policies, in the 2023 Annual Report, were applied in order to obtain a true picture of the financial situation of BPI as at 31 December 2023 as well as of its results, changes in shareholders' equity and cash flows as at that date.

Banco BPI’s condensed interim financial statements for 30 June 2024 were prepared based on the same principles and accounting policies described in Note 2 to the individual and consolidated financial statements at 31 December 2023, applying in particular IAS 34 (Interim financial reporting), except those resulting from regulatory changes that came into effect on 1 January 2024, which are detailed in the section Adoption of standards (new or revised) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC), as endorsed by the European Union.

In 2024, following the sale of the stake in BPI Suisse in 2023, Banco BPI does not have, nor is it expected to have, any fully consolidated subsidiaries, nor does it consolidate any structured entities (SPV/SPE). Therefore, in accordance with IFRS 10, it no longer presents consolidated financial statements. As an issuer of debt securities, Banco BPI cannot make use the exemption that would otherwise allow it to only prepare separate financial statements (which were presented until the financial year 2023 in addition to the consolidated financial statements).

Thus, from 2024, Banco BPI is required to present its financial statements on an individual basis, reflecting the asset value of the investments in Associated companies, as was done in the 2023 consolidated financial statements, using the equity method. Following the aforementioned change in the scope of Banco BPI's investments, the financial statements presented for comparison purposes in the preparation of the 2024 financial statements must correspond to the 2023 consolidated financial statements.

As provided for in IAS 34, condensed interim financial statements are prepared with the objective of explaining events and changes that are significant to an understanding of changes in the financial position and performance since the last published annual consolidated financial statements. Because not all the information in the last annual consolidated financial statements is duplicated in the condensed interim financial statements, and to enable a good understanding of the information contained in the latter, these should be read alongside the Bank's annual financial statements as at December 2023.

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

The condensed interim financial statements as at 30 June 2024 were approved by the Executive Committee of Banco BPI's Board of Directors on 17 September 2024.

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

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

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

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

In 2024 the following accounting standards came into force (Note 2 - Accounting policies):

Standards and Interpretations	Name
Amendments to IAS 1	Classification of liabilities as non-current and current and non-current liabilities with covenants
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements
Amendments to IFRS 16	Lease liability in a sale and leaseback

On January 2024, BPI adopted the following accounting standards:

- **IAS 1 (amendment), 'Classification of liabilities as Non-current and Current' and 'Non-current liabilities with covenants'.** These amendments clarify that liabilities are classified as either current or non-current balances depending on the rights that an entity has to defer its settlement for at least 12 months after the reporting date. They clarify also that the covenants that an entity is required to comply with, on or before the reporting date, affect the classification of a liability as current or non-current, even if the covenants are only assessed after the entity's reporting date. When an entity classifies liabilities arising from loan arrangements as non-current and those liabilities are subject to covenants, it is required to disclose information that enables investors to assess the risk that the liabilities could become repayable within 12 months, such as: a) the carrying amount of the liabilities; b) the nature of the covenants and the compliance dates; and c) the facts and circumstances that indicate that the entity may have difficulty complying with covenants when it is required to do so. These amendments are applied retrospectively.

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

- **IFRS 16 (amendment), 'Lease liability in a sale and leaseback'**. This amendment introduces guidance for the subsequent measurement of lease liabilities, in the scope of sale and leaseback transactions that qualify as "sales" under IFRS 15, with higher impact when some or all the lease payments are variable lease payments that do not depend on an index or rate. Whilst subsequently measuring lease liabilities, seller-lessees determine "lease payments" and "revised lease payments" in a way that does not result in the seller-lessees recognizing any gains/(losses) relating with the right of use that they retain. This amendment is applied retrospectively.

The adoption of these standards is not expected to have significant impacts on the Bank's financial statements.

Standards (new and amendments) that have been published and are mandatory for the accounting periods beginning on or after 1 January 2024, but are not yet endorsed by the EU:

Standards and Interpretations issued by the IASB

Standards and Interpretations	Name	Mandatory application for years starting on:
Standards (new and amendments) effective as at 1 January 2024		
Amendments to IAS 21	The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

- **IAS 21 (amendment), 'The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'** (effective for annual periods beginning on or after 1 January 2025).This amendment is still subject to endorsement by the European Union. This amendment adds requirements for determining whether a currency can be exchanged for another currency (exchangeability) and defining how to determine the spot exchange rate to be used when it is not possible to exchange a currency for a long period of time. This change also requires the disclosure of information that allows understanding how the currency that cannot be exchanged for another currency affects, or is expected to affect, the financial performance, financial position and cash flows of the entity, in addition to the spot exchange rate used on the reporting date and how it was determined.

- **IFRS 7 and IFRS 9 (amendment), 'Classification and measurement of financial instruments'** (effective for annual periods beginning on or after 1 January 2026). This amendment is still subject to endorsement by the European Union. These amendments intend to: i) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; ii) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; iii) add new disclosure requirements for instruments with contractual conditions that can change cash flows, like those linked to ESG targets; and iv) update the disclosure requirements for equity instruments designated at fair value through other comprehensive income, separating the fair value reserve into the fair value gains or losses of the investments derecognised and those held at the end of the period. These amendments apply at the date they become effective without restating the comparatives.

- **IFRS 18 (new standard), 'Presentation and Disclosure in Financial Statements'** (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. This new standard will replace the current IAS 1. While retaining many of the existing principles of IAS 1, it is focused on the specification of a structure for the statement of profit or loss, composed of categories and required subtotals. Items in the statement of profit or loss will be classified into one of three categories: operating, investing, financing. Specified subtotals and totals will be required being the main change the mandatory inclusion of the subtotal "Operating profit or loss". This standard also includes improvements to the disclosure of management performance measures including the reconciliation with the most similar specified subtotal in IFRS Accounting standards. This standard also enhances guidance on the principles of aggregation and disaggregation of information in the financial statements and respective notes, based on their shared characteristics. This standard applies retrospectively.

- **IFRS 19 (new standard), 'Subsidiaries without Public Accountability: Disclosures'** (effective for annual periods beginning on or after 1 January 2027). This new standard is still subject to endorsement by the European Union. IFRS 19 is a voluntary standard which allows "Eligible" subsidiaries to use IFRS Accounting Standards with reduced disclosure requirements. IFRS 19 is a disclosure-only standard and works alongside other IFRS Accounting Standards for recognition, measurement, and presentation requirements. A subsidiary is "Eligible" if (i) it does not have public accountability; and (ii) has a parent that prepares consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 can be applied by "Eligible" subsidiaries when preparing their own consolidated, separate or individual financial statements. Complete comparative information needs to be prepared under IFRS 19 unless any exemption applies.

The future adoption of these standards is not expected to have significant impacts on the Bank's financial statements.

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

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

- Impairment losses on financial assets and the fair value of the associated guarantees based on their accounting classification imply the adoption of assumptions relating to: i) the consideration of "significant increase in credit risk" (SICR), ii) definition of default; and iii) the inclusion of forward-looking information (Note 3)

- Fair value of some financial assets and liabilities (Note 37). The fair value of unlisted financial assets and derivatives was estimated based on valuation methods and financial theories, the results of which depend on the assumptions used.
- Measurement and results of equity holdings in associated companies (Note 14).
- Actuarial assumptions used to measure post-employment liabilities and commitments (Note 22). Retirement and survivor pension liabilities have been estimated based on actuarial tables, assumptions of the increase in pensions and salaries and discount rates. These assumptions are based on Banco BPI’s expectations for the period during which the liabilities will be settled.
- Current and deferred taxes have been recognised based on the tax legislation currently applicable to Banco BPI or on legislation already published for future application (Note 24). Different interpretations of tax legislation can influence the amount of income taxes. Deferred tax assets are recognised based on the assumption of future earnings and taxable income.
- Assessment of whether there exists control or significant influence over equity holdings in accordance with the criteria defined in IFRS10 and IAS 28.
- The measurement of provisions and contingent liabilities and respective probability of occurring (Note 20).
- Classification and useful lives of tangible and intangible assets and lease tenors used in the valuation of lease liabilities.

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

2. ACCOUNTING POLICIES

Banco BPI's condensed interim financial statements as of 30 June 2024 were prepared using the same principles, accounting policies and criteria used for the 2023 annual accounts.

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

For all the areas not stated in these condensed interim consolidated and individual financial statements, the definitions, criteria and policies described in Note 2 of the 2023 annual report remain applicable.

3. RISK MANAGEMENT

3.1. Environment and risk factors

From Banco BPI's perspective, the following were the main factors with a significant impact on risk management in the first half of 2024, both due to their influence in the period under review and to their long-term implications:

- **Economic Context**

  - **Global economy**

In a context of high uncertainty due to latent geopolitical tensions and the persistence of restrictive monetary conditions, the world economy performed better than expected in the first half of 2024. This performance was underpinned by strong labour markets, financial support for companies and families and some recovery in purchasing power, sustained by falling inflation and the growth of wages. However, this global resilience masks divergent dynamics between the main international economies, ranging from the strength of activity in the US to the duality in China, where weak domestic demand contrasts with stronger industrial growth, and to signs of a moderate recovery in activity in the euro area.

In the US, economic activity remained robust in the first half of the year, with GDP expanding by 0.7% qoq in the second quarter of 2024, after rising by 0.4% in the first three months of the year. The signs for the second half of the year point to a slowdown towards more sustainable rates of expansion. Still, the strength of activity in the first six months of the year suggests that the US GDP will grow by 2.4% in full 2024. For its part, inflation showed signs of stubbornness in the first half of 2024, and in particular in the first few months of the year. However, the disinflationary process was back on track as from the second quarter of the year and should continue gradually in the remaining months of the year. Against this backdrop, the Federal Reserve opted for a cautious stance, keeping the fed funds rate at the 5.25%-5.5% range. However, the US central bank is expected to announce its first rate cut in September. In the last quarter of 2024, the speed and intensity of changes in the fed funds rate will depend on developments in the labour market and inflation.

  - **Eurozone**

After a second half of 2023 in which the economy was virtually stagnant, activity picked up in the first two quarters of 2024, with 0.3% qoq growth in the first quarter, and again in the second, driven by the expansion of the region's main economies, except for Germany. Economic activity in the Eurozone should remain frail throughout the second half of the year, as industrial activity, although showing some signs of recovery, is still very depressed and affected by the weakness of the most energy-intensive sectors. At the same time, families continued to be very cautious in their spending decisions, despite the high level of accumulated savings; in addition, NGEU investments are feeding through to the real economy at a slower pace than expected. Hence, according to BPI Research forecasts, GDP growth for the euro area as a whole should be around 0.8% in 2024, with Germany being the least dynamic economy, with growth of just 0.2%, and France and Italy posting very modest growth of less than 1.0%.

It should be noted that the results of the European Parliament elections in June have increased political uncertainty in the region. Most of the pro-European forces renewed their majority to control the Parliament, but there was an increase in the far right. Specifically, in France, this was the leading force, with 31% of the vote, causing the parliamentary elections to be brought forward and leading to a significant increase in the French risk premium, which eventually spilled over to the risk premiums of the other peripheral economies (Italy, Spain, Greece).

Inflation decelerated in the first half of 2024 thanks to lower pressure from food prices, albeit at a slow pace due to the change in dynamics typical of the last stages of disinflationary processes, as it was no longer driven by disinflation in the energy component, which had shown sharp year-on-year falls at the end of 2023, and because services inflation remains under pressure.

In this context, the European Central Bank (ECB) cut interest rates by 25 bps for the first time in June, supported by the good transmission of monetary policy tightening, the fall in inflation from its peak of 10.6% in October 2022 and greater confidence that inflation was on track to reach the 2% target. The ECB is likely to remain cautious until the end of the year, making further decisions to cut interest rates dependent on the progress of economic activity. However, amid signs that the pace of wage growth is moderating, new cuts are expected to be announced.

  - **Portugal**

In the first half of 2024 the behaviour of the Portuguese economy was more positive than expected: quarter-on-quarter, the economy grew by 1.3%, and year-on-year by 1.5%. Although still few, the indicators for the second half of the year suggest that the economy remains dynamic, underpinned by the external sector and the strength of the labour market. Indeed, growth in the period was particularly driven by domestic demand, which contributed 1.5 percentage points to growth in the first half of the year, with private consumption advancing by 1% and GFCF by 1.6%. The contribution of external demand turned out to be nil, with exports up by 3.0% yoy and imports up by 3.1%, driven by GFCF growth. In the second half of the year, we believe that yoy growth could accelerate, reflecting good prospects for the evolution of domestic demand, bolstered by a strong labour market, a gradual slowdown in the pace of consumer price growth, gains in disposable income afforded by the reduction in personal income tax rates, with an impact on the last quarter of the year, and, finally, with a positive impact on investment, lower financing costs and a gradual recovery in the rate of disbursement to the final beneficiaries of the Recovery and Resilience Plan funds. Exports will also continue to be a factor supporting growth, benefiting on the one hand from tourism and on the other from a stronger behaviour in some of Portugal's main trading partners. For the year as a whole, we estimate that real GDP will grow by 1.7 %.

The disinflation process continues to run its course. Headline inflation slowed to 1.9% in August, but underlying inflation remained at 2.4%, confirming that the disinflation process will be gradual. In the coming months there may be some volatility in the behaviour of the inflation rate, mainly due to shifts in energy prices, as the government recently announced the partial withdrawal of support for fuels (namely the partial unfreezing of the carbon tax), in line with the European Commission's recommendation. Galp, a Portuguese energy operator, has also announced it would increase electricity and gas prices by 9% and 16%, respectively, from October. Moreover, ERSE, the Portuguese Energy Services Regulator, had also announced a 6.9% increase in natural gas tariffs and prices on the regulated market as from October 2024. These factors support our expectation of more significant price increases in the final months of the year. On the other hand, the resilience of the underlying component is noteworthy, highlighting the gradual nature of the disinflation process: we expect the underlying CPI to hover around 2.4% for the rest of the year. In addition, in the services sector, inflation has proven more stubborn, which is consistent with the fact that demand remains strong. We thus expect a slower correction of the inflation rate towards 2%, with the rate still lingering slightly above the target at the end of 2024.

The risks to the outlook for growth and price developments are balanced, but slightly tilted to the upside in the case of growth.

- **Regulatory Context**

The first half of 2024 was essentially marked by the roll-out of initiatives taken in 2023 and those still underway, namely related to: (i) the maintenance and imposition of measures (mainly restrictive measures) due to the continuing armed conflict in Ukraine and the Israeli-Palestinian conflict; (ii) European concerns with issues such as sustainability, and environmental, social and governance (ESG) factors, digitalisation and technological innovation, cybersecurity and operational resilience, consumer protection, and information transparency; and the (iii) the progressive revision of the macro-prudential framework, with reforms approved and/or already implemented through the publication of structural legislation for the financial sector.

At national level and under the aegis of digitalisation, which is having an increasing impact on the various spheres of citizens' lives, and in particular on payment systems, the Bank of Portugal (BoP) launched two services in May 2024 to make payments safer and more convenient: *(i)* one, available from 20 May 2024 to payment service providers, which allows individuals and companies to confirm the beneficiary/debtor of credit transfers, instant transfers and direct debits; and *(ii)* another, called SPIN, launched on 24 June 2024, which allows using the recipient's mobile phone number or corporate VAT number instead of the IBAN to initiate credit transfers and instant transfers, thus facilitating these operations.

Measures adopted by the European Commission as a result of the armed conflict in Ukraine

Faced with the ongoing armed conflict in Ukraine and the historic Israeli-Palestinian conflict, the EU maintained pressure on Russia, Belarus and Iran, in the form of sanctions and/or restrictive measures. Moreover, the European Union renewed its sanctions against the Daesh and Al-Qaeda.

Supervision

- Following the provisional agreement reached at the end of 2023, the Council's position on the revision of the Solvency II framework, comprising the Proposal for a Revision of the Solvency II Directive and the Proposal for a Directive on the recovery and resolution of insurance and reinsurance undertakings, is awaited.
- In April 2024, Directive (EU) 2024/1174 of the European Parliament and of the Council of 11 April 2024 amending Directive 2014/59/EU and Regulation (EU) No 806/2014 as regards certain aspects of the minimum requirements for own funds and eligible liabilities (deductions relating to indirect subscription chains or daisy chains) was published.
- In addition, the Council reached agreement on the revision of the Crisis Management and Deposit Insurance (CMDI) framework for banks, comprising: *(i)* the Proposed Revision of the Banking Recovery and Resolution Directive (BRRD); *(ii)* the Proposed Revision of the Regulation on the Single Resolution Mechanism; and *(iii)* the Proposed Revision of the Directive on Deposit Guarantee Schemes.
- June 2024 saw the publication of the following laws making up the EU Banking Package 2024: *(i)* Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks (Capital Requirements Directive or CRD VI); and *(ii)* Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024 amending Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor (Capital Requirements Regulation or CRR III).
- Commission Implementing Regulation (EU) 2024/1618 of 6 June 2024 amending Implementing Regulation (EU) 2021/763 laying down implementing technical standards for the application of Regulation (EU) No 575/2013 of the European Parliament and of the Council and Directive 2014/59/EU of the European Parliament and of the Council with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities, were also published in June 2024.
- Directive (EU) 2024/1654 of the European Parliament and of the Council of 31 May 2024 amending Directive (EU) 2019/1153 as regards access by competent authorities to centralised bank account registries through the interconnection system and technical measures to facilitate the use of transaction records, was also published in June.
- At the national level, Regulation 7/2023 of the Securities Market Commission (CMVM), which regulates the asset management regime approved by Decree-Law 27/2023 of 28 April, came into force on 1 January 2024, repealing CMVM Regulations 2/2015 of 17 July and 3/2015 of 3 November.
- In February 2024, the BoP published Circular Letter no. CC/2024/00000006, announcing the termination of the effects of its regulatory acquis on covered bonds and public sector bonds following its allocation of powers in this area to the CMVM.
- In June 2024, the BoP published: *(i)* Instruction no. 10/2024, repealing BoP Instruction 34/2018, which establishes the reporting of the exposure to interest rate risk resulting from activities not included in the trading book and the results of the standard

shock assessed by the supervisor; and (ii) BoP Instruction no. 12/2024 of 18 June 2024, repealing BoP Instruction no. 33/2018, which establishes that credit institutions and financial companies must report to the Bank of Portugal information on the characteristics of credit agreements regulated by Decree-Law 74-A/2017, the respective collateral and income of the borrower(s), as well as information on early repayments, whether full or partial, and about any renegotiations of these credit agreements.

Retail, Markets and Risks

- The revision of EU legislation on mortgage loans, namely the Proposal for a Revision of the Directive on credit agreements for the acquisition of residential property ('Mortgage Credit Directive' or MCD), is still awaiting adoption by the Commission.
- In February 2024, a preliminary agreement was reached on the 2022 Banking Package as regards the Listing Package, consisting of: *(i)* Proposed Revision of the Markets in Financial Instruments Directive (MiFID) and Repeal of the Listing Directive; *(ii)* Proposal for a Directive on shares with multiple voting rights; and *(iii)* Proposed Revision of the Prospectus Regulation, the Market Abuse Regulation (MAR) and the Markets in Financial Instruments Regulation (MiFIR).
- Also with regard to the 2022 Banking Package, but in relation to Derivatives Clearing, the Council's position is awaited on the following: *(i)* the Proposed Revision of the Capital Requirements Directive (CRD), the Investment Firms Directive (IFD) and the Undertakings for Collective Investment in Transferable Securities Directive (UCITSD); and *(ii)* the Proposed Revision of the European Market Infrastructure Regulation (EMIR), the Capital Requirements Regulation (CRR) and the Money Markets Funds Regulation (MMFR).
- Of particular note is the publication in March 2024 of Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro. The new Regulation aims to ensure that all Payment Services Users (PSUs) in the Union can issue payment orders and receive instant credit transfers in euro, establishing a common set of rules and requirements to implement this payment service; Banks and other Payment Services Providers (PSPs) will have to ensure that credit transfers are accessible and processed instantly.
- Also in March 2024, the pieces of legislation that make up the new MiFID Package, also known as MiFID II Quick Fix or MiFID III, were published, comprising the following: *(i)* Directive (EU) 2024/790 of the European Parliament and of the Council of 28 February 2024 amending Directive 2014/65/EU on markets in financial instruments; and *(ii)* Regulation (EU) 2024/791 of the European Parliament and of the Council of 28 February 2024 amending Regulation (EU) No 600/2014 as regards enhancing data transparency, removing obstacles to the emergence of consolidated tapes, optimising the trading obligations and prohibiting receiving payment for order flow.
- In June 2024, Commission Delegated Regulation (EU) 2024/1728 of 6 December 2023 was published, supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards specifying in which circumstances the conditions for identifying groups of connected clients are met.
- In the same month, the Council agreed its position on the Retail Investment Strategy, and more specifically on the following: *(i)* the Proposal for a Directive amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU, 2014/65/EU and (EU) 2016/97 as regards the rules on the protection of retail investors in the Union ("Omnibus Directive"); and *(ii)* the Proposal for the Revision of the Regulation on Packaged Retail and Insurance-based Investment Products (PRIIPs).
- Also in June 2024, the EBA published: *(i)* its final draft Regulatory Technical Standards (RTS) on the conditions for assessing the materiality of model extensions and changes, as well as changes to the subset of modellable risk factors, applicable under the Fundamental Review of the Trading Book (FRTB) rules); and *(ii)* the final draft of the Implementing Technical Standards (ITS) on public disclosures by institutions that implement the changes in the Pillar 3 disclosure framework introduced by the amending Regulation (EU) 2024/1623 (CRR 3).
- At national level, the 2024 State Budget extended the period of application of the measure, in force since 2022, which allows families to redeem their retirement savings plans (PPR) early, without penalty and up to the monthly limit of the Social Support Index (IAS), to cover the costs of mortgage loans.

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

- At European level, Directive (EU) 2024/1226 of the European Parliament and of the Council of 24 April 2024 on the definition of criminal offences and penalties for the violation of Union restrictive measures and amending Directive (EU) 2018/1673 was published in April 2024. The Directive aims to ensure the effective application of Union restrictive measures. To this end, it is necessary that Member States have effective, proportionate and dissuasive criminal and non-criminal penalties in place for the violation of those Union restrictive measures, including obligations, such as that of reporting, established therein. It is also necessary that those penalties address the circumvention of Union restrictive measures.
- In June 2024, the Council adopted the Proposal for a Directive on the fight against corruption ('Anti-Corruption Directive'), replacing Council Framework Decision 2003/568/JHA and the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, and amending Directive (EU) 2017/1371 of the European Parliament and of the Council.
- The same month also saw the publication of the AML/CFT package, which aims to establish new anti-money laundering rules to protect EU citizens and the EU financial system against money laundering and terrorist financing. This package consists of: *(i)* Regulation (EU) 2024/1620 of the European Parliament and of the Council of 31 May 2024 establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) No 1094/2010 and (EU) No 1095/2010 ("European Regulation on the European Supervisor"); *(ii)* Regulation (EU) 2024/1624 of the European Parliament and of the Council of 31 May 2024 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (Single Rule Book); and *(iii)* Directive (EU) 2024/1640 of the European Parliament and of the Council of 31 May 2024 on the mechanisms to be put in place by Member States for the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Directive(EU) 2019/1937, and amending and repealing Directive (EU) 2015/849 (Anti-Money Laundering Directive or AMLD6). May 2024 also saw the publication of Directive (EU) 2024/1654 of the European Parliament and of the Council of 31 May 2024 amending Directive (EU) 2019/1153 as regards access by competent authorities to centralised bank account registries through the interconnection system and technical measures to facilitate the use of transaction records, was also published in June.
- At the national level, the new National Anti-Corruption Mechanism (MENAC) has issued recommendations to promote and monitor the implementation of the General Regime for the Prevention of Corruption, namely: *(i)* Recommendation No. 1/2024 of 26 February, which discloses the Recommendation for the Government to adopt instruments to prevent the risks of corruption and related offences; and *(ii)* Recommendation no. 7/2024, of 28 May, which discloses the recommendation to those responsible for regulatory compliance under MENAC.
- In June 2024 the Portuguese supervisor published the following: *(i)* BoP Notice no. 3/2024, which amends BoP Notice no. 1/2022, setting the deadline for the submission of the Money Laundering Prevention Report (MPR) at 31 March.; and *(ii)* BoP Instruction No. 8/2024, which establishes the information items to be reported annually to the Bank of Portugal by financial entities subject to its supervision on the prevention of money laundering and terrorist financing ("ML/TF"), the corresponding model and the other conditions for submission, revoking BoP Instructions No. 5/2019 and No. 6/2020. This Instruction contains a transitional rule which, for the current year, derogates from the rule setting the deadline for the submission of the MPR by providing that the MPR for the period between 1 January 2023 and 31 December 2023 must be submitted by 30 September 2024.

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

- In February 2024, an agreement was reached between the Council and the European Parliament on the Sustainable Finance Package, namely on the Proposal for a Regulation on the transparency and integrity of environmental, social and governance rating activities.
- In May 2024, Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings was published. This Directive promotes the improvement of energy performance and the reduction of greenhouse gas emissions from buildings in the EU. In relation to financial institutions, Member States should, among others, encourage the mobilisation of investment, promote the development and effective use of green financial and financing instruments, and promote credit products for the renovation of buildings with a focus on energy efficiency.
- As part of the Commission's 2024 Work Programme, Directive (EU) 2024/1306 of the European Parliament and of the Council of 29 April 2024 amending Directive 2013/34/EU as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings was published in May 2024. This Directive amends the deadlines for the adoption of sustainability reporting standards by certain sectors and companies in third countries.
- May 2024 also saw the publication of Directive (EU) 2024/1203 of the European Parliament and of the Council of 11 April 2024 on the protection of the environment through criminal law and replacing Directives 2008/99/EC and 2009/123/EC.
- Also in May 2024, the Council formally adopted the Proposal for a Revision of the Directive on Corporate Sustainability Due Diligence (CSDD or CS3D), which is now awaiting signature.
- In the social arena, the Equality Package was published in the same month, which includes: *(i)* Council Directive (EU) 2024/1499 of 7 May 2024 on standards for equality bodies in the field of equal treatment between persons irrespective of their racial or ethnic origin, equal treatment in matters of employment and occupation between persons irrespective of their religion or belief, disability, age or sexual orientation, equal treatment between women and men in matters of social security and in the access to and supply of goods and services, and amending Directives 2000/43/EC and 2004/113/EC; and *(ii)* Directive (EU) 2024/1500 of the European Parliament and of the Council of 14 May 2024 on standards for equality bodies in the field of equal treatment and

equal opportunities between women and men in matters of employment and occupation, and amending Directives 2006/54/EC and 2010/41/EU.

- At the national level, in May 2024 the Insurance and Pension Funds Supervisory Authority (ASF) launched public consultation no. 4/2024 on the proposal for a regulatory standard on the governance system of pension fund management companies.

In the digital, operational resilience, technological innovation, data protection and payment services area:

- The European Parliament's position on the Proposal for a Regulation on privacy and electronic communications (e-Privacy) is awaited.
- Commission Implementing Regulation (EU) 2024/482 of 31 January 2024 laying down rules for the application of Regulation (EU) 2019/881 of the European Parliament and of the Council as regards the adoption of the European Common Criteria-based cybersecurity certification scheme (EUCC) was published in February 2024.
- In the field of cybersecurity, the European Council and the Parliament reached an agreement in March 2024 on: *(i)* the Proposal for a Regulation on horizontal cybersecurity requirements for products with digital elements and amending Regulation (EU) 2019/1020 (Cyber Resilience Act); *(ii)* the Proposal for a Regulation on measures to strengthen solidarity and capacities in the Union to detect, prepare for and respond to cybersecurity threats and incidents(Cyber Solidarity Act); and *(iii)* the Proposal for a Regulation amending Regulation (EU) 2019/881 as regards managed security services.
- Regulation (EU) 2024/1183 of the European Parliament and of the Council of 11 April 2024 amending Regulation (EU) No 910/2014 as regards establishing the European Digital Identity Framework (eIDAS): the Regulation is intended to achieve a shift from the reliance on national digital identity solutions only, to the provision of electronic attestations of attributes valid and legally recognised across the Union. The European Digital Identity Wallet should provide natural and legal persons across the Union with a harmonised electronic identification means enabling authentication and the sharing of data linked to their identity.
- In May 2024, the Council approved the proposal for a Regulation establishing harmonised rules on Artificial Intelligence (‘Artificial Intelligence Regulation’ or ‘Artificial Intelligence Act’), which is awaiting signature.
- Also in May 2024, ESMA issued a Statement on investment services and Artificial Intelligence (AI). ESMA expects firms to comply with relevant MiFID II requirements when using AI tools, particularly when it comes to organisational aspects, conduct of business, and their regulatory obligation to act in the best interest of the client, and warns about the potential risks of such use.
- May 2024 also saw the publication of several legislative acts under the Digital Operational Resilience Act (DORA): *(i)* Commission Delegated Regulation (EU) 2024/1502 of 22 February 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council by specifying the criteria for the designation of ICT third-party service providers as critical for financial entities; and *(ii)* Commission Delegated Regulation (EU) 2024/1505 of 22 February 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council by determining the amount of the oversight fees to be charged by the Lead Overseer to critical ICT third-party service providers and the way in which those fees are to be paid.
- Then in June 2024, a set of Regulatory Technical Standards was published under the same framework: *(i)* Commission Delegated Regulation (EU) 2024/1772 of 13 March 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying the criteria for the classification of ICT-related incidents and cyber threats, setting out materiality thresholds and specifying the details of reports of major incidents; *(ii)* Commission Delegated Regulation (EU) 2024/1773 of 13 March 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying the detailed content of the policy regarding contractual arrangements on the use of ICT services supporting critical or important functions provided by ICT third-party service providers; and *(iii)* Commission Delegated Regulation (EU) 2024/1774 of 13 March 2024 supplementing Regulation (EU) 2022/2554 of the European Parliament and of the Council with regard to regulatory technical standards specifying ICT risk management tools, methods, processes, and policies and the simplified ICT risk management framework.
- In the same month, the Council agreed its position on the Proposal for a Regulation laying down additional procedural rules on the application of Regulation (EU) 2016/679 (General Data Protection Regulation or GDPR).
- With regard to the Digital Euro Package, in June 2002 the ECB published the first progress report on the digital euro preparation phase.
- With regard to the Financial Data Access and Payments Package, the Council's position is awaited regarding the following: *(i)* the Proposed Revision of the Payment Services Directive (PSD3); *(ii)* the Proposal for a Payment Services Regulation (PSR); and *(iii)* to the Proposal for a Regulation on a framework for access to financial data (Financial Data Access Regulation or FIDAR).
- In Portugal, Law no. 18/2024 of 5 February was published, which regulates access to metadata relating to electronic communications for criminal investigation purposes, amending Law no. 32/2008 of 17 July, which transposes to national legislation Directive 2006/24/EC of the European Parliament and of the Council of 15 March on the retention of data generated or processed in connection with the provision of publicly available electronic communication services or public communications networks, aligning it with Constitutional Court Rulings 268/2022 and 800/2023 and the Law on the Organisation of the Judicial System.
- In February 2024, Decree-Law 20-B/2024 was published, designating the competent authorities and the coordinator of digital services in Portugal.
- In April 2024, the CMVM launched Public Consultation No. 1/2024 on the Draft Regulation on the crypto-assets market, with the aim of finding out which entities were interested in operating in Portugal under the MiCA (Markets in Crypto-Assets) Regulation

and gathering information capable of contributing to the preparatory work for its implementation, taking into account the characteristics and contributions received from those entities.

- In May 2024, the ASF launched Public Consultation No. 5/2024 on the Draft Regulatory Standard on the security and governance of information and communication technologies and the outsourcing to cloud computing service providers in the context of pension fund management.

In the fiscal area:

- In May 2024, the Council reached agreement on the Proposal for a Directive on faster and safer exemption from, or reduction of, excess taxes withheld at source (Faster and Safer Tax Excess Relief or FASTER).
- The following are pending a final decision: *(i)* the Proposal for a Directive on Transfer Pricing, in the context of Business in Europe: Framework for Income Taxation or BEFIT); and *(ii)* the Proposal for a Directive on tax simplification for SMEs, within the framework of the Head Office Tax System for SMEs (HOT).

Other:

- At European level, several Delegated Regulations were published in June 2024 with reference to the MiCA Regulation, namely: *(i)* Commission Delegated Regulation (EU) 2024/1503 of 22 February 2024 supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council by specifying the fees charged by the European Banking Authority to issuers of significant asset-referenced tokens and issuers of significant e-money tokens; *(ii)* Commission Delegated Regulation (EU) 2024/1504 of 22 February 2024 supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council by specifying the procedural rules for the exercise of the power to impose fines or periodic penalty payments by the European Banking Authority on issuers of significant asset-referenced tokens and issuers of significant e-money tokens; and *(iii)* Commission Delegated Regulation (EU) 2024/1506 of 22 February 2024 supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council by specifying certain criteria for classifying asset-referenced tokens and e-money tokens as significant.
- In the same month, the EBA published several documents aimed at the cryptoasset market, including: *(i)* the Guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens (ARTs); *(ii)* the final draft RTS on governance arrangements for remuneration; *(iii)* the final draft RTS on conflicts of interest; and *(iv)* a set of Technical Standards and Guidelines on prudential issues, namely own funds, liquidity requirements and recovery plans, within the scope of the MiCA.
- At the end of June 2024, the EBA and ESMA published joint Guidelines on the suitability of members of the management body, and on the assessment of shareholders and members with qualifying holdings in issuers of Asset Reference Tokens (ARTs) and Crypto-Asset Service Providers (CASPs), under the MiCA Regulation. These two sets of Guidelines are part of the EBA and ESMA's ongoing efforts to foster a transparent, secure, and well-regulated crypto-assets market, and complement the recently published governance package.
- In Portugal, the following were published in January 2024: *(i)* Law No. 6/2024, of 19 January, amending the Statute of the Portuguese Bar Association.; *(ii)* Law no. 7/2024, of 19 January, amending the Statute of the Order of Solicitors and Enforcement Agents, and Law no. 77/2013, of 21 November; and *(iii)* Law no. 10/2024, of 19 January, which establishes the Legal Framework for the Acts of Lawyers and Solicitors.
- Various pieces of legislation were also published that introduced changes to the regime and/or regulation of citizen cards and the authentication of citizens, namely: *(i)* Law No. 19-A/2024, of 7 February, amending Laws No. 7/2007, of 5 February, which establishes the Citizen Card and regulates its issuance and use, No. 37/2014, of 26 June, which establishes an alternative and voluntary system for authenticating citizens in public administration portals and websites, called the Digital Mobile Key, and No. 13/99, of 22 March, which establishes the new legal framework for voter registration, and Decree-Law No. 135/99, of 22 April, which establishes the general principles of action to be followed by public administration services and bodies in their dealings with citizens; *(ii)* Ordinance No. 126/2024/1, of 1 April, which makes the second amendment to Ordinance No. 286/2017, of 28 September, and the third amendment to Ordinance No. 287/2017, of 28 September; and *(iii)* Ordinance 169/2014/1, of 19 June, which makes the third amendment to Ordinance 286/2017, of 28 September.
- Decree-Law No. 28/2024 of 3 April was published, adapting the legal system to the new 'Empresa 2.0' information system. In order to keep up with the advances in digital services, the Government recognised the need to evolve and improve the services provided under the online company formation regime by offering new technological solutions and digital services more suited to current times in a new information system called '*Empresa Online 2'.*

- **Competitive and social context**

The competitive and social context is decisive for Banco BPI's strategy and development. Accordingly, "strategic events" are the most relevant events that could have a significant impact on the Bank in the medium term. Only events that have not yet materialised or do not form part of the Catalogue, but to which the Entity's strategy is exposed due to external causes, are considered, even if the severity of their possible impact can be mitigated through management. If a strategic event occurs, it may simultaneously impact one or more of the Catalogue risks. A number of significant events considered as Strategic Events took place during 2024:

— Impacts related with the national and international geopolitical environment

In the current situation, geopolitical risks have increased, and the consequences they may have on activity are potentially severe. With the escalation of war in Ukraine and Israel and possible outbreak of other conflicts, uncertainty remains very high. Although energy prices have moderated in recent months and the risk of restrictions on natural gas supplies in Europe has been greatly reduced, the future trajectory of energy prices and prices of other raw materials, including food, remains very uncertain, and the possibility of further disruptions should not be ruled out.
In addition, the impact of the reopening of the Chinese economy on inflationary tensions, following the end of the "Zero COVID" policy, is somewhat uncertain since, if on the one hand, it will relieve the pressure on world supply, on the other, by increasing demand, it will also raise the prices of energy and raw materials.

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

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

— New competitors and application of new technologies

Banco BPI keeps close monitoring of potential new competitors. No relevant developments were detected in this area during the first half of 2024. Regarding the use of new technologies, the Bank continuously monitors those that have the potential to have a substantial impact on the sector and identifies new use cases in monitoring technologies. The 2024 innovation agenda includes the following areas: Applied Artificial Intelligence, Quantum Computing, DLT, Tokenisation and Digital Assets, Stable Currencies and Central Bank Digital Currency, Digital Identity, Metaverse and Edge Computing.

— Cybercrime and data protection

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

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

— Changes to the legal, regulatory or supervisory framework

The following legislation/regulations stand out in the first half of 2024:

- Regulation (EU) 2024/791 of the European Parliament and of the Council of 28 February 2024 as regards enhancing data transparency and removing obstacles to the emergence of consolidated tapes
- Directive 2024/790 amending Directive 2014/65/EU on markets in financial instruments (MiFID II);
- Regulation (EU) 2024/886 of the European Parliament and of the Council of 13 March 2024 amending Regulations (EU 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366 as regards instant credit transfers in euro.

— **Extreme Events and High-Impact Operational Incidents**

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

The Group continued to implement the necessary measures to offset and mitigate the potential impact on operations of the armed conflict in Ukraine, which remains active, monitored and in a stable operational state. In the same vein, the evolution of the energy context and its potential operational impact continue to be monitored, there being no signs of concern so far. An approach has also been taken to deal with the drought situation and the potential restrictions it could entail.

Specific tests have been included in the testing plan for 2024 to assess the performance of the Operational Continuity Management System during cyber-attacks and supplier unavailability scenarios. Running these tests is essential to guarantee the system's ability to respond to unforeseen events that could jeopardise its operation, as well as to guarantee business continuity. These measures seek to improve the Group's resilience and capacity to adapt and recover from adverse situations. These tests are in line with the requirements of the Financial Sector Digital Operational Resilience Regulation (DORA) and the ECB's recommendations.

- **ESG (Environment, Social and Governance) Risk Factors**

Considering sustainability risks (ESG) as a cross-cutting risk factor is the approach taken by BPI, as well as by the majority of financial organisations and regulators and supervisors.

Among ESG risk factors, climate risks are particularly complex to measure. The materiality analysis therefore focuses on a qualitative assessment of the main impacts that ESG factors may have on traditional risks such as credit, liquidity, market, operational, reputational and business risks, for the different portfolios. In addition, the qualitative assessment is complemented by quantitative analyses to confirm the conclusions of the previous ones. Given the current maturity of quantification methodologies and available data, it is expected that these exercises will continue to evolve to provide increasingly accurate results.

The assessment of the materiality of climate risk is based on climate change scenarios and considers different time horizons. In line with supervisory expectations, BPI considered in its assessment the following climate scenarios established by the Network for Greening the Financial System (NGFS), a network of European central banks and supervisors for the green transition of the financial system: i) orderly transition; ii) disorderly transition and iii) hot house world. Of the three scenarios, the orderly transition scenario was selected as the baseline scenario for the materiality assessment because it is consistent with the commitments made by BPI and is currently the most likely scenario within the European Union.

In the orderly transition scenario, the main impacts of climate risk are concentrated in the long term, in terms of corporate credit portfolios, while the impact on financial risks is small or circumstantial. More information on the impacts of climate risks on BPI can be found in the Prudentially Relevant Information (PRI) Report.

In addition, it is considered that the natural environment can impact credit risk through 5 drivers (changes in land use, utilisation and exploitation of natural resources, climate change, pollution and invasive species). However, based on an assessment of the materiality of ESG risks and their interrelationship with other risks, BPI's phased implementation of ESG risk management prioritised climate risks. In future phases, the risks related to the natural environment will be further analysed.

3.2 Credit risk

The financial risks of the Risk Catalogue - credit risk, actuarial risk, structural rates risk, liquidity and funding risk, and market risk - are described below:

3.2.1 Increase in EURIBOR rates for loans to individuals - Support Measures

Decree-Law No. 80-A/2022, in force during 2023, allowed customers to restructure their loans to reduce the risk of default. Although in 2024 it is no longer possible to resort to the measures of Decree-Law No. 80-A/2022, certain operations in the portfolio benefited from them and their credit behaviour is under ongoing monitoring.

In addition, the provisions of Decree-Law No. 91/2023, in force until 31 March 2024, allowed Customers to fix for 24 months the instalment of loans for the purchase or construction of their own permanent home at an amount based on 70% of the reference interest rate on the European interbank market (6-month Euribor) at the time of the loan application, plus the spread provided for in the contract, with the other conditions of the loan agreement remaining unchanged.

3.2.2 Forward looking information update

In the current macroeconomic context (of high inflation and high interest rates), BPI reinforced its monitoring and follow-up mechanisms to assist customers with greater financial difficulties.

Incorporation of forward-looking information into the expected loss models

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

Forward looking macroeconomic indicators [1]

	30-06-2024			31-12-2023		
	2024	**2025p**	**2026p**	**2024p**	**2025p**	**2026p**
GDP growth						
Baseline scenario	1.8 %	2.5 %	2.4 %	1.8 %	2.4 %	2.4 %
Upside scenario	4.0 %	3.2 %	3.0 %	4.0 %	3.2 %	3.0 %
Downside scenario	-0.8 %	1.2 %	1.8 %	-0.8 %	1.2 %	1.8 %
Unemployment rate						
Baseline scenario	6.5 %	6.3 %	6.1 %	6.5 %	6.3 %	6.1 %
Upside scenario	6.2 %	5.9 %	5.6 %	6.2 %	5.9 %	5.6 %
Downside scenario	9.1 %	8.8 %	8.4 %	9.1 %	8.8 %	8.4 %
6M Euribor [2]						
Baseline scenario	2.9 %	2.0 %	2.0 %	3.6 %	3.0 %	2.8 %
Upside scenario	2.5 %	1.5 %	1.5 %	3.2 %	2.6 %	2.3 %
Downside scenario	3.7 %	2.8 %	2.5 %	4.4 %	3.8 %	3.3 %
Spread OT						
Baseline scenario	74.2	83.9	93.8	95.0	107.7	117.8
Upside scenario	79.4	85.7	93.3	102.8	111.5	119.1
Downside scenario	115.6	122.8	123.5	136.4	146.7	147.5
Home prices evolution						
Baseline scenario	-0.1 %	1.2 %	2.5 %	-2.1 %	1.2 %	2.5 %
Upside scenario	3.4 %	3.1 %	2.6 %	1.5 %	3.1 %	2.6 %
Downside scenario	-4.5 %	-3.7 %	1.6 %	-6.6 %	-3.7 %	1.6 %

[1] Source: BPI Economic and Financial Studies Unit

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

Based on the three aforementioned scenarios, new risk parameters for the impairment models were estimated in 2024. The forward-looking parameters were updated based on the methodologies in place at BPI. Overall, the revision of the risk parameters led to a 15.7 million euros decrease in the impairments allocated to credit operations.

The probabilities of occurrence of the forecasts of the macroeconomic indicators as of 30 June 2024 and 31 December 2023:

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

The above macroeconomic scenarios and respective weightings are those used in the latest model recalibration, in the first half of 2024. However, in view of subsequent macroeconomic developments, as well as the uncertainty surrounding the estimation of these scenarios, the Bank maintains a Post Model Adjustment (PMA) for loan impairments, having booked a general impairment of 34.5 million euros on 30 June 2024 (28.5 million euros under the so-called "Macroeconomic Uncertainty Fund" and 6 million euros relative to the macroeconomic revision).

The Post Model Adjustment is estimated through a combination of sensitivity analysis to the loan portfolio, has a temporary nature, is defined in guidelines issued by the supervisors and regulators, is backed by duly documented processes and follows an appropriate governance model. The PMA is reviewed as new information becomes available and macroeconomic uncertainties are reduced.

The forward-looking macroeconomic indicators presented above represent the projections made for the period of 2024 to 2026, at the end of 2024. The post model adjustments include the expected effect on impairment of the updating of the macroeconomic scenarios with reference to 30 June 2024.

3.2.3. Restructured loans:

The breakdown of refinancing by industry sector is as follows:

30-06-2024

	Total						
	Without collateral		With collateral				
					Maximum amount of the collateral that can be considered		
	Number of transactions	Exposure	Number of transactions	Exposure	Real estate mortgage	Other collateral	Impairment
Other financial corporations and individual entrepreneurs (financial business)	1						
Non-financial corporations and individual entrepreneurs (non-financial business)	1 076	68 508	185	124 700	68 814	35 276	(114 284)
Individuals	1 768	26 153	6 242	518 701	518 191	464	(57 154)
Total	**2 845**	**94 661**	**6 427**	**643 401**	**587 005**	**35 740**	**(171 438)**

Note: Includes securitised loans, Customer loans and guarantees

	Of which: Stage 3						
	Without collateral		With collateral				
					Maximum amount of the collateral that can be considered		
	Number of transactions	Exposure	Number of transactions	Exposure	Real estate mortgage	Other collateral	Impairment
Other financial corporations and individual entrepreneurs (financial business)	1						
Non-financial corporations and individual entrepreneurs (non-financial business)	679	43 594	123	84 872	41 708	16 268	(107 447)
Individuals	1 042	14 279	1 570	72 190	71 954	64	(47 772)
Total	**1 722**	**57 873**	**1 693**	**157 062**	**113 662**	**16 332**	**(155 219)**

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

31-12-2023

	Total						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	2	7					(6)
Non-financial corporations and individual entrepreneurs (non-financial business)	978	87 702	193	131 419	75 378	32 239	(125 226)
Individuals	1 808	24 018	6 545	544 425	543 957	480	(59 789)
Total	**2 788**	**111 727**	**6 738**	**675 844**	**619 335**	**32 719**	**(185 021)**

Note: Includes securitised loans, Customer loans and guarantees

	Of which: Stage 3						
	Without collateral		With collateral				Impairment
	Number of transactions	Exposure	Number of transactions	Exposure	Maximum amount of the collateral that can be considered		
					Real estate mortgage	Other collateral	
Other financial corporations and individual entrepreneurs (financial business)	2	7					(6)
Non-financial corporations and individual entrepreneurs (non-financial business)	653	50 528	142	98 426	53 949	20 276	(118 344)
Individuals	1 166	15 175	1 642	70 598	70 323	64	(50 445)
Total	**1 821**	**65 710**	**1 784**	**169 024**	**124 272**	**20 340**	**(168 795)**

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

3.2.4. Concentration Risk

Concentration by geographic location

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

30-06-2024

	Total	Portugal	Other EU countries	Other world countries
Central Banks and credit institutions	5 669 586	3 758 947	956 273	954 366
Public sector	6 621 157	3 886 618	2 324 480	410 059
Central government	3 421 846	687 307	2 324 480	410 059
Other public administrations	3 199 311	3 199 311		
Other financial corporations and individual entrepreneurs (financial business)	426 973	394 498	23 336	9 139
Non-financial corporations and individual entrepreneurs (non-financial business)	13 119 571	12 845 720	232 171	41 680
Real estate development	82 254	82 064	160	30
Civil construction	806 452	797 965	8 482	5
Other	12 230 865	11 965 691	223 529	41 645
Large companies	5 740 786	5 564 053	151 411	25 322
Small and medium-sized companies	6 490 079	6 401 638	72 118	16 323
Individuals	15 905 471	15 869 838	11 221	24 412
Homes	14 581 731	14 574 778	1 228	5 725
Consumer spending	1 312 925	1 284 336	9 957	18 632
Other	10 815	10 724	36	55
Total	**41 742 758**	**36 755 621**	**3 547 481**	**1 439 656**

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

31-12-2023

	Total	Portugal	Other EU countries	Other world countries
Central Banks and credit institutions	3 895 462	2 053 438	792 494	1 049 530
Public sector	6 789 488	3 918 674	2 329 800	541 014
Central government	3 561 978	691 164	2 329 800	541 014
Other public administrations	3 227 510	3 227 510		
Other financial corporations and individual entrepreneurs (financial business)	427 990	381 447	37 779	8 764
Non-financial corporations and individual entrepreneurs (non-financial business)	12 749 621	12 459 161	229 385	61 075
Real estate development	84 039	83 849	160	30
Civil construction	756 822	749 063	7 753	6
Other	11 908 760	11 626 249	221 472	61 039
Large companies	5 429 673	5 256 454	148 225	24 994
Small and medium-sized companies	6 479 087	6 369 795	73 247	36 045
Individuals	15 827 860	15 786 581	11 839	29 440
Homes	14 442 277	14 435 286	1 320	5 671
Consumer spending	1 373 955	1 339 715	10 503	23 737
Other	11 628	11 580	16	32
Total	**39 690 421**	**34 599 301**	**3 401 297**	**1 689 823**

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

Concentration by industry sector

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

At 30 June 2024 and 31 December 2023, the breakdown of credit by industry sector, type of collateral and loan to value (LTV) was as follows:

30-06-2024

	Balance net of impairments	Of which: real estate mortgage secured	Of which: other collateral	Collateralised loans Carrying amount based on latest available appraisal (LTV)				
				≤ 40 %	**> 40 % ≤ 60 %**	**> 60 % ≤ 80 %**	**> 80 % ≤ 100 %**	**> 100%**
Central Banks and credit institutions	1 433 530							
Public sector	1 267 686	2 263	213 377	61 327	55 668	49 938	44 136	4 571
Central government	315 448		2 037					2 037
Other public administrations	952 238	2 263	211 340	61 327	55 668	49 938	44 136	2 534
Other financial corporations and individual entrepreneurs (financial business)	162 794	93 416	5 389	58 623	4 865	17 561	13 006	4 750
Non-financial corporations and individual entrepreneurs (non-financial business)	8 364 729	2 110 825	740 464	896 997	597 747	415 092	258 913	682 540
Real estate development	68 368	60 574	1 400	20 004	23 005	4 805	13 825	335
Civil construction	370 881	53 471	17 423	19 480	13 102	11 535	6 375	20 402
Other	7 925 480	1 996 780	721 641	857 513	561 640	398 752	238 713	661 803
Large companies	2 304 789	342 499	415 410	294 284	98 092	71 495	7 743	286 295
Small and medium-sized companies	5 620 691	1 654 281	306 231	563 229	463 548	327 257	230 970	375 508
Individuals	15 905 045	14 548 447	117 110	5 386 121	4 577 771	3 802 944	865 710	33 011
Homes	14 581 359	14 548 419	23 334	5 379 266	4 558 639	3 773 924	837 535	22 389
Consumer spending	1 312 871	28	93 609	6 700	19 129	29 020	28 166	10 622
Other	10 815		167	155	3		9	
Total	**27 133 784**	**16 754 951**	**1 076 340**	**6 403 068**	**5 236 051**	**4 285 535**	**1 181 765**	**724 872**

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

31-12-2023

	Balance net of impairments	Of which: real estate mortgage secured	Of which: other collateral	Collateralised loans Carrying amount based on latest available appraisal (LTV)				
				≤ 40 %	**> 40 % ≤ 60 %**	**> 60 % ≤ 80 %**	**> 80 % ≤ 100 %**	**> 100%**
Central Banks and credit institutions	1 196 785							
Public sector	1 342 428	2 407	215 334	65 193	78 425	22 613	46 258	5 252
Central government	324 490		2 717					2 717
Other public administrations	1 017 938	2 407	212 617	65 193	78 425	22 613	46 258	2 535
Other financial corporations and individual entrepreneurs (financial business)	155 006	82 010	5 911	62 755	2 491	2 794	14 267	5 614
Non-financial corporations and individual entrepreneurs (non-financial business)	8 583 959	2 027 231	818 588	840 378	593 420	413 644	263 792	734 585
Real estate development	70 821	62 499	1 530	13 307	27 944	6 422	15 911	445
Civil construction	377 403	56 010	17 391	13 586	13 083	17 033	7 389	22 310
Other	8 135 735	1 908 722	799 667	813 485	552 393	390 189	240 492	711 830
Large companies	2 487 588	366 829	494 397	303 042	78 120	104 064	44 962	331 038
Small and medium-sized companies	5 648 147	1 541 893	305 270	510 443	474 273	286 125	195 530	380 792
Individuals	15 827 449	14 407 047	129 417	5 301 129	4 654 540	3 709 829	831 255	39 711
Homes	14 441 910	14 407 012	23 307	5 294 538	4 637 183	3 671 427	799 554	27 617
Consumer spending	1 373 912	35	106 072	6 566	17 354	38 402	31 691	12 094
Other	11 627		38	25	3		10	
Total	**27 105 627**	**16 518 695**	**1 169 250**	**6 269 455**	**5 328 876**	**4 148 880**	**1 155 572**	**785 162**

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

Concentration by credit quality

At 30 June 2024 and 31 December 2023, Portugal's sovereign debt rating by Fitch was A-.

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

Credit risk quality (rating)

The breakdown of debt securities by rating at 30 June 2024 and 31 December 2023 is as follows:

30-06-2024

	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost [1]	TOTAL
AAA/AA+/AA/AA-			270 893	1 209 320	1 480 213
A+/A/A-			143 578	1 184 375	1 327 953
BBB+/BBB/BBB-			364 307	1 595 778	1 960 085
"Investment grade"			**778 778**	**3 989 473**	**4 768 251**
			100 %	52 %	56 %
BB+/BB/BB-				591 783	591 783
No rating		48		3 127 732	3 127 780
"Non-investment grade"		**48**		**3 719 515**	**3 719 563**
		100 %		48 %	44 %
		48	**778 778**	**7 708 988**	**8 487 814**

[1] Exposure net of impairments.

31-12-2023

	Financial assets held for trading	Non-trading financial assets mandatorily at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost [1]	TOTAL
AAA/AA+/AA/AA-			272 280	1 333 930	1 606 210
A+/A/A-			143 700	1 182 685	1 326 385
BBB+/BBB/BBB-	4 238		368 186	1 575 492	1 947 916
"Investment grade"	**4 238**		**784 166**	**4 092 107**	**4 880 511**
	100 %		100 %	56 %	60 %
BB+/BB/BB-				558 525	558 525
No rating		47		2 668 852	2 668 899
"Non-investment grade"		**47**		**3 227 377**	**3 227 424**
		100 %		44 %	40 %
	4 238	**47**	**784 166**	**7 319 484**	**8 107 935**

[1] Exposure net of impairments.

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

		30-06-2024		31-12-2023	
External Rating	AAA to AA-	92 899	6 %	72 238	6 %
	A+ to A-	809 950	52 %	456 958	36 %
	BBB+ to BBB-	608 596	39 %	706 843	56 %
	BB+ to BB-	18 697	1 %	323	
	B+ to B-	36 093	2 %	24 453	2 %
		1 566 235	**100 %**	**1 260 815**	**100 %**

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

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

		30-06-2024					31-12-2023				
		Stage 1	Stage 2	Stage 3	Total		Stage 1	Stage 2	Stage 3	Total	
Exposures Non-Default		**23 438 537**	**2 082 320**		**25 520 857**	**99 %**	**23 726 287**	**2 029 055**		**25 755 342**	**99 %**
External Rating	AAA to AA-	8 786			8 786		47 470			47 470	
	A+ to A-	260 626			260 626	1 %	280 336			280 336	1 %
	BBB+ to BBB-	723 880	10 712		734 592	3 %	736 437	17 585		754 022	3 %
	BB+ to BB-	5 852			5 852		11 667			11 667	
	B+ to B-	101 746			101 746		110 207			110 207	
Master Scale	[0 - 3.1]	7 907 660	33 746		7 941 406	31 %	8 005 307	38 193		8 043 499	31 %
	] 3.1 - 4.6]	6 564 016	104 947		6 668 963	26 %	6 627 815	109 767		6 737 582	26 %
	] 4.6 - 5.8]	4 344 635	836 407		5 181 042	20 %	4 312 202	769 596		5 081 798	20 %
	] 5.8 - 7.3]	1 752 642	692 433		2 445 075	10 %	1 744 396	636 317		2 380 713	9 %
	] 7.3 - 9.5]	184 343	368 438		552 781	2 %	195 116	425 096		620 212	2 %
No rating		1 584 351	35 637		1 619 988	6 %	1 655 335	32 502		1 687 837	7 %
Exposures Default				**216 540**	**216 540**	**1 %**			**205 060**	**205 060**	**1 %**
		23 438 537	**2 082 320**	**216 540**	**25 737 397**	**100 %**	**23 726 287**	**2 029 055**	**205 060**	**25 960 402**	**100 %**

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

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

Concentration by sovereign risk

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

Exposure to entities with sovereign risk

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

30-06-2024

Country	Residual maturity	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost[1]
Portugal	Less than 3 months		4 984
	3 months to 1 year		78 814
	1 to 2 years	76 203	335 817
	2 to 3 years		304 004
	3 to 5 years		822 273
	5 to 10 years		533 924
	More than 10 years		824 458
		76 203	**2 904 274**
Spain	3 to 5 years	283 445	711 806
		283 445	**711 806**
Italy	1 to 2 years		514 420
	5 to 10 years	148 238	
		148 238	**514 420**
USA	3 months to 1 year		139 670
	1 to 2 years		186 472
			326 142
Other	3 months to 1 year		13 032
	3 to 5 years	270 893	395 298
	More than 10 years		70 871
		270 893	**479 201**
		778 779	**4 935 843**

[1] Does not include interest receivable.

31-12-2023

Country	Residual maturity	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost[1]
Portugal	Less than 3 months		6 981
	3 months to 1 year		28 854
	1 to 2 years	75 998	399 801
	2 to 3 years		282 160
	3 to 5 years		856 007
	5 to 10 years		538 785
	More than 10 years		789 068
		75 998	**2 901 656**
Spain	3 to 5 years	284 491	711 651
		284 491	**711 651**
Italy	1 to 2 years		415 380
	2 to 3 years		103 603
	5 to 10 years	151 397	
		151 397	**518 983**
USA	3 months to 1 year		135 645
	1 to 2 years		135 009
	2 to 3 years		180 534
	Total		**451 188**
Other	1 to 2 years		19 555
	3 to 5 years	272 280	390 992
	More than 10 years		70 257
		272 280	**480 804**
		784 166	**5 064 282**

[1] Does not include interest receivable.

3.3 Liquidity risk

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

Total liquid assets

	30-06-2024		31-12-2023	
	Market value	Eligible value	Market value	Eligible value
Level 1 Assets	7 629 879	7 624 287	6 109 339	6 103 675
Level 2A Assets	125 949	107 057	128 960	109 616
Total HQLA [1]	**7 773 959**	**7 740 409**	**6 238 299**	**6 213 291**
Other non-HQLA		**4 540 108**		**5 137 599**
Total liquid assets (HQLA + other non-HQLA)		**12 280 517**		**11 350 890**

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

Note: Unaudited amounts

Liquidity ratios

(Average in last 12 months)	30-06-2024	31-12-2023
High quality liquid assets (numerator)	6 651 618	6 005 721
Total net outflows (denominator)	3 510 572	3 712 011
Cash outflows	4 827 432	4 917 028
Cash inflows	1 316 860	1 205 017
Liquidity coverage ratio (LCR) [1]	**189 %**	**162 %**
Net stable funding ratio (NSFR)	**143 %**	**136 %**

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

Note: Unaudited amounts

The balance available in the ECB pool at 30 June 2024 is 5 011 million euros, which corresponds to the total balance of securities placed in the pool. The 525 million euros decrease compared with December 2023 was due to the maturity in February of own covered bonds placed in the pool.

At 30 June 2024 the main ratings assigned by international rating agencies to Banco BPI were the following:

	Long-term debt	Short-term debt	Outlook	Date of last review	Mortgage covered bonds rating
DBRS Rating Limited					AA
Fitch Ratings	BBB[1]	F2	Stable	12-06-2024	
Moody's Investors Service	Baa2[2]	P-2	Stable	22-11-2023	Aaa
Standard & Poor's Global Ratings	BBB+[3]	A-2	Stable	10-05-2024	

[1] Long-term issuer default rating

[2] Long term Debt Rating / Issuer rating

[3] Long Term Issuer Credit Rating

At 31 December 2023 the main ratings assigned by international rating agencies to Banco BPI were the following:

	Long-term debt	Short-term debt	Outlook	Date of last review	Mortgage covered bonds rating
DBRS Rating Limited					AA
Fitch Ratings	BBB+ [1]	F2	Stable	30-06-2023	
Moody's Investors Service	Baa1 [2]	P-2	Stable	22-11-2023	Aaa
Standard & Poor's Global Ratings	BBB+ [3]	A-2	Stable	08-01-2023	

[1] Long-term issuer default rating

[2] Long term Debt Rating / Issuer rating

[3] Long Term Issuer Credit Rating

3.4. Other risks

During the first half of 2024, the structural rates risk and the market risk (on the trading portfolio) were managed in accordance with the established policies, which did not undergo any relevant changes.

As far as financial-actuarial risks are concerned, the uncertainty around possible adverse impacts resulting from the Russia-Ukraine and Israel-Hamas wars persists. It should be noted that Banco BPI's Pension Fund has no direct exposure to companies based in these geographical areas, and that this factor is not expected to have materially relevant impacts on the Fund's financial position. The Pension Fund's asset portfolio consists of bonds (exclusively government bonds), participation units (mutual funds and ETFs) and real estate.

The context of uncertainty surrounding the evolution of the global economy and the management of the monetary policy cycle by the competent authorities require adequate and strict monitoring of financial-actuarial, market and structural rate risks.

In terms of operational risk, the first few months of 2024 show a reduction in operational losses compared to the same period in 2023, with External Fraud being the risk type with the highest volume of losses, followed by Execution, Delivery and Process Management.

BPI continues to focus on reducing the Bank's operational risk, working on its prevention and mitigation through end-to end process analysis and awareness-raising actions targeting all lines of defence.

Also within the scope of operational risk, BPI continues to update and test its contingency plans on an ongoing basis, adjusting the prevention and response measures in force at any given time to the changing nature of the risks and the environment in which it operates. The contingency plans form part of the company's Business Continuity Management System (BCMS), the priority of which is to ensure the safety of employees and customers while achieving the necessary capacity to ensure seamless operation. BPI has renewed the ISO 22301 certification of its BCMS.

4. SOLVENCY MANAGEMENT

The following table shows the composition of Banco BPI own funds on 30 June 2024 and 31 December 2023:

	30-06-2024		31-12-2023	
	Amount	**%**	**Amount**	**%**
CET1 instruments	**3 182 762**		**3 198 454**	
Accounting shareholders' equity (without AT1)	3 498 299		3 699 729	
Dividends payable [1]	(322 475)		(516 992)	
AVA adjustments	(1 159)		(1 190)	
Impact of transition to IFRS 9	8 097		16 908	
CET1 Deductions	**(491 929)**		**(528 693)**	
Intangible assets and goodwill	(68 833)		(69 920)	
Pension funds´ assets	(77 979)		(35 404)	
Deferred taxes assets and financial investments	(323 596)		(369 706)	
Shortfall	(2 411)			
Other deductions	(19 109)		(53 663)	
CET1	**2 690 834**	**13.8 %**	**2 669 762**	**14.1 %**
AT1 Instruments	275 000		275 000	
TIER 1	**2 965 834**	**15.2 %**	**2 944 762**	**15.5 %**
TIER2 Instruments	436 733		446 491	
TIER2	**436 733**	**2.2 %**	**446 491**	**2.4 %**
TOTAL CAPITAL	**3 402 566**	**17.5 %**	**3 391 253**	**17.9 %**
Other instruments eligible for MREL[2]	1 399 984		1 149 596	
MREL[3]	**4 802 550**	**24.7 %**	**4 540 849**	**23.9 %**
RWA	**19 459 976**		**18 983 490**	

[1] In 2023 the dividend paid to shareholders corresponded to the maximum distributable amount. The same pay-out applies in June 2024.

[2] In the first half of 2024, a 700 million euros MREL-eligible senior non-preferred bond was issued to compensate for the loss of eligibility of the 450 million euros issue of March 2020.

[3] In April 2024 the Bank of Portugal notified Banco BPI of the minimum requirement for own funds and eligible liabilities (MREL). According to the decision of the Single Resolution Board (SRB), from 1 January 2024 BPI must to comply with the MREL requirement of 22.24% of RWAs (including CBR - combined buffer requirement) and 5.91% of the total leverage ratio exposure (LRE). As at 30 June 2024, Banco BPI meets both MREL requirements (the LRE MREL ratio is 11.5%).

Note: unaudited amounts

Considering the phased-in transition to IFRS9 (phasing-in), at 30 June 2024, Banco BPI had a Common Equity Tier 1 (CET1) ratio of 13.8%, a Tier 1 ratio of 15.2% and a Total ratio of 17.5%.

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

The following chart sets out a summary of the minimum regulatory capital requirements at 30 June 2024 and 31 December 2023:

	30-06-2024		31-12-2023	
	Amount	%	Amount	%
BAS III minimum requirements[1]				
CET1	1 669 537	8.58 %	1 628 097	8.58 %
Tier1	2 030 763	10.44 %	1 980 478	10.43 %
Total Capital	2 512 397	12.91 %	2 450 320	12.91 %

[1] Includes the minimum required under Pillar 1, of 4.5%, 6% and 8% for CET1, Tier 1 and Total Capital, respectively; Pillar 2 requirement of 1.90% (1.07% for CET1, 1.43% for Tier 1 and 1.90% for Total Capital); the capital conservation buffer of 2.5%; the O-SII (other systemically important institution) buffer of 0.5% ; the countercyclical buffer, revised quarterly, which stands at 0% for Portugal and, from the specific perspective of BPI, also taking into account exposures to other countries, amounts to 0.01% in June 2024.

Note: unaudited amounts

The following table summarises the minimum MREL requirements applicable to Banco BPI in accordance with the Bank of Portugal's notification of April 2024:

	Requirement as % of RWAs (incl. CBR)[1]		Requirement as % of LRE[2]	
	2024	2023	2024	2023
MREL	**22.24 %**	22.44 %	**5.91 %**	5.91 %

[1] CBR: combined buffer requirement, equal to the sum of the capital conservation buffer, O-SII buffer and countercyclical buffer; 3.01% in June 2024.

[2] LRE: Leverage ratio exposure.

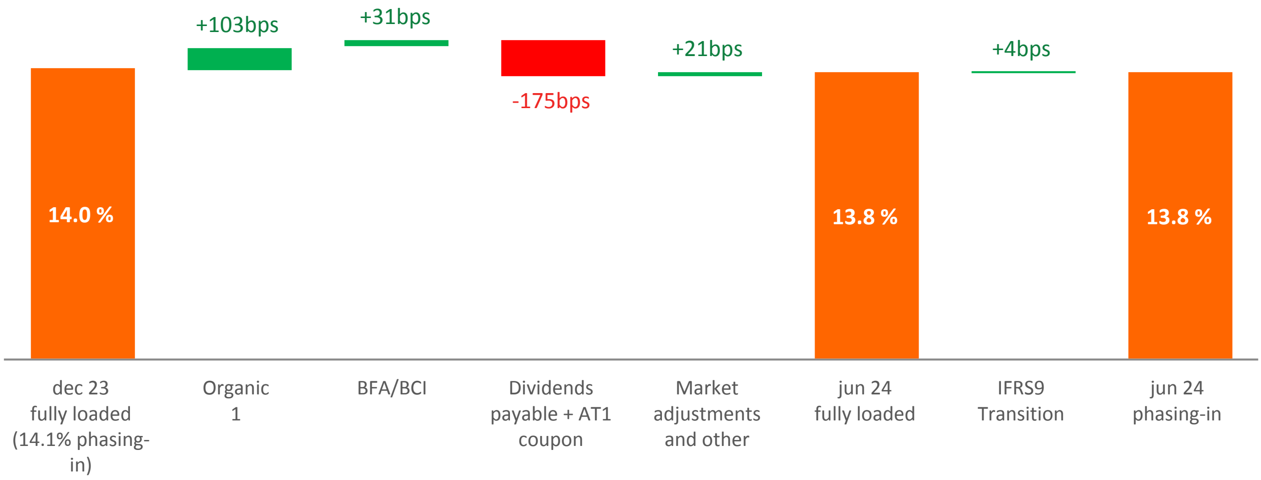
Note: unaudited amounts

The following table shows the breakdown of the leverage ratio of BPI on 30 June 2024 and 31 December 2023:

	30-06-2024		31-12-2023	
	Amount	%	Amount	%
Exposure	41 603 670		39 733 429	
Leverage ratio		**7.1 %**		**7.4 %**

Note: Unaudited amounts

Evolution of CET1 in the first half of 2024 :



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

Note: Unaudited amounts.

Until June 2024, the CET1 ratio decreased by 24 bps, from 14.1% to 13.8%. Annual organic growth was +103 bps, with net income in Portugal offsetting the growth in risk-weighted assets. Dividends payable (322 million euros) and the payment of the AT1 coupon accounted for -175 bps, while market and other adjustments had an impact of +21 bps. The adoption of the IFRS9 prudential transitional arrangements represented +4 bps, i.e., the fully loaded CET1 is 13.8%.

5. DIVIDEND DISTRIBUTION

Dividend policy

In line with the articles of association of Banco BPI (Article 25 - 3): "The General Shareholders' Meeting shall decide on the long-term dividend policy proposed by the Board of Directors, which shall justify any deviations from that policy."

For compliance with this statutory rule, Banco BPI's long-term dividend policy was approved by the sole Shareholder on 16 February 2023, as follows:

1. General principle

Subject to a proposal to be submitted by the Board of Directors to the General Meeting, distribution of an annual dividend for the financial year corresponding to 65% of the net income reported in the individual accounts for the year to which it relates, plus 100% of the dividends received from BPI's equity holdings in Angola and Mozambique, with the exact amount to be proposed being set in accordance with a prudent judgement that balances the situation of the Bank at the time with the need to maintain at all times adequate levels of liquidity and solvency.

"Dividends received' should be understood as dividends received in euro in Portugal in the financial year in question, regardless of the year to which they relate.

2. Conditioning factor

The distribution principle set out in the previous item shall be subject to:

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

The 2023 net profit distribution, was approved by the Board of Directors on 27 February 2024, and later, on 7 March 2023, by its sole shareholder, by written unanimous resolution.

	2023
Net income reported in the individual accounts of Banco BPI	574 435
Application of 2023 individual net profit	
To dividends	516 992
To legal reserve	57 444
Individual profit of Banco BPI in 2023	**574 435**
Pay-out ratio for dividend distribution purposes	**90 %**

On the basis of the results achieved in 2023 and taking into account the surplus capital position, with a comfortable margin over the Supervisor's requirement, it was decided to distribute 90% of the net profit determined in Banco BPI's individual accounts. This distribution allows BPI to maintain its policy of business growth and investment as set out in the Strategic Plan.

6. SEGMENTS

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

At 30 June 2024, BPI's segment reporting considers the following segments:

- **Commercial Banking**

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

- Individuals, Businesses, Premier and InContact Banking is responsible for the commercial activity with individual Customers, entrepreneurs, and small businesses, undertaken through a multichannel distribution network. This network comprises Branches (Individual Clients, and entrepreneurs and small businesses), Premier Centres (provide financial access to individual Clients), inTouch Centres (with a dedicated account manager accessible by phone or digital channels, during an extended timetable), AGE Centre (remote service to young Customers from 18 to 25), Connect Centre (remote Customer service), Citizen Centre (which serves foreign Customers), and DayOne Centre (for start-ups).
- Private Banking and Wealth: provides discretionary management and financial advisory services to high networth individuals.
- Corporate and Institutional Banking: provides a specialised service to companies and institutions, through Corporate Centres (for medium-sized companies), one Real Estate Business Centre, Corporate Intouch centres (remote service) and Corporate and Institutional Banking Centres - CIB (which address the needs of Institutional Customers and the largest national enterprise groups).

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

- **Corporate Centre**

This segment includes:

- the income generated by associated companies in Portugal, net of the financing cost. During 2023, BPI Suisse and Cosec were sold, and Unicre was reclassified from Associated companies and joint ventures to the portfolio of Financial Assets at fair value through other comprehensive income. The income generated by these operations was allocated to the corporate centre segment (Note 34).
- the income associated to participation units in credit recovery and private equity funds, and to investments in shares, net of the financing cost.
- the remuneration of BPI's excess capital is calculated as the difference between BPI's CET 1 (excluding the capital allocated to the holdings in BFA and BCI) and a reference value of 11.5%.
- recurrent operating expenses (essentially early retirement and termination costs), expenses of a corporate nature (associated with the corporate bodies) and the interest income/(expense) on the net assets (net liabilities) for post-employment benefits.

- **BFA and BCI**

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

At 30 June 2024, the income statement by business segment of BPI was as follows:[1]

	Commercial Banking	Corporate Centre	**Domestic activity**	BFA [2]	BCI	**Banco BPI**
1.Interest income	850 370	676	**851 046**	1 018		**852 064**
2.Interest expense	(360 413)		**(360 413)**			**(360 413)**
3.Net interest income [1+2]	**489 957**	**676**	**490 633**	**1 018**		**491 651**
4.Dividend income	1	8 289	**8 290**	45 185		**53 475**
5.Equity accounted income		10 268	**10 268**		18 456	**28 724**
6.Fee and commission income	182 501		**182 501**			**182 501**
7.Fee and commission expenses	(14 569)		**(14 569)**			**(14 569)**
8.Net fee and commission income [6+7]	**167 932**		**167 932**			**167 932**
9.Gains/(losses) on financial assets and liabilities and other	17 442	(2 050)	**15 392**	(1 312)	1 008	**15 088**
10.Other operating income and expenses	(23 880)		**(23 880)**	(3 779)		**(27 659)**
11.Gross income [3+4+5+8+9+10]	**651 452**	**17 183**	**668 635**	**41 112**	**19 464**	**729 211**
12.Staff expenses	(120 030)	(27 615)	**(147 645)**			**(147 645)**
13.Other administrative expenses	(93 479)	(651)	**(94 130)**			**(94 130)**
14.Depreciation and amortisation	(31 272)	(178)	**(31 450)**			**(31 450)**
15.Operating expenses [12+13+14]	**(244 781)**	**(28 444)**	**(273 225)**			**(273 225)**
16.Net operating income [11+15]	**406 671**	**(11 261)**	**395 410**	**41 112**	**19 464**	**455 986**
17.Impairment losses and other provisions	(4 444)		**(4 444)**	(56)		**(4 500)**
18.Other impairments and provisions	14		**14**			**14**
19.Gains and losses in other assets	2 042		**2 042**			**2 042**
20.Net income before income tax [16+17+18+19]	**404 283**	**(11 261)**	**393 022**	**41 056**	**19 464**	**453 542**
21.Income tax	(134 511)	9 244	**(125 267)**	159	(1 605)	**(126 713)**
22.Net income [20+21]	**269 772**	**(2 017)**	**267 755**	**41 215**	**17 859**	**326 829**

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

[2] Interest income corresponds to interest on term deposits with BFA relating to dividends to be transferred to Portugal.

At 30 June 2024 the breakdown of gross income and main items on the balance sheet of the Commercial Banking segment is as follows:

	Gross income	Financial assets at amortised cost	Financial liabilities at amortised cost - Deposits
Retail Banking, Businesses, Premier and InTouch	314 637	17 525 806	20 569 514
Private Banking	26 043	194 099	3 341 805
Corporate and Institutional Banking	130 865	11 549 754	6 178 941
Other	179 907	5 706 866	1 241 986
	651 452	**34 976 525**	**31 332 246**

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

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

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

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

[3] Interest income corresponds to interest implicit in the current amount of the extraordinary dividend, recognized in June 2021, to be received in June 2022 and 2023.

At 30 June 2023, the breakdown of gross income and main items on the balance sheet of the Commercial Banking segment is as follows:

	Gross income	Financial assets at amortised cost	Financial liabilities at amortised cost - Deposits
Retail Banking, Businesses, Premier and InTouch	281 112	17 348 886	18 880 557
Private Banking	22 238	142 574	2 853 399
Corporate and Institutional Banking	128 464	11 160 870	6 658 583
Other	118 528	6 236 879	4 395 748
	550 342	**34 889 209**	**32 788 287**

7. DISCLOSURE OF THE REMUNERATION OF THE CORPORATE BODIES

On 16 October 2023, CaixaBank, as the sole shareholder, approved the "Remuneration Policy of the members of Banco BPI's management and supervisory bodies" applicable to the members of the Bank's corporate bodies.

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

Note 7 to Banco BPI's 2023 financial statements presents in more detail the remuneration of the corporate bodies, namely of the members of Banco BPI's Board of Directors and Executive Committee.

Fixed remuneration

During the first half of 2024 and 2023, the fixed remuneration and attendance fees received by the members of the Board of Directors, excluding those who are members of the Executive Committee, were as follows:

	30-06-2024	30-06-2023
Fixed remuneration	2 274	2 251
Number of persons	16	20

Variable remuneration

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

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

The existence and amount of the variable remuneration for performance in 2024 shall be decided in the first half of the following year, under the terms referred to hereinabove. Notwithstanding the above, and in accordance with the applicable accounting rules, the limit approved in Banco BPI's Remuneration Policy is accrued in Banco BPI's financial statements.

With reference to performance in 2023, the Appointments, Assessment and Remuneration Committee of 12 March 2024 approved the attribution of variable remuneration to the Executive Directors in the total amount of 1 771 th.euros.

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

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

The detail of this heading is as follows:

	30-06-2024	**31-12-2023**
Cash	190 437	285 416
Demand deposits at Bank of Portugal	3 039 643	1 497 752
Other demand deposits	58 648	72 651
Interest on demand deposits at Bank of Portugal	860	409
	3 289 588	**1 856 228**

The caption 'Demand deposits at Bank of Portugal' includes funds intended to meet the requirements of the Eurosystem's Minimum Reserves System and overnight deposits made through the Eurosystem's deposit facility. The component of the deposits intended to meet the minimum reserve requirements is currently not remunerated. The investments under the overnight liquidity absorption mechanism is currently remunerated at 3.75%. If the surplus funds were not placed with the Eurosystem, the remuneration rate would be 0%. The minimum cash reserve corresponds to 1% of the amount of deposits and debt securities issued maturing in up to 2 years, excluding liabilities to other institutions subject to and not exempt from the same minimum cash reserve system and the liabilities to the European Central Bank and national central banks that participate in the euro.

9. FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Financial assets held for trading

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Trading derivatives	43 055	51 875
Debt securities		
Bonds issued by other foreign entities		4 238
	43 055	**56 113**

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

Financial liabilities held for trading

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Trading derivatives	48 918	58 115
	48 918	**58 115**

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

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Equity instruments		
Shares in Portuguese companies	8 105	8 104
Shares in foreign companies	2 748	1 586
Participation units of Portuguese issuers	29 778	33 688
Participation units of foreign issuers	12 389	12 041
	53 020	**55 419**
Debt securities		
Bonds issued by other Portuguese entities	48	47
	48	**47**
	53 068	**55 466**

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

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

This caption is made up as follows:

	30-06-2024	31-12-2023
Equity instruments		
Shares in Portuguese companies	123 070	123 512
Shares in foreign companies	305 778	345 654
	428 848	**469 166**
Debt securities		
Bonds issued by Portuguese government entities		
Treasury Bonds	76 203	75 998
Bonds issued by foreign government entities	702 575	708 168
	778 778	**784 166**
	1 207 626	**1 253 332**

In the first half of 2024 the movement in the caption 'equity instruments at fair value through other comprehensive income' was as follows:

	31-12-2023	Purchases and other	Sales and other	Gains/(losses) recognised under other comprehensive income	Potential Gains/ (losses) recognised under other comprehensive income and exchange variation	30-06-2024
Banco de Fomento Angola, S.A.	338 800				(40 200)	298 600
Other	130 366	350	(353)	(25)	(90)	130 248
	469 166	**350**	**(353)**	**(25)**	**(40 290)**	**428 848**

In 2023 the movement in BPI' balance sheet caption ‘equity instruments at fair value through other comprehensive income’ was as follows:

	31-12-2022	Purchases and other [1]	Sales and other [1]	Gains/(losses) recognised under other comprehensive income	Potential Gains/(losses) recognised under other comprehensive income and exchange variation	31-12-2023
Banco de Fomento Angola, S.A.	410 800				(72 000)	338 800
Other	79 333	33 081	(870)	(526)	19 348	130 366
	490 133	33 081	(870)	(526)	(52 652)	469 166

[1] Includes amount of the reclassification of Unicre from the caption Investments in Joint Ventures and Associated Companies

The estimated valuation values for BFA, SIBS and Unicre are based on discounted future cash flow methodologies, supplemented by multiples methodologies based on comparable companies.

In the first half of 2024, BFA approved the distribution of 50% of the 2023 results, in the amount of AKZ 83.8 billion. The dividend attributed to BPI (45 million euros gross, at the exchange rate at recognition date) was received in Angola, and an interest-bearing deposit was set up at a net rate of 10.8%. In May 2024, BPI received a first instalment of this dividend in Portugal (4.6 million euros).

Also in the 1st half of 2024, BPI received in Portugal the 3rd and final instalment of the distribution of free reserves approved by BFA's GM of June 2021, amounting to AKZ 21.3 billion (23 million euros). BPI also received 1.6 million euros in interest on the local currency term deposit held between the receipt of dividends in Angola and their repatriation to Portugal.

The change in the value of the holding in BFA in the 1st half of 2024 was essentially due to:

- Distribution of the 2023 dividend;
- Revision of estimates and macroeconomic scenario, reflecting the more unfavourable outlook for the evolution of the AKZ;

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

Main assumptions underlying BFA's valuation (DDM)

	30-06-2024	31-12-2023
Projection period	5 years	5 years
Discount rate (Cost of capital)[1]	20.9 %	20.6 %
Target capital ratio	21.0 %	27% in 2023 21% in 2024 onward

[1] Calculated based on the interest rate of US treasury bonds, plus country and market risk premium.

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

Sensitivity analysis to the valuation of BFA (DDM)

	Baseline scenario	Sensitivity scenario (KoE)		Sensitivity scenario (Objective capital ratio)		Sensitivity scenario (Change in AKZ/USD until 2027)	
(in million euros)		+1p.p.	-1p.p.	+1p.p.	-1p.p.	-20 %	+20%
Estimated value for 48.1% of BFA	299	286	313	293	304	246	349
Change versus baseline scenario		-13	14	-6	6	-52	50

12. FINANCIAL ASSETS AT AMORTISED COST

The detail of financial assets at amortised cost at 30 June 2024 and 31 December 2023 is as follows:

30-06-2024

	Nominal value	Accrued interest	Discount premium	Impairment	Book value
Debt securities	7 789 516	66 518	(130 169)	(16 877)	7 708 988
Loans and advances					
Central Banks and credit institutions	1 562 884	3 547		(196)	1 566 235
Customers	26 047 388	175 105		(485 096)	25 737 397
	35 399 788	**245 170**	**(130 169)**	**(502 169)**	**35 012 620**

31-12-2023

	Nominal value	Accrued interest	Discount premium	Impairment	Book value
Debt securities	7 404 915	45 488	(111 563)	(19 356)	7 319 484
Loans and advances					
Central Banks and credit institutions	1 257 556	3 391		(132)	1 260 815
Customers	26 311 705	164 644		(515 947)	25 960 402
	34 974 176	**213 523**	**(111 563)**	**(535 435)**	**34 540 701**

12.1. Debt securities

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Sovereign debt		
Portuguese sovereign debt	1 135 999	1 134 050
Foreign sovereign debt	1 929 137	2 054 285
	3 065 136	**3 188 335**
Customer debt		
Other Portuguese public issuers	755 940	712 762
Other Portuguese issuers	3 349 301	2 896 978
Other foreign issuers	555 488	540 765
	4 660 729	**4 150 505**
Impairment	**(16 877)**	**(19 356)**
	7 708 988	**7 319 484**

In 30 June 2024, Banco BPI holds medium and long-term public debt portfolio with a nominal amount of 2 927 million euros with an average residual maturity of approximately 3 years. The foreign sovereign debt portfolio is made up of Spanish, Italian, American, and European Union public debt securities.

Customer debt securities at amortised cost include essentially issues of commercial paper and bonds of Corporate Banking and Institutional Banking Customers associated to Banco BPI's commercial loans portfolio.

The portfolio of Customer debt securities at amortised cost includes securities designated as interest rate hedged assets, the fair value change of which at 30 June 2024 and 31 December 2023 was (10 849) th.euros and (10 425) th.euros, respectively (Note 13).

At 30 June 2024 and 31 December 2023, Customer debt securities included operations allocated to the Cover Pool given as collateral for Covered Bonds issued by Banco BPI (Note 19), namely 25 212 th.euros and 26 332 th.euros, respectively, allocated as collateral for public sector bonds.

12.2. Loans and advances

Loans and advances - Central Banks and other Credit Institutions

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Loans and advances to Credit Institutions in Portugal		
Very short-term applications	42 036	
Deposits	18 683	
Cheques for collection	119 786	43 097
Loans	473 750	428 750
Reverse repurchase agreements		19 188
Other	116	115
Other loans and advances	9 449	3 202
Interest receivable and commissions relating to amortised cost	2 294	1 720
	666 114	496 072
Loans and advances to other Credit Institutions abroad		
Very short-term applications	78 935	223 984
Deposits	305 760	210 021
Cheques for collection	397	197
Loans	82 038	375
Reverse repurchase agreements	266 306	79 489
Other loans and advances	153 223	228 519
Interest receivable and commissions relating to amortised cost	1 253	1 672
Debtors for futures operations	12 405	20 618
	900 317	764 875
Impairment	(196)	(132)
	1 566 235	**1 260 815**

Loans and advances - Customers

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

	30-06-2024		31-12-2023	
	Gross amount	Impairment	Gross amount	Impairment
Public sector	1 287 772	(1 052)	1 362 211	(1 098)
Other financial corporations and individual entrepreneurs (financial business)	179 567	(940)	186 843	(1 017)
Non-financial corporations and individual entrepreneurs (non-financial business)	8 655 933	(289 354)	8 890 383	(304 779)
Real estate development	70 090	(1 720)	73 062	(2 240)
Civil construction	381 279	(10 378)	388 520	(11 100)
Other	8 204 564	(277 256)	8 428 801	(291 439)
Large companies	2 435 847	(131 012)	2 620 792	(133 183)
Small and medium-sized companies	5 768 717	(146 244)	5 808 009	(158 256)
Individuals	16 099 221	(193 750)	16 036 912	(209 053)
Homes	14 688 127	(106 396)	14 557 894	(115 618)
Consumer spending	1 399 582	(86 657)	1 466 504	(92 549)
Other	11 512	(697)	12 514	(886)
	26 222 493	**(485 096)**	**26 476 349**	**(515 947)**

The portfolio of Loans to Customers includes Loans designated as interest rate hedged assets, the fair value change of which at 30 June 2024 and 31 December 2023 was (61 027) th.euros and (58 156) th.euros, respectively.

The movement in the caption Loans and advances to Customers in the first half of 2024 was as follows:

	Loans and advances	Of which:		
		Stage 1	Stage 2	Stage 3
Balance at 31-12-2023	**26 476 349**	**23 805 178**	**2 135 168**	**536 003**
Exposure increases / reductions	(190 763)	(7 236)	(156 634)	(26 893)
Transfers				
From stage 1:	(1)	(798 565)	771 606	26 958
From stage 2:	1	516 503	(612 471)	95 969
From stage 3:		3 785	46 045	(49 830)
Write-offs	(7 085)	(2)	(2)	(7 081)
Sales	(56 008)	(1)		(56 007)
Balance at 30-06-2024	**26 222 493**	**23 519 662**	**2 183 711**	**519 119**

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

	Loans and advances	Of which: Stage 1	Stage 2	Stage 3
Balance at 31-12-2022	**25 986 083**	**23 862 233**	**1 559 357**	**564 493**
Exposure increases / reductions	578 967	855 392	(205 292)	(71 133)
Transfers				
From stage 1:		(1 385 723)	1 292 282	93 441
From stage 2:		466 803	(573 986)	107 183
From stage 3:	1	6 476	62 816	(69 291)
Write-offs	(18 376)	(1)	(2)	(18 373)
Sales	(70 326)	(2)	(7)	(70 317)
Balance at 31-12-2023	**26 476 349**	**23 805 178**	**2 135 168**	**536 003**

The movement in impairments due to expected loss on Loans and advances to Customers in the first half of 2024 was as follows:

	Impairments for loans and advances	Of which: Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2023	**(515 947)**	**(78 890)**	**(106 113)**	**(330 944)**
Impairment / reversal of impairment due to changes in credit risk	(33 028)	3 363	2 645	(39 036)
Impairment allowance for new financial assets[1]	(16 662)	(11 410)	(2 579)	(2 673)
Reversal of impairments due to reimbursements and recoveries[1]	35 993	5 810	4 655	25 528
Net impairment [2]	(13 697)	(2 237)	4 721	(16 181)
Write-offs	7 084	1	2	7 081
Sales	37 462			37 462
Transfers and other	2		(1)	3
Balance at 30-06-2024	**(485 096)**	**(81 126)**	**(101 391)**	**(302 579)**

[1] Includes automatically renewed operations.

[2] Includes 1 562 th.euros related to impairments to offset part of the interest on credits in stage 3, included in net interest income.

The movement in impairments due to expected loss on Loans and advances to Customers in 2023 was as follows:

	Impairments for loans and advances	Of which: Stage 1:	Stage 2:	Stage 3:
Balance at 31-12-2022	**(519 264)**	**(81 141)**	**(106 979)**	**(331 144)**
Impairment / reversal of impairment due to changes in credit risk	(85 182)	16 934	(3 109)	(99 007)
Impairment allowance for new financial assets[1]	(36 842)	(25 266)	(4 838)	(6 738)
Reversal of impairments due to reimbursements and recoveries[1]	61 460	10 580	8 808	42 072
Net impairment [2]	(60 564)	2 248	861	(63 673)
Write-offs	18 376	1	2	18 373
Sales	45 505	2	6	45 497
Transfers and other			(3)	3
Balance at 31-12-2023	**(515 947)**	**(78 890)**	**(106 113)**	**(330 944)**

[1] Includes automatically renewed operations.

[2] Includes 3 476 th.euros related to impairments to offset part of the interest on credits in stage 3, included in net interest income.

12.3. Written-off loans

Written-off loans

The movement in written off loans, consolidated and individual, in the first half of 2024 and the year of 2023 was as follows:

	30-06-2024	31-12-2023
Balance at beginning of period	**636 352**	**679 502**
Increases:		
Written-off loans	7 084	18 377
Other	30	
Decreases:		
Recovery of written-off principal and interest	(1 562)	(3 971)
Amount received on sale of written-off loans	(3 836)	(6 573)
Remission of written-off credits due to disposals	(17 403)	(47 972)
Other		(3 011)
Balance at end of period	**620 665**	**636 352**

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

In 2024, Banco BPI sold a portfolio of non-performing loans for a global amount of 28 million euros, of which 21 million euros in written-off loans (recognised in off-balance sheet items), 1 million euros in other off-balance sheet balances, and 6 million euros in loans net of impairments (51 million euros in loans and 45 million euros in impairments). This operation generated proceeds of 13 million euros, of which 9 million euros from the reversal of impairments and 4 million euros from the recovery of written-off loans (Note 33).

In 2023, Banco BPI sold a portfolio of non-performing loans for a global amount of 64 million euros, of which 51 million euros in written-off loans (recognised in off-balance sheet items), 2 million euros in other off-balance sheet balances and 10 million euros in loans net of impairments (65 million euros in loans and 55 million euros in impairments). This operation generated a result of 19 million euros, of which 7 million euros from the recovery of written-off loans (Note 33).

13. DERIVATIVES – HEDGE ACCOUNTING

The detail of hedging derivatives is as follows:

	30-06-2024			31-12-2023		
	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Interest rates	3 897 183	2 833	4 577	4 990 903	2 554	5 262
By type of counterparty:						
Of which: OTC - credit institutions	1 512 225	2 825	3 971	2 163 751	2 528	4 624
Of which: OTC - other financial companies	2 384 958	8	606	2 827 152	26	638

14. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

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

	Effective holding (%)		Book value	
	30-06-2024	31-12-2023	30-06-2024	31-12-2023
Investments in associates				
Banco Comercial e de Investimentos, S.A.	35.7 %	35.7 %	158 593	160 874
Companhia de Seguros Allianz Portugal, S.A.	35.0 %	35.0 %	57 970	59 866
			216 563	**220 740**

The movement that occurred in investments in joint ventures and associates in the first half of 2024 was as follows:

	Book Value	Goodwill	Total
Balance at 31-12-2023	**215 467**	**5 273**	**220 740**
Net profit / (loss) for the year	28 724		
Dividends [1]	(39 208)		
Exchange difference	4 973		
Changes in associates' other comprehensive income	613		
Other	721		
Balance at 30-06-2024	**211 290**	**5 273**	**216 563**

[1] Corresponds to dividends from BCI and Allianz.

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

	Book Value	Goodwill	Impairment	Total
Balance at 31-12-2022 Restated	**264 820**	**18 467**	**(5 661)**	**277 626**
Net profit / (loss) for the year	60 597		(1 568)	
Dividends [1]	(41 290)			
Exchange difference	(5 392)			
Unicre reclassification	(28 582)	(13 194)	5 661	
Cosec reclassification	(39 361)		1 568	
Changes in other comprehensive income in joint ventures and associates	3 884			
Other	791			
Balance at 31-12-2023	**215 467**	**5 273**		**220 740**

[1] Corresponds to dividends from BCI and Allianz.

The amount of goodwill resulted from the acquisition of equity holding in BCI (5 273 th.euros).

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

	30-06-2024	30-06-2023
Banco Comercial e de Investimentos, S.A.R.L.	18 456	17 851
Companhia de Seguros Allianz Portugal, S.A.	10 268	9 368
Unicre - Instituição Financeira de Crédito, S.A.		597
	28 724	**27 816**

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

15. TANGIBLE ASSETS

The movement in tangible assets in the first half of 2024 and the year of 2023 was as follows:

	2024					2023				
	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total	Buildings	Equipment and other	Tangible assets in progress	IFRS 16 rights of use	Total
Gross amount										
Balance at beginning of period	130 691	305 290	12 870	190 155	639 006	122 145	341 560	20 707	161 913	646 325
Acquisitions		923	1 801	407	3 131		2 582	15 955	5 368	23 905
Disposals and write-offs [1]	(269)	(5 393)		(4 111)	(9 773)	(5 015)	(47 277)		(19 412)	(71 704)
Transfers and other [2]	(2 920)	2 217	(4 107)	6 969	2 159	13 561	8 425	(23 792)	42 286	40 480
Balance at end of period	**127 502**	**303 037**	**10 564**	**193 420**	**634 523**	**130 691**	**305 290**	**12 870**	**190 155**	**639 006**
Depreciation										
Balance at beginning of period	89 989	266 234		74 721	430 944	78 710	304 413		64 987	448 110
Depreciation in period	2 590	4 902		10 203	17 695	15 710	8 896		21 298	45 904
Disposals and write-offs [1]	(268)	(5 359)		(2 848)	(8 475)	(4 408)	(47 067)		(11 584)	(63 059)
Transfers and other [2]	(1 713)	(935)		69	(2 579)	(23)	(8)		20	(31)
Balance at end of period	**90 598**	**264 842**		**82 145**	**437 585**	**89 989**	**266 234**		**74 721**	**430 944**
Net value at end of period	**36 904**	**38 195**	**10 564**	**111 275**	**196 938**	**40 702**	**39 056**	**12 870**	**115 434**	**208 062**

[1] In rights of use, it essentially corresponds to the cancellation or renegotiation of contracts.
[2] In 2023, includes 36.6 million euros related to the increase in right of use assets due to the extension of contracts for a further 5 years (until 31/12/2028). These renewable leases, signed on a semi-annual or annual basis, were initially recorded for a term of 5 years ending on 31 December 2023.

16. INTANGIBLE ASSETS

The movement in intangible assets during the first semester of 2024 and the year of 2023 was as follows:

	2024				2023			
	Automatic data processing software	Intangible assets in progress	Other intangible assets	Total	Automatic data processing software	Intangible assets in progress	Other intangible assets	Total
Gross amount								
Balance at beginning of the year	256 833	19 072	13 263	289 168	256 039	14 845	14 280	285 164
Acquisitions	15	12 601		12 616	91	27 420		27 511
Disposals and write-offs	(4 982)			(4 982)	(21 182)	(1 308)	(1 017)	(23 507)
Transfers and other	11 747	(12 896)		(1 149)	21 885	(21 885)		
Balance at end of period	**263 613**	**18 777**	**13 263**	**295 653**	**256 833**	**19 072**	**13 263**	**289 168**
Amortization								
Balance at beginning of period	170 371		13 263	183 634	162 491		14 280	176 771
Amortization of period	13 755			13 755	27 432			27 432
Disposals and write-offs	(4 984)			(4 984)	(19 552)		(1 017)	(20 569)
Balance at end of period	**179 142**		**13 263**	**192 405**	**170 371**		**13 263**	**183 634**
Net value at end of period	**84 471**	**18 777**		**103 248**	**86 462**	**19 072**		**105 534**

At 30 June 2024 and 31 December 2023, intangible assets in progress essentially concern investment in the development of software commissioned by Banco BPI to external entities.

17. OTHER ASSETS

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Accrued income		
Dividends receivable from Banco Comercial e de Investimentos	46 227	25 697
Fees for Allianz's profit sharing	9 380	19 727
Other accrued income	30 611	51 025
	86 218	**96 449**
Deferred expenses		
Rents	1 681	1 620
Other deferred expenses	5 360	2 887
	7 041	**4 507**
Liabilities for pensions and other benefits (Note 22)		
Past service liabilities	1 779 582	1 827 907
Pension fund assets	(1 667 651)	(1 774 506)
	111 931	**53 401**
Other assets	9 602	8 109
Assets pending settlement	47 688	50 124
	57 290	**58 233**
	262 480	**212 590**

At 30 June 2024 and 31 December 2023, the caption other income receivable includes 22 800 th.euros and 43 619 th.euros, respectively, relating to income receivable from group companies, namely fees for the provision of back office, IT, corporate and financial product marketing services.

At 30 June 2024 and 31 December 2023, the amount in the caption 'Credit operations pending settlement' includes:

- 3 095 th.euros and 3 148 th.euros, respectively, relating to taxes paid but which were challenged by Banco BPI, of which:
  - 2 156 th.euros, registered after 2020, for VAT-related legal proceedings already decided in favour of Banco BPI and pending receipt of the sums in question;
  - 939 th.euros relating to other processes concerning sundry taxes.
- 8 555 th.euros and 11 119 th.euros, respectively, concerning transactions pending settlement in respect of services provided to other CaixaBank Group companies.
- 7 362 th.euros and 7 181 th.euros, respectively, for IT processes operational control accounts related to automated services of the commercial network, self-service cash machines, online deposits and cash point.
- 4 104 th.euros and 8 911 th.euros, respectively, relative to financial market transactions awaiting settlement.
- 5 789 th.euros and 7 491 th.euros, respectively, relating to operational control accounts associated with the settlement of deposits.

- 3 579 th.euros and 3 361 th.euros, respectively, associated with card and POS transactions settled by the Bank.
- 1 382 th.euros and 4 533 th.euros, respectively, in cheques issued for mortgage loan deeds.

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

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Assets received in settlement of defaulting loans		
Buildings	2 870	4 090
Equipment	710	961
Impairment	(2 290)	(3 306)
Other tangible assets		
Buildings	14 879	13 856
Impairment	(1 203)	(1 065)
	14 966	**14 536**
	14 966	**14 536**

19. FINANCIAL LIABILITIES AT AMORTISED COST

The detail of financial liabilities at amortised cost at 30 June 2024 and 31 December 2023, is as follows:

30-06-2024

	Nominal value	Accrued interest	Commissions relating to amortised cost	Book value
Deposits				
Credit Institutions	922 329	2 096		924 425
Customers	30 255 515	152 306		30 407 821
Debt securities issued	4 075 000	62 692	(9 256)	4 128 436
Other financial liabilities	277 807			277 807
	35 530 651	**217 094**	**(9 256)**	**35 738 489**

31-12-2023

	Nominal value	Accrued interest	Commissions relating to amortised cost	Book value
Deposits				
Credit Institutions	1 058 985	2 540		1 061 525
Customers	29 169 892	81 765		29 251 657
Debt securities issued	3 075 000	38 924	(7 703)	3 106 221
Other financial liabilities	285 949			285 949
	33 589 826	**123 229**	**(7 703)**	**33 705 352**

19.1. Deposits - Central Banks and Credit Institutions

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Loans and advances to credit institutions in Portugal		
Very short-term funds	10 000	
Deposits	30 415	55 020
Interest payable	485	497
	40 900	**55 517**
Funds of credit institutions abroad		
International financial organisations	454 630	464 630
Very short-term funds	46 627	34 755
Deposits	262 089	373 261
Debt securities sold with repurchase agreement	79 450	99 892
Other funds	39 119	31 427
Interest payable	1 610	2 043
	883 525	**1 006 008**
	924 425	**1 061 525**

19.2. Deposits – Customers

The detail of this heading is as follows:

	30-06-2024	31-12-2023
By type		
Demand deposits	16 094 569	15 798 330
Term deposits	14 105 693	13 306 307
Saving accounts	41 704	52 962
Compulsory deposits	13 228	12 293
Other Customer resources	321	
Interest payable	152 306	81 765
	30 407 821	**29 251 657**
By sector		
Public sector	705 572	577 101
Private sector	29 702 249	28 674 556
	30 407 821	**29 251 657**

The portfolio of Customer deposits at amortised cost includes deposits designated as interest rate hedged liabilities, the fair value change of which at 30 June 2024 and 31 December 2023 amounted to 19 354 th.euros and 30 648 th.euros, respectively.

19.3. Debt securities issued

The detail of this heading is as follows:

	30-06-2024				31-12-2023			
	Issues	Repurchased	Balance	Interest rate[1]	Issues	Repurchased	Balance	Interest rate[1]
Covered bonds	7 450 000	(5 650 000)	1 800 000	4.0 %	7 850 000	(6 350 000)	1 500 000	4.0 %
Senior non-preferred bonds	1 850 000		1 850 000	3.6 %	1 150 000		1 150 000	3.4 %
Interest payable			52 914				29 110	
Commissions relating to amortised cost, net			(9 247)				(7 694)	
			3 693 667				**2 671 416**	
Subordinated bonds	425 000		425 000	7.2 %	425 000		425 000	7.2 %
Interest payable			9 778				9 814	
Commissions relating to amortised cost, net			(9)				(9)	
			434 769				**434 805**	
			4 128 436				**3 106 221**	

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

The portfolio of debt issued at amortised cost includes securities designated as interest rate hedged liabilities, the fair value change of which at 30 June 2024 and 31 December 2023 amounted to 4 246 th.euros and (1 273) th.euros, respectively.

In the first half of 2024, Banco BPI reimbursed two collateralised bonds, one in the amount of 500 000 th.euros and the other in the amount of 700 000 th.euros, the latter being fully repurchased, and made three issues, one of non-preferred bonds with no put or call option in the amount of 700 000 th.euros and two of collateralised issues amounting to 800 000 th.euros.

In 2023, Banco BPI reimbursed three collateralised bonds in the amount of 950 000 th.euros that had been fully repurchased, and issued two collateralised bonds amounting to 900 000 th.euros.

19.4. Other financial liabilities

This caption is made up as follows:

	30-06-2024	31-12-2023
Other Customer funds		
Checks and orders payable	62 337	60 754
Guaranteed rate deposits		
Creditors and other resources		
Creditors for futures operations	300	3 345
Consigned resources	11 466	23 309
Captive account resources	2 796	2 693
Guarantee account resources	1 550	1 684
Public sector		
VAT payable	3 231	4 620
Tax withheld at source	24 883	15 549
Contributions to the Social Security	3 817	3 406
Other	2 740	2 740
Contributions to other healthcare systems	1 653	1 380
Creditors for factoring agreements	11 474	15 074
Creditors for the supply of goods	8 622	1 381
Subscribed but not paid-up capital in venture capital funds		
Fundo de Recuperação, FCR	2 194	2 260
Fundo Pathena SCA Sicar	610	734
Sundry creditors	15 799	18 868
Lease liabilities (IFRS 16)	124 335	128 152
	277 807	**285 949**

20. PROVISIONS AND CONTINGENT LIABILITIES

The detail of this heading is as follows:

	30-06-2024	31-12-2023
Pending legal issues and tax litigation		
VAT Recovery processes	6 511	6 511
Tax contingencies and other	18 593	19 742
Impairment and provisions for guarantees and commitments (Note 25)	10 371	11 757
Other provisions	1 862	1 897
	37 337	**39 907**

The movement in provisions in the first semester of 2024 was as follows:

	Balance at 31-12-2023	Increases	Decreases / Reversals	Amounts used	Balance at 30-06-2024
Pending legal issues and tax litigation	26 253	146	(125)	(1 170)	25 104
Commitments and guarantees given	11 757	997	(2 383)		10 371
Other provisions	1 897		(35)		1 862
	39 907	**1 143**	**(2 543)**	**(1 170)**	**37 337**

The movement in provisions in 2023 was as follows:

	Balance at 31-12-2022	Increases	Decreases / Reversals	Amounts used	Transfers	Balance at 31-12-2022
Pending legal issues and tax litigation	24 162	6 422	(1 568)	(2 763)		26 253
Commitments and guarantees given	12 399	4 531	(5 173)			11 757
Other provisions	12 518		(1 764)	(8 674)	(183)	1 897
	49 079	**10 953**	**(8 505)**	**(11 437)**	**(183)**	**39 907**

20.1. Provisions for pending legal issues and tax litigation

Banco BPI is party to several legal and administrative proceedings arising from the normal course of its business, including claims in connection with lending activities, relationships with employees and other commercial or tax matters.

Based on available information, Banco BPI considers that it had reliably estimated the obligations arising from each case under litigation and that it has recognised, where appropriate, sufficient provisions to reasonably cover the liabilities that may arise as a result of these tax and legal situations. It also considers that any responsibility arising from the said proceedings will not, as a whole, have a material adverse effect on the Bank's businesses, financial position or results of operations.

20.2. Provisions for commitments and guarantees given and other provisions

The heading Commitments and guarantees given includes the provisions for the credit risk of the guarantees and contingent commitments given (Note 25). The heading Other provisions records provisions for specific contingencies.

In 2023, the use of Other provisions includes 8 858 th.euros for an irrevocable commitment in connection with the acquisition of BCI shares.

20.3. Contingent liabilities

Competition Authority

In 2012, the Portuguese Competition Authority (CA), under the powers legally attributed to it, opened administrative infraction proceedings against 15 banks operating in the Portuguese market, including BPI, due to alleged competition restrictive practices.

On 1 June 2015 Banco BPI was served the corresponding notice of illicit act. On 27 September 2017 the Bank presented its defence. Furthermore, during the process and whenever appropriate, Banco BPI appealed against several interlocutory rulings issued by the Competition Authority, which the Bank considered as susceptible of violating its rights.

On 9 September 2019, the CA notified BPI and the other banks of its ruling whereby they had been found guilty. The penalty imposed on BPI was 30 million euros.

In its ruling, the CA:

1. Accuses BPI, as well as the other banks, of having engaged in exchanges of information during the period from May 2002 to March 2013 concerning (i) mortgage loan and consumer loan production volumes, and (ii) the commercial conditions for these types of loans and for loans to small businesses and SME, including spread tables;
2. Considers that such an exchange constitutes an infringement by object, i.e., an infringement which is deemed to have been committed irrespective of whether or not the conduct in question had negative effects on the competition, and therefore it is not necessary to prove such effects; in other words, for the infringement to be deemed as committed, it is sufficient to prove that the conduct is, in the abstract, capable of having adverse effects on competition.

Banco BPI argues that it did not commit the infringement of which it was accused by the CA, and on October 2019, appealed against the aforementioned decision to the Competition, Regulation and Supervision Court, from where the appeal will be filed with the Lisbon Court of Appeal.

In addition to disputing that the exchange of information took place in the manner alleged in the decision imposing the sanction, BPI considers that the information allegedly exchanged, either on account of its form and the time at which such exchange occurred, or on account of its content, was not capable of producing negative effects on the competition, there being no grounds for the assumptions on which the existence of an infringement by object, and therefore the decision imposing the sanction, were based. It is also the understanding of BPI that the alleged exchange of information did not have any negative effects on the market or on consumers, but on the contrary, at least in part, that it had pro-competitive effects.

Together with the above appeal, BPI requested the suspension of the effects of the CA's decision until a final decision is taken on the case. As part of that request for suspension of the effects of the decision, BPI provided a guarantee. On those grounds, the court declared the guarantee validly provided, and in consequence granted suspensive effect to the appeal.

The trial of the appeal is running at the Competition, Regulation and Supervision Court, which, on 28 April 2022, issued a decision establishing the facts as proven but not ruling on any sanctions, suspending the process and referring the case to the Court of Justice of the European Union for a preliminary ruling, to which it posed the question of whether the proven facts met the necessary characteristics to constitute an infringement of the rules of the so-called competition "by object" imputed to the banks.

In December 2022 the Bank was informed of the written observations submitted by the European Commission, the EFTA Surveillance Authority (European Free Trade Association), the Portuguese Competition Authority, the Portuguese Public Prosecutor's Office, the Portuguese Republic, the Italian Republic, the Hellenic Republic and Hungary in the context of the preliminary ruling procedure before the Court of Justice of the European Union. Those observations are not unambiguous and are not binding on the Court of Justice of the European Union.

On 22 June 2023, the parties and other interested parties presented oral arguments before the Court of Justice of the European Union.

The Advocate General's Opinion was delivered on 5 October as part of the ongoing case before the CJEU. These conclusions represent another intermediate stage in the process and do not amount to a judicial decision, as they in no way bind the CJEU.

It is based on this framework of non-existent grounds for the decision and sentencing being maintained by a final court ruling, that the Bank's Executive Committee of the Board of Directors, backed by the substantiated opinion of external legal consultants, believes that the probabilities of the process ending without the Bank having to pay a fine are higher than the reverse occurring, and therefore no provision for this process has been recognised in the Bank's financial statements as at 30 June 2024.

In addition, three class action lawsuits were filed against the Bank by consumer protection associations seeking compensation for damages suffered by consumers as a result of the alleged antitrust violation claimed by the Portuguese Competition Authority (PCA). The Bank does not expect any material impact from these new legal actions, as it understands that its conduct in no case caused harm to consumers.

National Resolution Funds

On 7 July 2016, the Resolution Fund stated that it would analyse and evaluate the necessary steps to be taken following the disclosure of the results of the independent valuation exercise, performed to estimate the level of credit recovery by each creditor class in the hypothetical scenario of a normal insolvency proceeding of BES.

Pursuant to applicable law, if at the completion of BES's winding-up, it is concluded that creditors, whose credits have not been transferred to Novo Banco, suffered a loss higher than the loss they would have hypothetically suffered if BES had initiated its winding up process immediately before the resolution measure was adopted, such creditors will have the right to receive the difference from the Resolution Fund.

Finally, it has surfaced in the media that judicial proceedings against the Resolution Fund have been initiated.

<u>Resolution measure of Banco Espírito Santo, S.A.</u>
On 3 August 2014, Banco de Portugal applied a resolution measure to Banco Espírito Santo, S.A. (BES) pursuant to paragraph b) of number 1 of article 145 C of the General Regulation of Credit Institutions and Financial Companies (RGICSF), in the form of a partial transfer of assets, liabilities, off-balance sheet items and assets under management into a transition bank, Novo Banco, S.A. (Novo Banco), incorporated by a decision of Banco de Portugal on the same date. As part of this process, the Resolution Fund made a capital contribution to Novo Banco in the amount of 4 900 000 th.euros, becoming the sole shareholder.

In this context, the Resolution Fund contracted loans amounting to 4 600 000 th.euros, of which 3 900 000 th.euros granted by the Portuguese State and 700 000 th.euros, to which BPI contributed with 116 200 th.euros, by a banking syndicate.

On 29 December 2015, Banco de Portugal issued a public announcement informing that it had " *(…) made a final adjustment to the perimeter of the assets, liabilities, off-balance-sheet items and assets under management transferred to Novo Banco, namely including:*
a. Clarification that no liabilities have been transferred to Novo Banco that were contingent or unknown on the date the resolution measure was applied to Banco Espírito Santo, S.A.;
b. Retransfer to Banco Espírito Santo, S.A. of the shareholding in BES Finance, which is necessary to ensure full compliance with and application of the resolution measure as regards the non-transfer to Novo Banco of subordinated debt instruments issued by Banco Espírito Santo, S.A.;
c. Clarification that it is the Resolution Fund's responsibility to make neutral for Novo Banco – through compensatory measure – potential negative effects of future decisions, resulting from the resolution process and giving rise to liabilities or contingencies."

<u>Resolution measure of Banif – Banco Internacional do Funchal, S.A.</u>
On 19 December 2015, the Board of Directors of Banco de Portugal declared that Banif was failing or likely to fail and decided to start the institution's urgent resolution process through the total or partial sale of its business, which led to Banif's business being sold to Banco Santander Totta, S.A. (BST), on 20 December 2015, for 150 000 th.euros.

Most of the assets that were not sold were transferred to an asset management vehicle, called Oitante, S.A. (Oitante), created specifically for this purpose, the sole shareholder of which is the Resolution Fund. As a way of financing this transfer, Oitante issued debt securities for an initial amount of 746 000 th.euros, to which the Resolution Fund provided a guarantee and the Portuguese State a counter-guarantee.

The operation involved additional support of around 2 255 000 th.euros to cover future contingencies, of which 489 000 th.euros were provided by the Resolution Fund and 1 766 000 th.euros directly by the Portuguese State. The referred state support is net of the amount due by BST for the acquisition of the set of assets, liabilities and business of the former Banif. The 489 000 th.euros provided by the Resolution Fund was funded under a loan agreement with the Portuguese State.

General matters

In order to reimburse the loans obtained by the Resolution Fund and any other responsibilities that the Resolution Fund may have to take on with respect to the above-mentioned resolution measures, the Resolution Fund is entitled essentially to the contributions of the participating credit institutions (including the Bank) and to the banking sector contribution ("contribuição sobre o setor bancário").

By a public statement on 28 September 2016, the Resolution Fund announced that it had agreed with the Portuguese Ministry of Finance to revise the terms of the 3 900 000 th.euros loan originally granted by the Portuguese State to the Resolution Fund in 2014 to finance the resolution measure applied to BES. According to the Resolution Fund, the extension of the maturity of the loan was intended to ensure the capacity of the Resolution Fund to meet its obligations through its regular revenues, regardless of the contingencies to which the Resolution Fund is exposed. On the same day, the Office of the Portuguese Minister of Finance also announced that increases in liabilities arising from the materialisation of future contingencies would determine maturity adjustment to the Portuguese State and bank loans to the Resolution Fund in order to maintain the current levels of the required effort regarding the contributions from the banking sector.

In addition, according to the communication of the Resolution Fund on 21 March 2017:

- "The terms of the loans obtained by the Fund to finance the resolution measures applied to Banco Espirito Santo, S.A. and Banif – Banco Internacional do Funchal, S.A. were changed." These loans amount to 4 953 million euros, of which 4 253 million euros granted by the Portuguese State and 700 million euros granted by a banking syndicate, of these, 116 million euros were granted by the Bank.
- "Those loans now mature in December 2046, without prejudice to the possibility of early redemption based on the use of proceeds from the Resolution Fund. The maturity will be adjusted in such terms as guarantee the capacity of the Resolution Fund to fully meet its obligations based on regular revenues and without the need for special contributions or any other extraordinary contributions." The liabilities arising from contracts entered into by the Resolution Fund with the Portuguese State and a syndicate of banks in accordance with the resolution measures of BES and Banif rank pari passu with each other.
- "The revision of the terms of the loans aimed to ensure the sustainability and financial balance of the Resolution Fund, on the basis of a stable, predictable and sustainable burden for the banking sector".
- "The new conditions allow for the full payment of the Resolution Fund's liabilities and respective remuneration, without the need for special contributions or any other extraordinary contributions from the banking sector."

On 31 March 2017, the Bank of Portugal made a communication in which it referred, among others, the following:

- "The Bank of Portugal has today selected LONE STAR to complete the sale of Novo Banco and the Resolution Fund has signed the operation's contract documents."
- "Through the capital injection to be realised, LONE STAR will hold 75% of the share capital of Novo Banco and the Resolution Fund will maintain 25% of the share capital."
- "The terms agreed also include a contingent capital mechanism, under which the Resolution Fund, as a shareholder, undertakes to make capital injections in case certain cumulative conditions are met related to: i) the performance of a specific portfolio of assets of Novo Banco and ii) the capitalisation levels of the bank going forward.
- "The agreed conditions also provide for mechanisms to safeguard the interests of the Resolution Fund and to align incentives, as well as supervision mechanisms, notwithstanding the limitations arising from the application of State aid rules."
- "The completion of the sale is conditional on the customary regulatory approvals (including by the European Central Bank and the European Commission), and on a liability management exercise, subject to acceptance of the bondholders, which will cover the non-subordinated bonds of Novo Banco, and, through the issuance of new bonds, generate at least 500 million euros of eligible own funds for the calculation of the CET1 ratio."

On 2 October 2017, the Council of Ministers approved a resolution by which it authorised the conclusion by the Portuguese State, in its role of ultimate guarantor of financial stability, of a framework agreement with the Resolution Fund, for the provision of financial resources to the Resolution Fund, if and when considered necessary for the fulfilment of its contractual obligations under the sale of the 75% stake in Novo Banco, S.A.

The abovementioned framework agreement was signed on the same date and determines that additional funds are to be made available when necessary to ensure compliance with the responsibilities assumed within the scope of the sale process of Novo Banco, while also establishing that the refund of any such funds will be scheduled taking into consideration that one of the objectives of this framework agreement is to ensure the stability of the contributive burden that falls on the banking sector, i.e., to ensure that no special contributions or any other extraordinary contributions are required from the participants of the Resolution Fund.

On 18 October 2017 Banco de Portugal and the Resolution Fund announced the conclusion of the sale of Novo Banco to Lone Star.

On 1 March 2019, after Novo Banco's capital call relative to 2018 had been made public, the Minister for Finance issued a communication where it confirmed "(...) its commitment to the targets assumed and to promoting the stability of the banking sector to allow reaching these targets."

On 31 May 2021, the Resolution Fund entered into a new loan agreement for 475 million euros with a number of banks in order to meet the Fund's funding needs arising from its commitments to Novo Banco under the Contingent Capital Agreement. Banco BPI participated with 87 410 th.euros in this loan.

Currently it is not possible to predict the possible effects for the Resolution Fund arising from: (i) the sale of the holding in Novo Banco; (ii) the application of the principle that no creditor of the credit institution under resolution may incur in a loss greater than that it would incur if the institution had entered into liquidation; (iii) the guarantee provided to the bonds issued by Oitante; and (iv) other liabilities which the Resolution Fund may have to assume.

Notwithstanding the possibility of collection of special contributions provided for in the applicable legislation, considering the renegotiation of the terms of the loans granted to the Resolution Fund by the Portuguese State and by a syndicate of banks, where the Bank is included, and the public announcements made by the Resolution Fund and the Office of the Portuguese Minister of Finance, which indicate that this possibility will not be used, the financial statements as of 30 June 2024 reflect the BPI' expectation that will not be required to make any special or extraordinary contribution to finance the resolution measures applied to BES and Banif or any other liability or contingent liability assumed by the Resolution Fund.

Possible changes regarding these issues may have relevant implications on the Bank's financial statements.

Single Resolution Fund

Since 2016, Banco BPI has opted for converting a percentage of the payment to the Single Resolution into irrevocable payment commitments, for which cash collateral has been provided. As at 30 June 2024, the cumulative amount of the irrevocable payment commitments is 19 million euros (Note 25), for which no provision was booked.

21. OTHER LIABILITIES

This caption is made up as follows:

	30-06-2024	31-12-2023
Expenses payable		
Staff Expenses	84 977	81 588
Other administrative expenses	38 474	54 732
Interest payable on Additional Tier 1 issue	583	638
Other	6 985	13 180
	131 019	**150 138**
Deferred income		
From guarantees given and other contingent liabilities	1 362	1 306
	1 362	**1 306**
Other adjustment accounts		
Foreign exchange transactions pending settlement	134	177
Liabilities pending settlement	91 371	120 140
Other transactions pending settlement	351 499	391 141
	443 004	**511 458**
	575 385	**662 902**

At 30 June 2024 and 31 December 2023, the caption staff expenses includes 19 401 th.euros and 19 226 th.euros in liabilities for end-of-career bonuses and for medical services (SAMS) of former Employees, respectively. The main actuarial assumptions used to calculate these liabilities are the same as those used to calculate employee pension liabilities (Note 22). In the first half 2024 and the year of 2023, (1 050) th.euros and (1 260) th.euros, respectively, were recognised for actuarial deviations arising from the change in the financial and demographic assumptions used to calculate these liabilities.

As at 30 June 2024 and 31 December 2023 the balance in the caption 'Liabilities pending settlement' includes:

- 19 484 th.euros and 25 697 th.euros, respectively, relating to ATM transactions pending settlement.
- 51 942 th.euros and 50 254 th.euros, respectively, relating to transactions with SIBS pending settlement.

As at 30 June 2024 and 31 December 2023 the caption 'Liabilities pending settlement' includes:

- 302 153 th.euros and 322 144 th.euros, respectively, relating to transfers under SEPA (Single Euro Payment Area).
- 1 449 th.euros and 1 104 th.euros, respectively, relating to securities operations pending settlement.
- 18 008 th.euros and 11 653 th.euros, respectively, concerning transactions pending settlement in the Large-Value Gross Settlement System.
- 4 375 th.euros and 23 532 th.euros, respectively, concerning amounts pending settlement under leasing, LTHP and factoring operations.

22. LIABILITIES FOR PENSIONS AND OTHER BENEFITS

Past service liabilities for Pensioners, Employees and Directors that are, or have been, at the service of BPI, are calculated in accordance with IAS 19.

Pension benefits established by BPI are defined benefits based on the last salary earned and length of service, providing for the payment of benefits in the event of retirement due to old age, disability or death. The rules used to calculate these benefits are mainly drawn from the provisions of the Collective Labour Agreement for the Portuguese Banking Sector. There is also a restricted group of management staff that is covered by a supplementary defined benefit pension plan, based on the last salary earned and length of service.

With the publication of Decree-Law no. 1-A / 2011 of 3 January, from 1 January 2011 all banking sector employees who were beneficiaries of "CAFEB – Caixa de Abono de Família dos Empregados Bancários" were integrated into the General Social Security Scheme, being henceforth covered by this scheme for old-age pensions as well as for maternity, paternity and adoption allowances, which the Bank ceased to support. Given the complementary nature of the scheme under the rules of the Collective Labour Agreement for the Portuguese Banking Sector ("ACT"), the Bank continues to cover the difference relative to the amount of the benefits paid under the General Social Security Regime for the eventualities covered and the benefits established in the ACT.

Following the instructions of the National Council of Financial Supervisors (Conselho Nacional dos Supervisores Financeiros), the amount of past service liabilities remained unchanged at 31 December 2010. Current service cost decreased as from 2011 and the Bank became subject to the Single Social Tax (Taxa Social Única - TSU) at the rate of 23.6%.

Disability and survivor pensions and sick leave for these Employees continue to be the Bank's responsibility.

Decree-Law 127/2011 of 31 December established the transfer to the Social Security of liabilities for retirement and survivor pensions of retired personnel and pensioners that were in that situation at 31 December 2011 and were covered by the substitute social security regime included in the collective labour regulations instrument in force for the banking sector (Pillar 1), as well as the transfer to the Portuguese State of the corresponding pension fund assets covering these liabilities. Since the transfer to the Social Security corresponded to a settlement, extinguishing the corresponding liability of Banco BPI, the negative difference (99 507 th.euros) between the amount of the pension fund assets transferred to the Portuguese State and the amount of the liability transferred based on actuarial assumptions used by Banco BPI was fully recognised as a cost in 2011/12. For tax purposes, this cost is recognised over a period of 18 years.

Through its pension fund, Banco BPI retains the liability for payment of (i) the amount of updates to the pensions mentioned above, according to the criteria set out in the ACT; (ii) the complementary benefits to the retirement and survivor pensions assumed by the ACT; (iii) the fixed contribution to the Social and Medical Support Services (SAMS); (iv) death allowance; (v) survivor pensions to children and surviving spouse related to the same Employee and (vi) survivor pension due to the family member of a retired Employee, in which the conditions for being granted occurred as from 1 January 2012.

BPI Vida e Pensões is the entity responsible for the actuarial calculations used to determine the amounts of the retirement and survivor pension liabilities, as well as for managing the respective Pension Funds.

The "Projected Unit Credit" method was used to calculate the normal cost and past service liabilities due to old age, and the "Single Successive Premiums" method was used to calculate the cost of the disability and survivor benefits.

The commitments assumed in the regulations of Banco BPI Pension Plans are funded by Pension Funds and therefore Banco BPI is exposed to risks resulting from the valuation of the liabilities and the value of the related pension funds. Banco BPI's Pension Funds are disclosed in Note 38.

The funding scheme of the Pension Fund is defined in Bank of Portugal Notice no. 4/2005, which establishes the requirement to fully fund (100%) the liabilities with pensions under payment and a minimum of 95% of the past service liabilities for current personnel.

The main actuarial assumptions used to calculate the pension liabilities of the employees are as follows:

	30-06-2024	31-12-2023
Demographic assumptions:		
Mortality Table	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]
Disability table	EKV 80	EKV 80
Staff turnover	0%	0%
Decreases	by mortality	by mortality
Financial assumptions		
Discount rate		
Start of the year	3.2 %	3.8 %
Year-end	3.7 %	3.2 %
Pensionable salaries growth rate [3]	1.25% [4]	1.25% [4]
Pensions growth rate	0.75% [5]	0.75% [5]

[1] Life expectancy considered for men was 1 year longer than considered in the mortality table used.

[2] Life expectancy considered for women was 2 years longer than considered in the mortality table used.

[3] The mandatory promotions under the current ACT and the projected seniority payments are considered separately, i.e., directly in the estimate of salaries evolution, corresponding to an increase of approximately 0.5%.

[4] Pensionable salaries estimated growth rate in 2026 and following years. The rates considered for 2024 and 2025 at 30 June 2024 and 31 December 2023 were 3.0% and 2.5%, respectively.

[5] Pensions estimated growth rate in 2026 and following years. The rates considered for 2024 and 2025 at 30 June 2024 and 31 December 2023 were 2.5% and 2.0%, respectively.

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

	30-06-2024	31-12-2023
Total past service liabilities	(1 618 044)	(1 724 024)
Net assets of the Pension Fund	1 729 550	1 780 457
Contributions to be transferred to the Pension Fund		
Coverage surplus/(shortfall)	111 506	56 433
Coverage ratio of liabilities	107%	103%

The return of the pension fund in the first half of 2024 was -0.5% (non-annualised).

The movement in deviations in 2024 and 2023 was as follows:

Amount at 31 December 2022	**(85 569)**
Deviation in pension funds return	75 974
ACTV table update	(10 142)
Change in discount rate	(131 856)
Change in salary and pension growth rates	(18 295)
Impact on ACT table from the national minimum wage increase	(15 471)
Deviation in disability pensions	(1 390)
Deviation in mortality	(8 960)
Deviation in pensions paid	**(2 061)**
Other deviations	**(19 407)**
Amount at 31 December 2023	**(217 177)**
Deviation in pension funds return	(36 643)
ACTV table update	(10 979)
Change in discount rate	99 000
Deviation in pensions paid	(3 197)
Other deviations	3 096
Amount at 30 June 2024	**(165 900)**

The sensitivity analysis to a change in the main financial assumptions for the entire period covered by the actuarial valuation (and not just a change in a given year) would result in the following impact on the present value of past service liabilities [1]:

	(decrease)/increase	
	%	Amount
Change in discount rate		
0.25% increase	-3.2 %	(50 959)
0.25% decrease	3.3 %	53 709
Change in salaries growth rate [2]		
0.25% increase	0.9 %	14 560
Change in pensions growth rate [3]		
0.25% increase	4.0 %	64 710
Mortality Table		
+1 year	3.3 %	53 386

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

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

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

The main actuarial assumptions used to calculate the pension liabilities of Board members are as follows:

	30-06-2024	31-12-2023
Demographic assumptions:		
Mortality Table	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]	TV 88/90-H - 1 year [1] TV 99-01-M - 2 years [2]
Disability table	EKV 80	EKV 80
Staff turnover	0%	0%
Decreases	by mortality	by mortality
Financial assumptions:		
Discount rate		
Start of the year	3.2 %	3.8 %
Year-end	3.4 %	3.2 %
Pensionable salaries growth rate	0.75% [3]	0.75% [3]
Pensions growth rate	0.75% [4]	0.75% [4]

[1] Life expectancy considered for men was 1 year longer than considered in the mortality table used.

[1] Life expectancy considered for women was 2 years longer than considered in the mortality table used.

[4] Pensionable salaries estimated growth rate in 2026 and following years. The rates considered for 2024 and 2025 at 30 June 2024 and 31 December 2023 were 2.5% and 2.0%, respectively.

[4] Pensions estimated growth rate in 2026 and following years. For 2024 an effective CPI rate of 4.3% was considered, as per pension plan rules. For 2025 a rate of 2.0% was considered

The liabilities for past services of Board members and respective coverage by the Pension Fund show the following evolution:

	30-06-2024	31-12-2023
Present value of past service liabilities	(49 607)	(50 482)
Net assets of the Pension Fund	50 032	47 450
Contributions to be transferred to the Pension Fund		
Coverage surplus/(shortfall)	425	(3 032)
Coverage ratio of liabilities	101 %	94 %

The return of the pension fund in the first half of 2024 was +3.3% (non-annualised).

The movement in deviations during 2023 and the first semester of 2024 was as follows:

Amount at 31 December 2022	**(16 018)**
Deviation in pension funds return	1 991
Change in financial and demographic assumptions	
Change in the Mortality Table	(2 775)
Change in discount rate	(815)
Change in salary and pension growth rates	(10)
IPC change	(729)
Deviation in pensions paid	(70)
Other deviations	(361)
Amount at 31 December 2023	**(18 787)**
Deviation in pension funds return	772
Change in financial and demographic assumptions	
Change in the Mortality Table	2 124
Change in salary and pension growth rates	(23)
Deviation in pensions paid	(159)
Other deviations	(2 054)
Amount at 30 June 2024	**(18 127)**

The sensitivity analysis to a change in the main financial assumptions for the entire period covered by the actuarial valuation (and not just a change in a given year) would result in the following impact on the present value of past service liabilities[1] :

	(decrease)/increase	
	%	**Value**
Change in discount rate		
0.25% increase	-2.3 %	(1 129)
0.25% decrease	2.4 %	1 174
Change in salaries growth rate[2]		
0.25% increase	-0.1 %	(50)
Change in pensions growth rate[3]		
0.25% increase	2.2 %	1 091
Mortality Table		
+1 year	3.6 %	1 786

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

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

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

23. SHAREHOLDERS' EQUITY

Capital

At 30 June 2024 and 31 December 2023, Banco BPI's share capital was 1 293 063 th.euros, represented by 1 456 924 237 ordinary dematerialised registered shares with no nominal value.

Equity instruments issued other than capital

In 2019, Banco BPI issued 275 000 th.euros, with a flat rate of 6.5%, in Additional Tier 1 Undated Deeply Subordinated Notes - Series 1132 under the EMTN Programme, which qualify as Additional Tier I Capital for the Tier 1 ratio, under the terms of Directive 2013/36/EU (CRD IV – Capital Requirements Directive). These bonds may be reimbursed as from 19 September 2023 (first early reimbursement date) and subsequently on any interest-payment date, subject to the authorisation of the relevant authorities. The interest on these notes is recognised under "Other reserves" on account of its payment being discretionary. The notes were fully purchased by CaixaBank.

Accumulated other comprehensive income

The main movements in Accumulated other comprehensive income are shown in detail in the tables of statements of profit and loss and other comprehensive income.

Retained earnings and other reserves

This caption is made up as follows:

	30-06-2024	31-12-2023
Retained earnings		
Legal reserve	407 971	350 528
Other reserves and retained earnings	1 843 143	1 908 738
Reserves of fully consolidated companies		5 388
Profit/(loss) recognised in equity instruments at fair value through other comprehensive income	14 585	14 594
	2 265 699	**2 279 248**
Other reserves		
Merger reserve	1 665	1 665
Interest payable on Additional Tier 1 issue	(85 502)	(76 619)
Reserves of equity accounted companies	130 738	109 510
	46 901	**34 556**

24. TAX POSITION

24.1. Tax assets and liabilities

The breakdown of tax assets and liabilities is as follows:

Tax assets

	30-06-2024	31-12-2023
Current tax assets	28 186	27 934
Deferred tax assets	139 870	142 562
	168 056	**170 496**

Tax liabilities

	30-06-2024	31-12-2023
Current tax liabilities	298 020	178 767
Deferred tax liabilities	46 741	32 113
	344 761	**210 880**

24.2. Income taxes

At 30 June 2024 and 31 December 2023, the cost of income tax recognised in the income statement, as well as the tax burden, measured as the ratio of the tax charge to the Profit or loss (-) from before tax [1], were as follows:

	30-06-2024	30-06-2023
Profit or loss before tax	**453 542**	**335 249**
Profit or loss (-) of equity accounted companies	(28 724)	(27 816)
Other		1 568
Profit or loss (-) for the period subject to tax	**424 818**	**309 001**
Current taxes	(123 100)	(66 202)
Deferred taxes	(3 374)	(13 371)
Recognition and reversal of temporary differences	(3 374)	(10 420)
Tax loss carry forwards		(2 951)
Corrections of previous years	(239)	714
Current taxes reassessment (IFRIC 23)		(209)
Taxes in profit or loss	**(126 713)**	**(79 068)**
Average tax rate [2]	**29.8 %**	**25.5 %**

[1] Excluding results of companies accounted for using the equity method.

[2] Corresponds to the amount of current and deferred taxes on taxable income for the year

24.3. Deferred tax assets and liabilities

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

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

Deferred tax assets and liabilities were measured at the tax rates that are expected to apply to the period when the asset is expected to be realised or the liability settled. The tax rates applied to the 2024 and 2023 deferred taxes are 31%. Deferred tax assets and liabilities correspond to the amount of tax recoverable and payable in future periods resulting from temporary differences between the amount of assets and liabilities on the balance sheet and their tax base. Deferred tax losses carried forward and tax credits are also recognised as deferred tax assets.

The movement in deferred tax assets in 2024 was as follows:

	31-12-2023	Increases	Decreases	30-06-2024
Taxed provisions and impairments	35 815	341	(2 227)	33 929
Tax deferral of the impact of the partial transfer of pension liabilities to the Social Security	10 308		(858)	9 450
Early retirements	12 178		(1 973)	10 205
Actuarial deviations	49 431		(270)	49 161
Voluntary terminations programme	3 047	1 856	(1 527)	3 376
End-of-career bonus	2 701	104	(188)	2 617
Financial instruments at fair value	14 499	2 312	(127)	16 684
Other	14 583	1 581	(1 716)	14 448
	142 562	**6 194**	**(8 886)**	**139 870**

The movement in deferred tax liabilities in 2024 was as follows:

	31-12-2023	Increases	Decreases	30-06-2024
Taxable temporary differences in subsidiaries and associated companies (BCI)	11 858		(1 355)	10 503
Financial instruments at fair value	1 311	14	(3)	1 322
Pension fund	17 997	15 955		33 952
Other	947	35	(18)	964
	32 113	**16 004**	**(1 376)**	**46 741**

25. OFF-BALANCE SHEET ITEMS

This caption is made up as follows:

	30-06-2024	31-12-2023
Loan commitments given		
Irrevocable credit lines	15 652	10 945
Securities subscribed	865 471	909 103
Revocable commitments	2 841 773	2 985 730
	3 722 896	**3 905 778**
Financial guarantees given		
Financial guarantees and sureties	90 846	96 907
Financial standby letters of credit	17 469	16 758
	108 315	**113 665**
Other commitments given		
Non-financial guarantees and sureties 1	2 026 833	1 918 995
Non-financial standby letters of credit	18 584	12 468
Documentary credits	120 240	113 777
Term liabilities for annual contributions to the Resolution Fund	18 529	18 529
Potential liability to the Investor Compensation Scheme	9 669	9 350
Other irrevocable commitments	2 433	2 433
Other commitments given	100 813	651
	2 297 101	**2 076 203**
	6 128 312	**6 095 646**
Assets pledged as collateral		
European System of Central Banks	5 774 509	6 394 549
Investors Compensation Scheme	5 128	4 849
European Investment Bank	384 170	378 771
Repos	80 167	101 033
	6 243 974	**6 879 202**
Guarantees received		
No associated collateral	17 548 407	17 632 799
With real estate collateral	30 790 758	30 446 099
With other collateral	1 810 677	1 849 819
	50 149 842	**49 928 717**
Securities deposit and custody responsibilities	**30 671 546**	**29 498 864**

[1] At 30 June 2024 and 31 December 2023, this caption includes performance guarantees of 759 113 th.euros and 709 182 th.euros, respectively.

The breakdown by stage of the exposure and impairment in guarantees and commitments at 30 June 2024 is as follows:

	Exposure				Impairments			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan commitments given	3 654 671	63 622	4 603	3 722 896	498	137	20	655
Financial guarantees given	106 639	1 317	359	108 315	769	12	330	1 111
Other commitments given	2 216 239	39 348	13 316	2 268 903	1 794	1 448	5 364	8 606
	5 977 549	104 287	18 278	6 100 114	3 061	1 597	5 714	10 372

Note: Excludes term liabilities for annual contributions to the deposit guarantee fund and resolution fund, and potential liability to the investor compensation scheme.

The breakdown by stage of the exposure and impairment in guarantees and commitments at 31 December 2023 is as follows:

	Exposure				Impairments			
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loan commitments given	3 796 641	98 713	10 424	3 905 778	616	1 247	10	1 873
Financial guarantees given	111 940	1 366	359	113 665	581	12	324	917
Other commitments given	1 981 081	51 091	16 152	2 048 324	2 144	1 215	5 609	8 968
	5 889 662	151 170	26 935	6 067 767	3 341	2 474	5 943	11 758

Note: Excludes term liabilities for annual contributions to the deposit guarantee fund and resolution fund, and potential liability to the investor compensation scheme.

The amounts shown under Guarantees received represent the amounts provided to guarantee credit originally granted, when concerning real estate guarantees and/or personal guarantees. Securities delivered as collateral are recognised at their current revaluation value. In note 3.2 Credit risk, the value of Guarantees received is classified by stage, and is shown up to the amount of the loan net of associated impairments.

26. NET INTEREST INCOME

O detalhe desta rubrica é o seguinte:

	30-06-2024	30-06-2023
Interest income		
Financial assets held for trading	43 766	37 479
Non-trading financial assets mandatorily at fair value through profit or loss		190
Financial assets at fair value through other comprehensive income	4 511	4 935
Financial assets at amortised cost		
Debt securities	85 327	61 122
Loans and advances - central banks and other credit institutions	31 038	16 503
Loans and advances - Customers	619 393	448 433
Derivatives - Hedge accounting, interest rate risk		
Asset hedging operations	14 290	10 601
Interest on demand deposits at Central Banks	41 348	26 233
Interest on deposits of Credit Institutions (liabilities)		9
Interest on pension liabilities net of the amount of the fund	1 305	3 902
Other[1]	957	4 257
Commissions received relating to amortised cost	10 129	11 588
	852 064	**625 252**
Interest expense		
Financial liabilities held for trading	(41 344)	(35 338)
Financial liabilities at amortised cost		
Deposits - Central Banks	(14)	(6 184)
Deposits - Credit Institutions	(21 467)	(35 641)
Deposits - Customers	(185 542)	(33 755)
Debt securities issued	(69 285)	(31 182)
Interest on lease liabilities (IFRS 16)	(1 467)	(775)
Derivatives - Hedge accounting, interest rate risk		
Liability hedging operations	(40 849)	(43 231)
Interest on deposits at Credit Institutions and other (assets)		(26)
Other	(333)	(330)
Commissions paid relating to amortised cost	(112)	(173)
	(360 413)	**(186 635)**
Net interest income	**491 651**	**438 617**

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

27. DIVIDEND INCOME

The detail of this heading is as follows:

	30-06-2024	30-06-2023 [1]
Financial assets at fair value through other comprehensive income		
Banco de Fomento Angola, S.A.	45 185	72 561
Unicre - Instituição Financeira de Crédito, S.A.[2]	4 110	
SIBS - Sociedade Interbancária de Serviços	3 788	1 602
Other	392	356
	53 475	**74 519**

[1] In the first half of 2023, Banco BPI's separate financial statements included 28 999 th.euros, 12 291 th.euros and 4 185 th.euros in dividends from Banco Comercial e de Investimentos, Allianz, and Unicre, respectively.

[2] In the second half of 2023, Unicre was reclassified from 'Investments in joint ventures and associates' to 'Financial Assets at fair value through other comprehensive income - equity instruments' (Notes 1.1 and 14).

28. FEE AND COMMISSION INCOME AND EXPENSES

The detail of this heading is as follows:

	30-06-2024	30-06-2023
Fee and commission income		
On guarantees provided	7 089	6 589
On commitments to third parties	3 300	1 770
On other banking services provided	157 446	139 880
On operations performed on behalf of third parties	6 712	6 816
Other	2 275	278
Refund of expenses	3 132	2 552
Income from provision of sundry services	2 547	3 327
	182 501	**161 212**
Fee and commission expenses		
For guarantees received	(55)	(29)
On financial instruments transactions	(136)	(149)
On banking services provided by third parties	(4 199)	(4 099)
On operations performed by third parties	(951)	(963)
Commission-equivalent expenses	(2 803)	(2 586)
Other	(6 425)	(6 422)
	(14 569)	**(14 248)**

In the first half of 2023 includes 1,479 th.euros and (4) th.euros, respectively, relating to Income and Expenses from fees and commissions of BPI Suisse.

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

The detail of this heading is as follows:

	30-06-2024	30-06-2023
Gains or (-) losses on financial assets & liabilities not measured at fair value through profit or loss, net	**177**	**3**
Financial assets at amortised cost		
Debt securities	167	
Other	10	3
Gains or (-) losses on financial assets and liabilities held for trading, net	**3 172**	**5 840**
Trading derivatives	869	1 797
Debt securities	2 303	4 043
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	**(1 796)**	**(1 492)**
Debt securities	1	2
Equity instruments	(1 797)	(1 494)
Gains or (-) losses from hedge accounting, net	**7 506**	**3 575**
Hedging derivatives	13 444	22 582
Hedged items	(5 938)	(19 007)
Exchange differences [gain or (-) loss], net	**6 029**	**(33 960)**
	15 088	**(26 034)**

At 30 June 2024 and 2023, the caption foreign exchange differences includes (1 312) th.euros and (40 929) th.euros resulting from the revaluation of the exposure in kwanzas through the dividends to be received from Banco de Fomento Angola, between the attribution date and the dates of payment and transfer to Portugal.

30. OTHER OPERATING INCOME AND EXPENSES

The detail of this heading is as follows:

	30-06-2024	30-06-2023
Other operating income		
Service provision agreements with CaixaBank Group companies	4 043	2 239
Gains on finance leases	7 483	5 483
Other operating income	1 806	327
	13 332	**8 049**
Other operating expenses		
Special tax on banks	(19 146)	(22 308)
Additional solidarity tax on banks	(3 491)	(4 066)
Contributions to the Deposit Guarantee Fund	(122)	(252)
Contribution to the Resolution Fund	(4 511)	(4 764)
Contributions to the Single Resolution Fund		(10 407)
Contribution to the Investor Compensation Scheme	(3)	(5)
Losses on finance leases	(6 170)	(5 135)
Other operating expenses	(3 649)	(3 245)
Taxes on dividends and interest	(3 734)	(5 859)
Other taxes	(165)	
	(40 991)	**(56 041)**

31. STAFF EXPENSES

The detail of this heading is as follows:

	30-06-2024	30-06-2023
Staff expenses		
Remuneration	(96 494)	(96 465)
Other mandatory social costs	(26 058)	(25 569)
Pension costs		
Current service cost	2 383	2 536
Other	(186)	(219)
Other staff costs	(4 432)	(3 042)
	(124 787)	**(122 759)**
Costs with early retirements and terminations		
Early retirements	(18 324)	
Voluntary terminations	(4 534)	
	(22 858)	
	(147 645)	**(122 759)**

In the first half of 2023, includes (812) th.euros relating to BPI Suisse staff expenses.

In 2024 e 2023, the average headcount is broken down as follows:

	30-06-2024		30-06-2023	
	Men	**Women**	**Men**	**Women**
Directors[1]	4	1	5	
Senior management	425	286	448	290
Other management staff	1 298	1 983	1 346	2 020
Other employees	94	176	96	182
	1 821	**2 446**	**1 895**	**2 492**

[1]Executive Directors of Banco BPI.

In the first half of 2023, includes 8 men and 4 women corresponding to BPI Suisse's average payroll.

In 2024 e 2023, the headcount is broken down as follows:

	30-06-2024		30-06-2023	
	Men	**Women**	**Men**	**Women**
Directors[1]	3	1	4	0
Senior management	422	286	447	289
Other management staff	1 293	1 973	1 347	2 016
Other employees	95	182	94	181
	1 813	**2 442**	**1 892**	**2 486**

[1] Executive Directors of Banco BPI.

32. OTHER ADMINISTRATIVE EXPENSES

The detail of this heading is as follows:

	30-06-2024	30-06-2023
General administrative expenses		
Supplies		
Water, energy and fuel	(3 177)	(3 513)
Consumables	(811)	(865)
Other	(227)	(401)
Services		
Rents and leases	(9 389)	(6 408)
Communications and IT	(34 849)	(36 053)
Travel, lodging and representation	(1 880)	(1 458)
Advertising and publishing	(6 996)	(6 682)
Maintenance and repairs	(7 898)	(6 568)
Insurance	(666)	(579)
Fees	(790)	(925)
Legal expenses	(1 001)	(1 137)
Security and cleaning	(2 833)	(3 803)
Information services	(1 999)	(1 978)
Studies, consultancy and auditing	(6 546)	(6 879)
Clearing and ATM system	(1 276)	(1 337)
Outsourcing	(7 781)	(8 395)
Subscriptions and donations	(359)	(382)
Other taxes	(1 051)	(918)
Other	(4 601)	(4 953)
	(94 130)	**(93 234)**

In the first half of 2023, includes (372) th.euros relating to BPI Suisse Other administrative expenses.

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

The detail of this heading is as follows:

	30-06-2024	30-06-2023
Financial assets at amortised cost		
Loans and advances		
Net allowances		
Credit Institutions	(64)	(451)
Customers	(12 134)	(34 618)
Recovery of loans written off from assets	5 398	1 710
Expenses associated with recovery of loans	(734)	(292)
Debt securities		
Net allowances	1 648	(3 245)
	(5 886)	**(36 896)**

In 2024, Banco BPI sold a portfolio of non-performing loans for a global amount of 28 million euros, of which 21 million euros in written-off loans (recognised in off-balance sheet items), 1 million euros in other off-balance sheet balances and 6 million euros in loans net of impairments (of which 51 million euros in loans and 45 million euros in impairments) (Note 12). This operation generated proceeds of 13 million euros, of which 9 million euros from the reversal of impairments and 4 million euros from the recovery of written-off loans.

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

The detail of these captions is as follows:

	30-06-2024	30-06-2023
Gains or (-) losses on derecognition of Investments in subsidiaries, joint ventures and associates, net		
Sale of equity holding in BPI Suisse (Note 18)		9 304
Sale of equity holding in Cosec (Note 14)		921
		10 225

[1] The Gain/(loss) on the sale of BPI Suisse recognised in Banco BPI's separate accounts was 14 934 th.euros.

[2] The Gain/(loss) on the sale of Cosec recognised in Banco BPI's separate accounts was 27 001 th.euros.

35. PROFIT OR (-) LOSS FROM NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE NOT QUALIFYING AS DISCONTINUED OPERATIONS

This caption is made up as follows:

	30-06-2024	30-06-2023
Profit or (-) loss on assets received in settlement of defaulting loans		
Real Estate	658	987
Equipment	(108)	(19)
Impairments on assets received in settlement of defaulting loans		
Real Estate	279	1 184
Equipment and other	9	(50)
	838	**2 102**

36. PROFIT

In the first half of 2024 and 2023, the contribution of Banco BPI and its subsidiaries and associates to the consolidated net income was as follows:

	30-06-2024	30-06-2023
Banks		
Banco BPI, S.A.	298 701	220 604
Banco Comercial e de Investimentos, S.A.R.L.	17 860	16 713
Asset management		
BPI (Suisse), S.A.		9 546
Insurance		
Cosec - Companhia de Seguros de Crédito, S.A.		(1 568)
Companhia de Seguros Allianz Portugal, S.A. [1]	10 268	9 368
Other		
Unicre - Instituição Financeira de Crédito, S.A. [2]		1 518
	326 829	**256 181**

[1] Sold in the second half of 2023 (Note 1.1).

[2] Reclassified in the second half of 2023 from ‘Investments in joint ventures and associates’ to ‘Financial Assets at fair value through other comprehensive income - equity instruments’ (Notes 11 and 14).

37. INFORMATION ON FAIR VALUE

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

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

	30-06-2024					31-12-2023				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial assets held for trading	**43 055**	**43 055**		**12 376**	**30 679**	**56 113**	**56 113**		**15 771**	**40 342**
Derivatives	43 055	43 055		12 376	30 679	51 875	51 875		15 771	36 104
Debt securities						4 238	4 238			4 238
Non-trading financial assets mandatorily at fair value through profit or loss	**53 068**	**53 068**	**2 748**		**50 320**	**55 466**	**55 466**	**1 586**		**53 880**
Equity instruments	53 020	53 020	2 748		50 272	55 419	55 419	1 586		53 833
Debt securities	48	48			48	47	47			47
Financial assets at fair value through other comprehensive income	**1 207 626**	**1 207 626**	**779 581**		**428 045**	**1 253 332**	**1 253 332**	**785 040**		**468 292**
Equity instruments	428 848	428 848	803		428 045	469 166	469 166	874		468 292
Debt securities	778 778	778 778	778 778			784 166	784 166	784 166		
Derivatives - Hedge accounting	**2 833**	**2 833**		**2 833**		**2 554**	**2 554**		**2 554**	
Total	**1 306 582**	**1 306 582**	**782 329**	**15 209**	**509 044**	**1 367 465**	**1 367 465**	**786 626**	**18 325**	**562 514**

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

	30-06-2024					31-12-2023				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial liabilities held for trading	**48 918**	**48 918**		**20 211**	**28 707**	**58 115**	**58 115**		**24 566**	**33 549**
Derivatives	48 918	48 918		20 211	28 707	58 115	58 115		24 566	33 549
Derivatives - Hedge accounting	**4 577**	**4 577**		**3 561**	**1 016**	**5 262**	**5 262**		**5 262**	
Total	**53 495**	**53 495**		**23 772**	**29 723**	**63 377**	**63 377**		**29 828**	**33 549**

Note 37 to the financial statements of Banco BPI at 31 December 2023 describes the criteria for the classification of financial instruments by levels in accordance with the hierarchy established in IFRS 13, according to the methodology used to calculate their fair value. There were no significant changes to the criteria described in the previous year's notes to the financial statements.

The movement in level 3 financial assets at fair value and financial liabilities held for trading, in the first half of 2024 and in 2023, was as follows:

	30-06-2024					31-12-2023				
	Financial assets and liabilities held for trading		Non-trading financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Financial assets and liabilities held for trading		Non-trading financial assets mandatorily at fair value through profit or loss		Financial assets at fair value through other comprehensive income
	Debt securities	Trading derivatives[1]	Equity instruments	Debt securities	Equity instruments	Debt securities	Trading derivatives[1]	Equity instruments	Debt securities	Equity instruments
Balance at beginning of the period	**4 238**	**2 554**	**53 833**	**47**	**468 292**	**4 185**	**1 473**	**66 568**	**5 703**	**489 184**
Total profit or (-) loss	(7)	(225)	(2 165)	1	(40 244)	53	2 500	(3 138)	(30)	(53 103)
Losses or gains	(7)	(225)	(2 165)	1	(25)	53	2 500	(3 138)	(30)	
Adjustments to equity					(40 219)					(53 103)
Purchases	0	0	0	0	350			1 090		33 081
Liquidations and other	(4 231)	(357)	(1 396)		(353)		(1 419)	(10 687)	(5 626)	(870)
Balance at end of the period		**1 972**	**50 272**	**48**	**428 045**	**4 238**	**2 554**	**53 833**	**47**	**468 292**

[1] Net value

37.2. Fair value of financial assets at amortised cost

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

	30-06-2024					31-12-2023				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial assets at amortised cost										
Debt securities	7 708 988	7 459 515	3 355 972		4 103 543	7 319 484	7 042 344	3 208 511	266 516	3 567 317
Loans and advances	27 303 632	27 539 656		1 548 532	25 991 124	27 221 217	27 541 433		1 259 205	26 282 228
Central Banks and Credit Institutions	1 566 235	1 548 532		1 548 532		1 260 815	1 259 205		1 259 205	
Customers	25 737 397	25 991 124			25 991 124	25 960 402	26 282 228			26 282 228
Total	**35 012 620**	**34 999 171**	**3 355 972**	**1 548 532**	**30 094 667**	**34 540 701**	**34 583 777**	**3 208 511**	**1 525 721**	**29 849 545**

In 2023, the methodology for classifying debt securities by level at amortised cost was updated.

The fair value of financial liabilities at amortised cost, broken down by levels, is as follows:

	30-06-2024					31-12-2023				
	Book value	Fair value				Book value	Fair value			
		Total	Level 1	Level 2	Level 3		Total	Level 1	Level 2	Level 3
Financial liabilities at amortised cost										
Deposits	31 332 246	30 053 203			30 053 203	30 313 182	29 090 655			29 090 655
Credit Institutions	924 425	1 052 316			1 052 316	1 061 525	1 191 308			1 191 308
Customers	30 407 821	29 000 887			29 000 887	29 251 657	27 899 347			27 899 347
Debt securities issued	4 128 436	4 351 953			4 351 953	3 106 221	3 217 396			3 217 396
Other financial liabilities	277 807	277 806			277 806	285 949	285 948			285 948
Total	**35 738 489**	**34 682 962**			**34 682 962**	**33 705 352**	**32 593 999**			**32 593 999**

38. RELATED PARTIES

In accordance with IAS 24, the entities considered to be related to Banco BPI are:

- those in which the Bank has direct or indirect significant influence over their management and financial policies (Associated companies) and pension funds;
- Caixabank, which holds the entire share capital of Banco BPI, and the companies controlled by the Caixabank Group;
- the members of the key management personnel of Banco BPI, such being considered for this purpose the executive and non-executive members of the Board of Directors and Supervisory Board and individual persons and companies related with them.

In accordance with these criteria, BPI's related parties at 30 June 2024, are the following

Name of related entity	Registered office	Effective holding	Direct holding
Shareholders of Banco BPI			
CaixaBank Group	Spain	100.0 %	
Associated entities of Banco BPI			
Banco Comercial e de Investimentos, S.A.	Mozambique	35.7 %	35.7 %
Companhia de Seguros Allianz Portugal, SA	Portugal	35.0 %	35.0 %
Pension Funds of BPI Employees			
Fundo de Pensões Banco BPI	Portugal	100.0 %	
Fundo de Pensões Aberto BPI Acções	Portugal	4.6 %	
Fundo de Pensões Aberto BPI Valorização	Portugal	26.9 %	
Fundo de Pensões Aberto BPI Segurança	Portugal	11.8 %	
Fundo de Pensões Aberto BPI Garantia	Portugal	5.8 %	
Members of the Board of Directors of Banco BPI			
Fernando Ulrich			
António Lobo Xavier			
João Pedro Oliveira e Costa			
Cristina Rios Amorim			
Diogo Sousa Louro			
Fátima Barros			
Francisco Artur Matos			
Gonzalo Gortázar Rotaeche			
Inês Valadas [1]			
Javier Pano Riera			
Joana Oliveira Freitas			
Natividad Capella			
Susana Trigo Cabral			
Ana Rosas Oliveira [2]			
Afonso Fuzeta Eça [2]			
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. represented by José Manuel Henriques Bernardo and Cláudia Sofia Parente Gonçalves da Palma			

[1] Co-opted by the Board of Directors to replace the directors who resigned. Pending authorisation from the Supervisor.

[2] Co-opted by the Board of Directors to replace the director who resigned. The start of functions was authorized by the ECB, beginning on July 30, 2024.

In accordance with these criteria, BPI's related parties at 31 December 2023, were the following:

Name of related entity	Registered office	Effective holding	Direct holding
Shareholders of Banco BPI			
CaixaBank Group	Spain	100.0 %	
Associated entities of Banco BPI			
Banco Comercial e de Investimentos, S.A.	Mozambique	35.7 %	35.7 %
Companhia de Seguros Allianz Portugal, SA	Portugal	35.0 %	35.0 %
Pension Funds of BPI Employees			
Fundo de Pensões Banco BPI	Portugal	100.0 %	
Fundo de Pensões Aberto BPI Acções	Portugal	4.9 %	
Fundo de Pensões Aberto BPI Valorização	Portugal	27.2 %	
Fundo de Pensões Aberto BPI Segurança	Portugal	13.0 %	
Fundo de Pensões Aberto BPI Garantia	Portugal	5.8 %	
Members of the Board of Directors of Banco BPI			
Fernando Ulrich			
António Lobo Xavier			
João Pedro Oliveira e Costa			
Cristina Rios Amorim			
Diogo Sousa Louro			
Fátima Barros			
Francisco Artur Matos			
Francisco Barbeira			
Gonzalo Gortázar Rotaeche			
Javier Pano Riera			
Joana Oliveira Freitas			
Natividad Capella			
Pedro Barreto			
Sandra Santos			
Susana Trigo Cabral			
PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. represented by José Manuel Henriques Bernardo and Cláudia Sofia Parente Gonçalves da Palma			

At 30 June 2024 the total amount of assets, liabilities, capital and off-balance sheet commitments relating to transactions with Shareholders of Banco BPI, associated companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Shareholders of Banco BPI[1]	Associated entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence[2]
Assets					
Cash and cash balances at central banks and other demand deposits	747				197
Financial assets held for trading	23 297				12
instruments	2 748				
Financial assets at fair value through other comprehensive income - equity instruments	560				
Financial assets at amortised cost					
Debt securities					460 712
Loans and advances - central banks and other credit institutions	195 506				
Loans and advances - Customers	89 234			1 200	21 407
Derivatives - Hedge accounting	2 300				
Tangible assets	(2)				
Other assets	28 569	55 824			
	342 959	**55 824**		**1 200**	**482 328**
Liabilities					
Financial liabilities held for trading	4 477				2 539
Financial liabilities at amortised cost					
Deposits - Credit Institutions	25 214	568			115
Deposits - Customers	126 467	10 771	23 744	19 747	13 327
Debt securities issued	2 301 983				
Other financial liabilities	7 082	5			
Derivatives - Hedge accounting	1 572				
Fair value changes of the hedged items in portfolio hedge of interest rate risk					
Provisions - Commitments and guarantees given		1			58
Other provisions					
Other liabilities	11 847	8		4 402	9
	2 478 642	**11 353**	**23 744**	**24 149**	**16 048**
Capital					
Equity instruments issued other than capital	275 000				
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	38 302			49	29 774
Irrevocable commitments					141 947
Financial guarantees given					
Guarantees and sureties given	389	868			27 054
Liabilities for services provided					
Deposit and safekeeping of valuables	9 481 034	905 604	2 026 613	2 714	90 553
Foreign exchange transactions and derivative instruments					
Purchase	2 173 923				200 000
Sale	(1 378 736)				(200 000)
	10 314 912	**906 472**	**2 026 613**	**2 763**	**289 328**

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

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

At 31 December 2023 the total amount of assets, liabilities, capital and off-balance sheet commitments relating to transactions with Shareholders of Banco BPI, associated companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Shareholders of Banco BPI CaixaBank Group [1]	Associated entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Assets					
Cash and cash balances at central banks and other demand deposits	289				229
Financial assets held for trading	25 687				
instruments	1 586				
Financial assets at fair value through other comprehensive income - equity instruments	560				70 800
Financial assets at amortised cost					
Debt securities					660 573
Loans and advances - central banks and other credit institutions	192 437				
Loans and advances - Customers	81 243			790	65 439
Derivatives - Hedge accounting	1 949				
Tangible assets	103				126
Other assets	51 547	45 607		1	
	355 401	**45 607**		**791**	**797 167**
Liabilities					
Financial liabilities held for trading	6 721				
Financial liabilities at amortised cost					
Deposits - Credit Institutions	23 329	847			35
Deposits - Customers	154 844	18 832	41 837	14 179	33 522
Debt securities issued	1 596 250				
Other financial liabilities	516	82			(20)
Derivatives - Hedge accounting	1 573				
Provisions - Commitments and guarantees given		1			67
Other liabilities	20 110	16		5 062	782
	1 803 343	**19 778**	**41 837**	**19 241**	**34 386**
Capital					
Equity instruments issued other than capital	275 000				
Other equity					
Retained earnings					
	275 000				
Off-balance sheet items					
Loan commitments given					
Revocable commitments	44 278			36	67 388
Irrevocable commitments					152 000
Financial guarantees given					
Guarantees and sureties given	403	664			27 330
Liabilities for services provided					
Deposit and safekeeping of valuables	8 590 472	948 729	2 013 155	2 188	87 158
Other	698				
Foreign exchange transactions and derivative instruments					
Purchase	1 821 522				365 385
Sale	(1 087 171)				(289 525)
	9 370 202	**949 393**	**2 013 155**	**2 224**	**409 736**

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

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

At 30 June 2024, the total amount of results relating to transactions with Shareholders of Banco BPI, associated companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Shareholders of Banco BPI CaixaBank Group [1]	Associated entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 882)				
	(8 882)				
Results					
Net interest income	(35 667)	(20)		(158)	(184)
Fee and commission income	25 986	39 335			137
Fee and commission expenses	(7 644)				
Gains or (-) losses on financial assets and liabilities held for trading, net	8 049				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	397				
Gains or (-) losses from hedge accounting, net	744				
Other operating income	3 869	5			
Other operating expenses	6 202				
Administrative expenses					
Staff expenses				(3 912)	
Other	(18 154)	(12)	4 726	(804)	(9)
Provisions or (-) reversal of provisions - Commitments and guarantees given					(26)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					191
	(16 218)	**39 308**	**4 726**	**(4 874)**	**109**

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

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

At 31 December 2023, the total amount of results relating to transactions with Shareholders of Banco BPI, associated companies, pension funds of BPI Employees, members of the Board of Directors and companies in which these hold significant influence were broken down as follows:

	Shareholders of Banco BPI CaixaBank Group [1]	Associated entities	Pension Funds of BPI Employees	Members of the Board of Directors of Banco BPI	Companies in which the Members of the Board of Directors of Banco BPI have significant influence [2]
Gains/(losses) recognised under other comprehensive income					
Interest on equity instruments issued other than capital	(8 882)				
	(8 882)				
Results					
Net interest income	(20 141)	(8)		(18)	(49)
Dividend income					1 602
Fee and commission income	23 464	24 833		2	113
Fee and commission expenses	(7 447)	(1)			(1 045)
Gains or (-) losses on financial assets and liabilities held for trading, net	2 252				
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	197				
Gains or (-) losses from hedge accounting, net	2 527				
Other operating income	2 281				
Other operating expenses	3 121				(1 289)
Administrative expenses					
Staff expenses				(3 300)	
Other	(18 464)	(191)	(4 765)	(820)	(305)
Provisions or (-) reversal of provisions - Commitments and guarantees given					(24)
Impairment or (-) reversal of impairment on financial assets not measured at fair value through					(225)
	(12 210)	**24 633**	**(4 765)**	**(4 136)**	**(1 222)**

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

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

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

- In 2019 Banco BPI approved an overdraft to Caixabank Payments & Consumer E.F.C. E.P., S.A. with a ceiling of 175 000 th.euros, a commitment fee of 0.40% and interest rate at the 12-month Euribor + 0.80%. At 30 June 2024 and 31 December 2023, the unused amount of the credit, 26 385 th.euros and 29 999 th.euros, respectively, is booked under the off-balance sheet heading 'revocable commitments'.
- In September 2019 Banco BPI issued Additional Tier 1 (AT1) capital instruments in the amount of 275 000 th.euros, and fixed coupon of 6.5%. The issue, whose conditions are described in Note 23, was fully subscribed by CaixaBank, S.A.. The value of this operation is recognised in the caption "Equity instruments issued, except for share capital", and its remuneration is recognised under "Other reserves (Note 23).
- In March 2020 Banco BPI issued senior non-preferred debt in the amount of 450 000 th.euros, with a coupon of 0.875% and yield equivalent to the 5-year swap rate plus a spread of 130 basis points, fully subscribed by CaixaBank. This transaction was booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2024 and 31 December 2023 amounts to 451 034 th.euros and 452 842 th.euros , respectively (Note 19.3).
- In October 2021 Banco BPI issued senior non-preferred bonds in the amount of 700 000 th.euros, variable coupon of 6-month EURIBOR + 0.95%, and maturity in 2027, fully subscribed by the shareholder CaixaBank. This transaction was booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2024 and 31 December 2023 amounts to 707 830 th.euros and 708 594 th.euros, respectively (Note 19.3).
- In the first half of 2022, Banco BPI redeemed in advance a subordinated bond issue fully subscribed by the shareholder Caixabank in the amount of 300 000 th.euros, maturing in 2027. On the other hand, Banco BPI issued subordinated bonds in the amount of 425 000 th.euros, variable coupon of 6-month EURIBOR + 3.30%, and maturity in 2032, fully subscribed by the shareholder CaixaBank. This transaction is booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2024 and 31 December 2023 amounts to 434 778 th.euros and 434 814 th.euros, respectively (Note 19.3).
- In March 2024 Banco BPI issued senior non-preferred bonds in the amount of 700 000 th.euros and fixed coupon of 4.182%, fully subscribed by CaixaBank. This transaction is booked under 'financial liabilities measured at amortised cost - debt securities issued', and at 30 June 2024 amounts to 708 341 th.euros (Note 19.3).

39. SUBSEQUENT EVENTS

On 29 July 2024, the Court of Justice of the European Union ruled on the issues referred to it by the Portuguese Competition, Regulation and Supervision Court. It is now up to this court to deliver the relevant (first instance) judgement, which is scheduled to be read on 20 September 2024.

In September 2024, Banco BPI exercised the early redemption option on a perpetual subordinated debt issue (Additional Tier 1) in the amount of 275 million euros and made a new issue of a similar amount and nature, with the aim of maintaining the contribution to Additional Tier 1 capital at a lower cost than the issue redeemed. The new bond, carrying a fixed coupon of 7.125%, was fully subscribed by CaixaBank, S.A..

40. NOTE ADDED FOR TRANSLATION

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

Review Report on the Condensed Financial Statements

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

Introduction

We have reviewed the accompanying condensed financial statements of Banco BPI, S.A. ("Banco BPI" or "Banco"), which comprise the condensed interim balance sheet of statement of financial position as at 30 June 2024 (which shows total assets of Euros 40.499.165 thousand and total shareholder's equity of Euros 3.773.298 thousand, including a profit of Euros 326.829 thousand), the condensed interim statements of profit or loss, profit or loss and comprehensive income, changes in equity and cash flows for the six-month period then ended, and the accompanying explanatory notes to these condensed financial statements.

Management's responsibility

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

Auditor's Responsibility

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

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

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that accompanying condensed financial statements of Banco BPI, S.A. as at 30 June 2024 are not prepared, in all material respects, in accordance with International Accounting Standard 34 – Interim Financial Reporting as adopted by the European Union.

17 September 2024

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

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

(This is a translation, not to be signed)

Statement

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

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

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

"I declare in the terms and for the purposes of article 29-J (1) (c) of the Securities Code that, to the best of my knowledge, the financial statements and the directors' report of Banco BPI, S.A., relating to the 1st half of 2024, were prepared in conformity with the applicable accounting standards, giving a true and fair view of the assets and liabilities, the financial situation and the results of that company, and that the directors' report contains an indication of the important events which occurred in the 1st half of 2024 and their impact on the respective financial statements, as well as a description of the principal risks and uncertainties for the six following months."

EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Chairman	João Pedro Oliveira e Costa
Members	Afonso Fuzeta Eça
	Ana Rosas Oliveira
	Diogo Sousa Louro
	Francisco Artur Matos
	Susana Trigo Cabral

17 September 2024

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

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